

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
RAJYA SABHA
UNSTARRED QUESTION NO. 1632
ANSWERED ON 13/02/2026

INTERNATIONAL BEST PRACTICES IN TARIFF POLICY

1632. DR. M. DHANAPAL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether Government has examined international best practices in tariff policy and automotive export-led growth, drawing lessons from countries with low tariffs and strong intra-industry trade participation such as Germany, South Korea and China;
- (b) if so, the details of comparative analysis undertaken by Government on policy frameworks, technology transfer and supply-chain integration relevant to India's automotive exports;
- (c) the policy actions proposed by Government to rationalise tariff structures, strengthen trade negotiations and improve the global competitiveness of India's automotive manufacturing and export sector?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY

(SHRI JITIN PRASADA)

(a) to (c) India's trade in automobile sector is characterised by a hybrid approach balancing protection of domestic industry with gradual integration into global value chains.

To assess India's positioning in global automotive value chains and benchmark it against leading automobile producers, NITI Aayog in its quarterly Trade Watch report for April-June (Q1) FY26, has carried out a comparative analysis with respect to tariff policy and intra-industry trade. In its report, NITI Aayog has observed that countries such as Germany, South Korea, and China have maintained low tariffs in the automobile sector on account of their strong manufacturing base, supported by robust supply chain networks and continuous technological advancement. This has enabled imports to complement domestic production through participation in global intra-industry trade, thereby enhancing international competitiveness and export-led growth.

The Government of India has undertaken numerous initiatives and policy reforms to strengthen domestic manufacturing and to lead a meaningful integration into global automotive value chains.

To strengthen domestic manufacturing and global competitiveness of India's automotive manufacturing and export sector, the Ministry of Heavy Industries has implemented the following schemes:

- (i) Production Linked Incentive Scheme for Automobile and Auto Component Industry in India (PLI-Auto) for enhancing India's manufacturing capabilities for Advanced Automotive Technology (AAT) products with a budgetary outlay of ₹25,938 crore.
- (ii) PM Electric Drive Revolution in Innovative Vehicle Enhancement scheme with an outlay of Rs.10,900 crore providing demand incentive for e-2W, e-3W, e-trucks, e-ambulances and grant for e-buses and promoting domestic manufacturing through Phased Manufacturing Programme (PMP).
- (iii) Scheme for Promotion of Manufacturing of Electric Passenger Cars in India (SPMEPCI) to promote the manufacturing of electric cars in India.
- (iv) PLI Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage with a budgetary outlay of ₹18,100 crore for manufacturing of ACC.

Ministry of Heavy Industries has also launched Automotive Mission Plan 2047 (AMP 2047), a long-term policy roadmap for developing the automotive sector into a globally competitive, export-oriented manufacturing hub, while supporting jobs, technology, and sustainability.

To boost affordability, demand, MSME growth, and global competitiveness in automotive sector, the Government has significantly reduced Goods and Services Tax (GST) rates on automobiles, components, and allied sectors.

Further, the Government of India has signed 16 Free Trade Agreements (FTAs) and 6 Preferential Trade Agreements (PTAs) with its trading partners. Government has adopted a calibrated approach for rationalisation of tariffs under the trade agreements to strengthen India's position as an export-oriented manufacturing hub. Various proactive measures have been taken for enhancing domestic capacities, boosting exports, diversifying supply chains, exploring alternate sources of imports and fostering economic resilience including mitigating adverse impact on trade, if any, due to global factors. Several key initiatives and policy measures have been undertaken by the Government to boost exports, attract investments and to promote ease of doing business from time to time. Trade relief measures of the Reserve Bank of India, Credit Guarantee Scheme for Exporters, Export Promotion measures such as the new Export Promotion Mission (EPM), all of which provide support and assistance to our exporters.
