



PIB NEWS ANALYSIS

Government approves E- Vehicle policy to promote India as a manufacturing destination for EVs

The Union Government has approved a scheme to promote India as a manufacturing destination so that e-vehicles (EV) with the latest technology can be manufactured in the country. The policy is designed to attract investments in the e-vehicle space by reputed global EV manufacturers.

This will provide Indian consumers with access to latest technology, boost the Make in India initiative, strengthen the EV ecosystem by promoting healthy competition among EV players leading to high volume of production, economies of scale, lower cost of production, reduce imports of crude Oil, lower trade deficit, reduce air pollution, particularly in cities, and will have a positive impact on health and environment.

The policy entails the following: -

- **Minimum Investment required:** Rs 4150 Cr (~USD 500 Mn)
- No limit on maximum Investment
- **Timeline for manufacturing:** 3 years for setting up manufacturing facilities in India, and to start commercial production of e- vehicles, and reach 50% domestic value addition (DVA) within 5 years at the maximum.
- **Domestic value addition (DVA) during manufacturing:** A localization level of 25% by the 3rd year and 50% by the 5th year will have to be achieved
- The customs duty of 15% (as applicable to CKD units) would be applicable on vehicle of minimum CIF value of USD 35,000 and above for a total period of 5 years subject to the manufacturer setting up manufacturing facilities in India within a 3-year period.

- The duty foregone on the total number of EV allowed for import would be limited to the investment made or ₹6484 Cr (equal to incentive under PLI scheme) whichever is lower. A maximum of 40,000 EVs at the rate of not more than 8,000 per year would be permissible if the investment is of USD 800 Mn or more. The carryover of unutilized annual import limits would be permitted.
- The Investment commitment made by the company will have to be backed up by a bank guarantee in lieu of the custom duty forgone
- The Bank guarantee will be invoked in case of non-achievement of DVA and minimum investment criteria defined under the scheme guidelines.

Exploring India's Mineral Wealth: State Governments Issue NITs for Grant of Exploration Licences (EL) in Critical Mineral Reserves

Taking significant strides towards unlocking the potential of critical and deep-seated minerals, the states of Karnataka, Rajasthan, Maharashtra, Madhya Pradesh, Andhra Pradesh and Chhattisgarh have issued Notice Inviting Tenders (NIT) for the auction of Exploration Licence (EL).

The Exploration Licence regime has been introduced through amendment to the Mines and Minerals (Development and Regulation) Act, 1957 effect from 17.08.2023, to further boost exploration and mining of 29 critical and deep-seated minerals in the country. Exploration Licence can be granted for minerals specified in Seventh Schedule through auction. Process for grant of Exploration Licence has been notified through the Mineral (Auction) Amendment Rules, 2024.

The State Governments of Karnataka and Rajasthan were the first States to notify the auction of Exploration License (EL) for critical and deep seated minerals on March 6th 2024. Karnataka launched auction of one block of Gold, Copper and Lithium in Raichur & Yadgir districts and Rajasthan launched auction of three blocks of Rare Earth Elements, Rare Metal and Potash minerals in Barmer, Jodhpur, Hanumangarh, Churu, Bikaner, Sri Ganganagar, Jaipur, Nagaur and Sikar districts.

This momentum continued with Maharashtra announcing its NIT for two EL blocks on March 7, 2024, followed by Madhya Pradesh and Andhra Pradesh with two and one EL blocks respectively on March 11th 2024, and Chhattisgarh with three EL blocks on March 13, 2024 leading the total tally to 12 EL blocks expanding the reach of the Exploration Licence regime nationwide.

Maharashtra issued NIT for two EL blocks of Lead, Zinc & Copper (Base Metal), and Diamond in Gadchiroli district, Madhya Pradesh issued NIT for two EL blocks of Diamond with Copper, Lead, Zinc, and associated minerals (Base Metal), PGE & Associated minerals in Shivpuri, Gwalior and Betul Districts whereas Andhra Pradesh has issued NIT for one block of Rare Earth Element in Chittoor and Tirupati Districts. Further, Govt. of Chhattisgarh issued NIT for three EL blocks for Diamond and Rare Earth Group Minerals in the districts of Kondagoan, Narayanpur and Bastar.

In order to expedite the launch of NIT for auction of Exploration Licence, State Governments worked tirelessly to prepare the blocks for auction and Central Government provided the necessary prior approval for auction. To further support and hand hold the State Governments, the model tender document for auction for grant of Exploration Licence was provided by Ministry of Mines on 01.03.2024.

The Exploration Licence regime is aimed at expediting the exploration of critical minerals such as lithium, copper, silver, diamond, and gold, involves active participation from the private sector. Through the auction process, the licensee will be permitted to conduct reconnaissance and prospecting operations to identify viable mining areas. The license holder will get share of revenue from auction premium for 50 years as per the auction bid. Further, the EL holder can transfer the license after the execution of the EL.

Exploration Licence holders will play a pivotal role in exploring the blocks and identifying areas suitable for Mining Lease auctions, potentially bolstering revenue for state governments. The auction process for Exploration Licences will utilize reverse bidding, with bidders quoting the percentage share they will take in the auction premium payable by the Mining Lease holder. The bidder with the lowest percentage bid will be selected as the preferred bidder for the exploration licence.

This concerted effort by the States of Karnataka, Rajasthan, Maharashtra, Madhya Pradesh, Andhra Pradesh and Chhattisgarh underscores their commitment to harnessing the potential of critical minerals, fostering economic growth, and advancing the exploration landscape in India.