



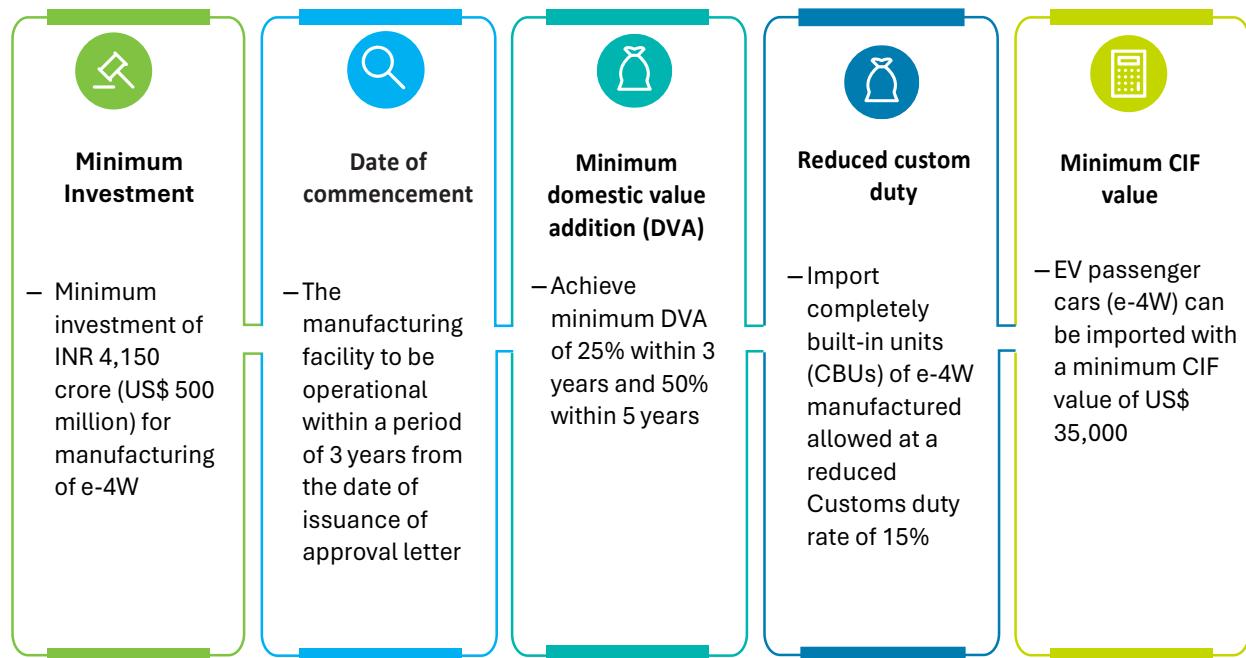
## Tax alert: Guidelines for the scheme to promote manufacturing of electric passenger cars in India (SPMEPCI)

**30 June 2025**

The Government of India introduced the scheme to promote manufacturing of electric passengers cars in India (SPMEPCI) in March 2024 to attract investments from global electric vehicles (EV) manufacturers, generate employment opportunities, achieve the goal of 'Make in India' and promote India as a manufacturing destination for EV.

The Ministry of Heavy Industries (MHI) has released the operating guidelines for the scheme on 2 June 2025. The application window is open from 24 June 2025 and will remain active till 21 October 2025.

### Key Scheme highlights



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## Eligibility

Under the scheme, following qualification criteria have been identified to receive benefits:

Eligibility Criteria	Remarks
Global group revenue from automotive manufacturing (from automotive manufacturing)*	At least INR 10,000 crore
Global investment of Company or its Group Company(ies) in fixed assets (gross block)*	At least INR 3,000 crore
Committed investment in India during a 3 year window	At least INR 4,150 crore or US\$ 500 mn
DVA criteria during manufacturing	<ul style="list-style-type: none"> <li>– 25% to be achieved within 3 years; and</li> <li>– 50% to be achieved within 5 years from date of issuance of approval letter</li> </ul>
Submission of bank guarantee from a scheduled commercial bank in India	<ul style="list-style-type: none"> <li>– Total duty to be forgone; or</li> <li>– INR 4150 crore whichever is higher during the Scheme period</li> </ul>
Revenue from sale of eligible product	At least INR 5,000 and INR 7,500 crore in year 4 and 5 respectively

*\*based on the latest audited annual financial statements at the time of application*

## Incentives

The applicant will be allowed to import CBUs of e-4W at a **reduced Customs duty of 15%** (*Notification No. 19/2024- Customs and Notification No. 20/2024- Customs dated 15th March 2024*) for a period of 5 years from the date of issuance of approval letter by MHI. This is subject to the following conditions:

Incentive conditions	Remarks
Minimum CIF value of imported e-4W	US\$ 35,000
Maximum duty foregone	Committed investment of the applicant; capped at INR 6,484 crore
Maximum number of EVs to be imported	Basis maximum duty foregone; capped at 8,000 units p.a.* <i>(refer below illustration)</i>

*\*The carryover of unutilized annual import limits would be permitted.*

## Illustration

(Amount in INR)

Particulars	Reference	Scenario 1	Scenario 2
		Scheme not opted	Scheme opted
Assessable value (CIF value)	A	29,75,000	29,75,000
Basic customs duty	B	20,82,500	4,46,250 $A \times 70\% / 15\%$
SWS*	C	-	-
IGST @ 5%	D	2,52,875 $((A+B+C) \times 5\%)$	1,71,063
Landed cost	E	53,10,375 $(A+B+C+D)$	35,92,313
<b>Duty foregone per e-4W imported under this Scheme</b>	F	<b>17,18,062</b>	
<b>Maximum number of e-4W allowed for import during the Scheme:</b>	G	<b>37,740 units</b> (6484 crore / F)	

\*Exempted vide Notification No. 11/2018-cus dated 2 February 2018

## Key considerations

### Investments

- Made and capitalized in the books on or after application approval date
- To be confined to the plant location of applicant except charging infrastructure, jigs, moulds etc.
- Maximum investment in building of the main plant and utilities is 10% of minimum cumulative domestic investment
- Maximum investment in charging infrastructure is 5% of the committed investment
- Include in-house engineering R&D for product design and development related to the eligible product
- Land, building other than main plant and utilities, royalty, pre-operative expense, second hand machinery, administrative expense, leased assets, creditable taxes and duties (such as GST) etc. remain excluded from the Investment under the Scheme
- Invoices issued in the name of the approved applicant only

### Bank guarantee

- Unconditional, irrevocable bank guarantee issued from a scheduled commercial bank in India
- Submitted within 30 days from the application approval date
- Validity of at least 6 years at the time of submission.
- Any violation under this Scheme shall result in automatic invocation of the bank guarantee by MHI/PMA

### Application procedure

The applicant companies are required to submit an application along with the following documents to Project Management Agency (PMA):

- Audited annual financial statements of the applicant and its global group company(ies)
- Statutory auditor's certificate for establishing domestic investment under the Scheme
- A non-refundable application fee of INR 5 lakhs

### **Penalty**

- Penalty @1-3% of shortfall of 95% of minimum revenue to be paid here approved applicant fails to meet the minimum revenue criteria in year 4 and 5
- Within 30 days from the issuance of penalty demand notice

### **Key definitions**

#### **Applicant:**

An applicant for the purpose of the scheme should be a company or its Group Company(ies) incorporated under The Companies Act in India, engaged in automotive and/or manufacturing of electric passenger vehicles within the manufacturing facility(ies) to be established by the applicant who is meeting the eligibility criteria specified under the scheme and making an application for seeking approval under the Scheme.

#### **Group companies**

Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:

- exercise >= 26% of voting rights in the other enterprise; or
- appoint >50% of members of Board of Directors in the other enterprise (As defined in the FDI Policy Circular of 2020)

#### **Date of commencement of operations:**

The date of commencement of operations shall be reckoned from the date of first commercial sale invoice of the eligible product manufactured from the Investment made under the Scheme.

#### **E-4W permitted for import**

Electric passenger cars (i.e. category M-1 battery operated vehicle (BOV), as defined under clause 2(l) and 2(u) of Central Motor Vehicles Rules, 1989) manufactured by global group companies which are proposed to be imported by the approved applicant and approved for sale in India as per relevant statutory regulations.

#### **Way forward:**

The introduction of the scheme is a strategic move to attract global electric vehicle (EV) manufacturers and deepen India's position in the global EV value chain. The scheme aligns with India's broader vision of sustainable mobility and could serve as a cornerstone in accelerating the country's transition to a cleaner, self-reliant automotive future.

By offering an attractive incentive framework, the scheme is expected to catalyse large-scale investments in the manufacturing of electric four-wheelers. This will also enhance domestic capabilities, spur innovation, and generate employment across the ecosystem.

With the application window open till October 2025, it is a call to action for global EV players to tap into India's emerging leadership in sustainable mobility and long-term industrial competitiveness.

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