

BUDGET 2021-22

INCENTIVES FOR AUTOSECTOR

Sr. No	Description
1	<p>Affordable cars & Light Commercial Vehicles (LCVs) up to 850 (MeriGarri Scheme)</p> <ul style="list-style-type: none">a. All taxes removed (ACD(0%), AST(0%),WHT(0%) & FED(0%), ST reduced to 12.5%) on locally manufactured carsb. Reduction in taxes on CBUs (ACD 0%)c. New Product Policy CD (15-30%) +ST @12.5%
2	<p>Bringing prices of locally manufactured cars down (above 1000 cc)</p> <ul style="list-style-type: none">a. Reduction of FED (by 2.5 percent on each category of cars/SUVs/LCVs) [From 1001-2000cc 5% to 2.5%] [Upto 1000cc 2.5% to 0%] [Above 2000cc-7.5% to 5%]
3	<p>Tackling ‘on money’</p> <ul style="list-style-type: none">a. Taxes on registration where booking is made by Person A and registration is made in name of Person Bb. Compulsory payment of KIBOR+3% interest by manufacturers on delivery beyond 60 daysc. Maximum upfront payment not to exceed 20% of the invoice value at the time of booking
4	<p>Ensuring safety</p> <ul style="list-style-type: none">a. The importer-cum-assembbler or OEM shall comply with short listed WP-29 Regulation as determined by EDB, whereas EDB or IOCO shall ensure the compliance.b. No vehicle shall be locally manufactured/ imported after 1.1.2022 which is not compliant of shortlisted WP 29 regulations.c. However, manufacturers may get total waiver of up to a total of 18 months

	(ending on 30.06.23) from EDB subject to show of reasonable progress in compliance of WP 29 Regulations of UNECE
5	<p>New Product Policy</p> <ol style="list-style-type: none"> a. Agricultural Tractors of PCT heading 87.01 CD on localized @ 15% for new make or new model as certified by EDB for two years from the date of issuance of manufacturing certificate or up to 30th June, 2024, whichever is earlier. b. For 4-stroke auto rickshaw of PCT heading 8703.2115 CD on localized parts @30% for new make or new model exceeding 200cc as certified by EDB for two years from the date of issuance of manufacturing certificate or upto 30th June, 2024 whichever is earlier. Whereas non-localized parts attract CD @ 15%. c. For vehicles of PCT heading 87.11(except motorcycles rickshaw of PCT heading 8711.3020) CD on localized parts @30% for new make or new model exceeding 125cc as certified by EDB for two years from the date of issuance of manufacturing certificate or upto 30th June, 2024, whichever is earlier. Whereas non-localized parts attract CD @ 15%. d. For motorcycles rickshaw of PCT heading 8711.3020 CD on localized parts @30% for new make or new model exceeding 200cc as certified by EDB for two years from the date of issuance of manufacturing certificate or upto 30th June, 2024, whichever is earlier. Whereas non-localized parts attract CD @ 15%.
6	<p>Incentive on EVs</p> <ol style="list-style-type: none"> a. Customs Duty (CD) on Specific Parts for electric vehicles @ 1 % b. Reduction of sales on locally manufactured EVs having battery pack below 50 KWH to 1% from 17 % c. Import at CD @ 10% for one year instead of 25 %
7	<p>Allowing hybrid manufacturing in policy</p> <ol style="list-style-type: none"> a. Customs Duty (CD) on Specific Parts for hybrid electric vehicle and Plug-in hybrid electric vehicle to attract 4 % and 3 % respectively. b. Reduction of sales tax (8.5%) c. Reduction in Regulatory Duty on CBU Import of Hybrids (15% for above 1800 cc, 0 % for 1800 cc and below)
8	<p>Custom Duty on import of CKD non-localized for rigid trucks above 5 ton GVW Falling under HS Code 8704 is proposed to be reduced from existing 10% to 5%.</p>

9	Custom Duty on sub-assemblies of vehicles of PCT heading 87.11 (except for motorcycle rickshaw of PCT heading 8711.3020) is proposed to be reduced from existing 20% to 12.5. These measures will also remove anomaly as CKD non-localized is @ 15%.
10	<p>Localization/ Indigenization</p> <ul style="list-style-type: none"> a. The Appendix-I and Appendix-II of SRO 693(I)2006 will be updated bi-annually by December 31, and June 30 of every year on recommendation of EDB. The components or assemblies localized by any OEM or vendor in respective vehicle category shall qualify for inclusion in Appendix-I and Appendix-II. b. All components or sub-assemblies shall not be eligible for the benefit of exemption under SRO 655(I) 2006 where IORC, as determined by EDB or IOCO, is less than 30% value addition for the manufacture of specified components or assemblies.
11	Continuity on ADP 2016-21 for CKD Manufacturing