



20 October 2025

(25-6774)

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Original: English

**INDIA – MEASURES CONCERNING TRADE IN THE AUTOMOTIVE
AND RENEWABLE ENERGY TECHNOLOGY SECTORS**

REQUEST FOR CONSULTATIONS BY CHINA

The following communication, dated 15 October 2025, from the delegation of China to the delegation of India, is circulated to the Dispute Settlement Body in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Government of India ("India") pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU"), Article XXIII of the General Agreement on Tariffs and Trade 1994 ("GATT 1994"), Articles 4 and 30 of the Agreement on Subsidies and Countervailing Measures ("SCM Agreement"), and Article 8 of the Agreement on Trade-Related Investment Measures ("TRIMs Agreement") with respect to certain measures adopted by India that are contingent upon the use of domestic over imported goods or that otherwise discriminate against goods of Chinese origin.

I. Background

1. This request concerns certain measures maintained by India that affect trade in the automotive and renewable energy technology sectors. Specifically, it relates to certain requirements that condition eligibility for, and the disbursement of, incentives under the following programmes:
 - (i) **Production Linked Incentive, National Programme on Advanced Chemistry Cell (ACC) Battery Storage** ("PLI ACC Scheme"). This programme aims to incentivize the establishment of giga-scale manufacturing facilities for ACC batteries in India, with an emphasis on achieving maximum domestic value addition.¹ ACC batteries refer to a new generation of energy storage technologies that store electric energy as electrochemical or chemical energy and convert it back to electricity when needed. These batteries are critical for applications such as electric vehicles and renewable energy storage systems. Through the PLI ACC Scheme, India seeks to reduce reliance on imports, promote domestic value addition, and support the development of high-performance, quality battery technologies within a defined timeframe.²
 - (ii) **Production Linked Incentive Scheme for Automobile and Auto Component Industry** ("PLI Auto Scheme"). This programme aims to boost domestic manufacturing of Advanced Automotive Technology ("AAT") products, including both vehicles and components.³
 - (iii) **Scheme to Promote Manufacturing of Electric Passenger Cars in India** ("EV Passenger Cars Scheme"). The EV Passenger Cars Scheme aims to attract

¹ Gazette of India, S.O. 2208(E), 9 June 2021, p. 6, para. 1.3.

² See Government of India, PLI ACC Portal, available at: <https://pliacc.in/> (last accessed on 12 August 2025).

³ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 11-12.

investment from global EV manufacturers and promote India as a manufacturing destination for EVs.⁴

2. All three programmes are in furtherance of the "Make in India" initiative, which was first introduced by India in 2014.⁵ The primary objectives of this initiative are to attract investments from across the globe and strengthen India's manufacturing sector, with a view to transforming India's industrial landscape and shaping India's position as a global manufacturing hub.
3. Against this shared background, incentives provided by India under each of the three programmes referred to above are conditioned on compliance with certain requirements, including domestic value addition ("DVA") requirements. Among other things, these requirements appear to link the eligibility for incentives and the amount awarded to the use of inputs of domestic origin.

II. Measures at Issue

4. China describes each of the three measures below, organized in chronological order of their adoption.

A. PLI ACC Scheme

5. India adopted the PLI ACC Scheme in June 2021, with a budgetary outlay of ₹18,100 crore.⁶ The PLI ACC Scheme aims to reduce imports and incentivize indigenous ACC manufacturing facilities and value addition. The PLI ACC Scheme targets the establishment of a cumulative domestic manufacturing capacity of 50 gigawatt-hours ("GWh") for ACC batteries, with an additional 5 GWh reserved for niche, higher-performance ACC technologies with a minimum threshold capacity of 500 mega-watt hours ("MWh"). Beneficiary firms must commit to setting up at least 5 GWh of manufacturing capacity. They are selected through a bidding process and are allocated production capacity within the cumulative target under the programme.⁷
6. To qualify for incentives, beneficiary firms must commission their manufacturing facilities within two years of allocation and meet phased DVA targets. Specifically, firms must achieve at least a 25 per cent DVA and incur a mandatory investment of ₹225 crore per GWh within two years at the Mother Unit level. This must be increased to 60 per cent within five years, either at the unit level (in the case of an integrated facility) or at the project level, in the case of a hub-and-spoke structure.⁸
7. DVA is calculated as the ratio of actual value added to the net sale value of ACCs, excluding indirect taxes. Actual value added is determined by deducting the cost of raw materials, packing materials, fuel, and foreign currency expenses (e.g., royalties or technical know-how) from the net sale value, and adding the value contributed by ancillary units or domestic manufacturers. A change in the Harmonized System of Nomenclature ("HSN") code at the six-digit level and final manufacturing in India are also required to qualify as domestic value addition.⁹
8. Payments under the PLI ACC Scheme are disbursed over a five-year period following the commissioning of manufacturing facilities. The total annual subsidy per beneficiary firm is capped at the equivalent of 20 GWh of production, regardless of actual sales volume. The amount of subsidy to be disbursed is calculated by multiplying three elements: the applicable subsidy rate per kilowatt-hour ("kWh") of ACC sold, the percentage of DVA

⁴ Gazette of India, S.O. 1363(E), 15 March 2024, pp. 9-10.

⁵ See Press Information Bureau of Government of India, *10 Years of Make in India: Transforming India into a Global Manufacturing Powerhouse*, available at: <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=153203&ModuleId=3> (last accessed on 29 August 2025).

⁶ Gazette of India, S.O. 2208(E), 9 June 2021, p. 8, para. 6.1.

⁷ Gazette of India, S.O. 2208(E), 9 June 2021, p. 7, paras. 3.1 and 3.2.

⁸ Gazette of India, S.O. 2208(E), 9 June 2021, p. 7, para. 3.5.

⁹ Gazette of India, S.O. 2208(E), 9 June 2021, pp. 8-9, para. 8.3.

achieved during the relevant period, and the actual volume of ACCs sold, measured in kWh. Disbursement begins once the beneficiary firm has commenced sales and met the initial DVA threshold. Subsidies are paid on a quarterly basis and are subject to verification through statutory audit mechanisms.¹⁰

9. The PLI ACC Scheme is authorized and/or reflected in, *inter alia*, Gazette of India, *Notification of PLI ACC Scheme*, S.O. 2208(E), 9 June 2021¹¹ and the documents and legal instruments listed in Annex A of this request.

B. PLI Auto Scheme

10. India adopted the PLI Auto Scheme in September 2021, with a budgetary outlay of ₹25,938 crore over a five-year period. With the aim of boosting domestic automobile manufacturing, the PLI Auto Scheme targets two categories of beneficiaries: (i) existing automotive original equipment manufacturers ("OEMs") and component manufacturers, and (ii) new non-automotive investors entering the sector. Eligibility criteria are divided into two types: general criteria, which define the types of entities eligible to apply (including minimum capital commitments), and specific compliance criteria that approved applicants must meet to receive incentives. These include thresholds for global revenue, investment levels, and net worth, with additional requirements for new entrants. Beneficiaries are selected through an application process and must commit to minimum cumulative domestic investments over a five-year period.¹²
11. The PLI Auto Scheme is structured around two components:
 - (i) **Champion OEM Incentive Scheme**, which supports manufacturers of AAT vehicles, including battery electric vehicles ("BEVs"), hydrogen fuel cell vehicles, and other technologies as notified by the Ministry of Heavy Industries ("MHI").
 - (ii) **Component Champion Incentive Scheme**, which supports manufacturers of advanced automotive technology components, Completely Knocked Down ("CKD")/Semi Knocked Down ("SKD") kits, and vehicle aggregates across all vehicle segments. Eligible products include components and vehicles for 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles, tractors, and military-use automobiles.¹³
12. The list of eligible AAT vehicles and components is prescribed and may be amended by the MHI.¹⁴
13. Under the PLI Auto Scheme, only sales of pre-approved eligible products that achieve at least 50 per cent DVA are eligible for incentives. DVA is defined as the proportion of manufacturing activity undertaken domestically, and is calculated according to a formula that deducts from the product's *ex factory* price the sum of the value of all imported components and materials. For verification purposes, applicants must submit detailed documentation to designated Testing Agencies ("TAs"), including bills of entry, supplier declarations, and part-level breakdowns.¹⁵
14. Incentives under the PLI Auto programme are sales-linked and are calculated as a percentage of Determined Sales Value ("DSV"), i.e., incremental eligible sales over a base

¹⁰ Gazette of India, S.O. 2208(E), 9 June 2021, pp. 7-8, paras. 5.1-5.4.

¹¹ Available at:

<https://pliacc.in/docs/guidelines/Gazette%20Notification%20for%20PLI%20ACC%20dated%209June21.pdf> (last accessed on 12 August 2025).

¹² Gazette of India, S.O. 3946(E), 23 September 2021, pp. 12-13.

¹³ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 13-16.

¹⁴ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 14 and 15.

¹⁵ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 14-15. See also Ministry of Heavy Industries, *Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry*, S.O. 3947(E), 23 September 2021, pp. 17 and 19.

year. Disbursements are made annually over five years, beginning in Financial Year ("FY") 2023–24, based on sales achieved in the preceding financial year.¹⁶

15. The PLI Auto Scheme is authorized and/or reflected in, *inter alia*, Gazette of India, S.O. 3946(E), Notification of Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry, 23 September 2021¹⁷ and the documents and legal instruments listed in Annex B of this request.

C. EV Passenger Cars Scheme

16. Adopted in March 2024, the EV Passenger Cars Scheme is designed to attract global EV manufacturing investment and support the establishment of manufacturing facilities for electric four-wheelers ("e-4W") in India by providing limited and conditional access to reduced customs duties on imports of fully assembled e-4W units.¹⁸
17. Specifically, the scheme allows approved applicants to import completely built electric passenger cars at a reduced customs duty rate of 15 per cent for a period of up to five years from the date of approval. An EV must have a minimum cost, insurance and freight ("CIF") price of USD 35,000 to qualify. There is an annual cap of 80,000 cars per beneficiary, with carry-forward of unused quotas permitted. The total duty foregone is also capped at the lower of ₹6,484 crore or the applicant's committed investment.¹⁹
18. Approved applicants must establish manufacturing facilities in India within three years of approval, with a minimum investment of ₹4,150 crore.²⁰ For vehicles manufactured in India, the scheme prescribes DVA milestones of at least 25 per cent by year three and 50 per cent by year five.²¹ DVA is defined, calculated and certified in the same manner as under the PLI Auto Scheme described in Section II.B above.²² Specifically, DVA is defined as the proportion of manufacturing activity undertaken domestically, and is calculated according to a formula that deducts from the product's *ex factory* price the sum of the value of all imported components and materials.²³
19. Compliance with the minimum investment and DVA thresholds is secured through a bank guarantee equal to the higher of total duty foregone or ₹4,150 crore. This guarantee may be invoked in the event of non-achievement. Return of the guarantee is contingent upon meeting both the minimum investment and the 50 per cent DVA milestone.²⁴
20. The EV Passenger Cars Scheme is authorized and/or reflected in, *inter alia*, Gazette of India, S.O. 1363(E), Notification of Scheme to Promote Manufacturing of Electric Passenger Cars in India, 15 March 2024²⁵ and the documents and legal instruments listed in Annex C of this request.

III. Legal Basis of the Complaint

21. The measures at issue, as described in Section II and reflected in the instruments identified therein and in Annexes A to C of this request, appear to be inconsistent with India's obligations under the SCM Agreement, the GATT 1994 and the TRIMs Agreement. In particular, these measures appear to contravene:

¹⁶ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 13–15.

¹⁷ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PLI-Auto-Scheme.pdf> (last accessed on 12 August 2025).

¹⁸ Gazette of India, S.O. 1363(E), 15 March 2024, pp. 10–11.

¹⁹ Gazette of India, S.O. 1363(E), 15 March 2024, pp. 10–11.

²⁰ Gazette of India, S.O. 1363(E), 15 March 2024, p. 10.

²¹ Gazette of India, S.O. 1363(E), 15 March 2024, p. 10.

²² Gazette of India, S.O. 1363(E), 15 March 2024, p. 13.

²³ Ministry of Heavy Industries, *Guidelines for the Scheme to Promote Manufacturing of Electric Passenger Cars in India*, S.O. 2450(E), 2 June 2025, p. 42.

²⁴ Gazette of India, S.O. 1363(E), 15 March 2024, p. 11.

²⁵ Available at: https://heavyindustries.gov.in/sites/default/files/2024-04/gazette_notification_15.03.2024.pdf (last accessed on 12 August 2025).

- (i) Articles 3.1(b) and 3.2 of the SCM Agreement, as they constitute subsidies within the meaning of Article 1.1 that, through their DVA requirements, are contingent upon the use of domestic over imported goods;
 - (ii) Article III:4 of the GATT 1994, as they constitute laws, regulations or requirements within the scope of that provision which, through their DVA requirements, accord less favorable treatment to imported goods than to like domestic goods; and
 - (iii) Article 2.1 of the TRIMs Agreement, as they constitute trade-related investment measures that are inconsistent with the national treatment obligation set out in Article III:4 of the GATT 1994.
22. Furthermore, the EV Passenger Cars Scheme, as described in Section II.C and reflected in the instruments identified therein and in Annex C of this request, appears to be inconsistent with Article I:1 of the GATT 1994, by according an advantage to products of certain countries that is not immediately and unconditionally extended to like products of all WTO Members.
23. In addition, and as a consequence of the foregoing, the measures at issue appear to nullify or impair benefits accruing to China, directly or indirectly, under the cited agreements.
24. This request for consultations covers, in any form, any amendments, supplements, extensions, replacements, renewals, implementing measures, or other related instruments, including but not limited to any subsequent measures referred to by either party during consultations.
25. China reserves the right to raise additional facts, measures and claims related to the matter at issue, including under other provisions of the covered agreements, during the course of consultations and in any future request for the establishment of a panel under Article 6.2 of the DSU.

IV. Statement of Available Evidence

26. In accordance with Article 4.2 of the SCM Agreement, Annexes A to C to this request include a statement of available evidence concerning the existence and nature of the subsidies under the measures described in Section II. China reserves the right to refer to additional evidence during the course of consultations and in any future request for the establishment of a panel pursuant to Article 6.2 of the DSU.
27. China looks forward to receiving India's reply and to agreeing on a mutually convenient date for the consultations.
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Annex A: Statement of Available Evidence with Regard to the Existence and Nature of the Subsidy under the PLI ACC Scheme

In accordance with Article 4.2 of the SCM Agreement, China sets out below the evidence currently available to it regarding the existence and nature of the subsidy under the PLI ACC Scheme. China reserves the right to supplement or revise this list as necessary.

- Gazette of India, *Notification of PLI ACC Scheme*, S.O. 2208(E), 9 June 2021;²⁶
- Government of India, *Request for Proposal for Selection of Manufacturers for Setting Up Manufacturing Capacities for Advance Chemistry Cell (ACC) under the Production Linked Incentive (PLI) Scheme*, 22 October 2021;²⁷
- Government of India, *Request for Proposal Addendum No. 1*, 17 December 2021;²⁸
- Government of India, *Request for Proposal Addendum No. 2*, 22 December 2021;²⁹
- Government of India, *Request for Proposal Addendum No. 3*, 6 January 2022;³⁰
- Government of India, *Request for Proposal Addendum No. 4*, 7 January 2022;³¹
- Government of India, *Programme Agreement for Implementation of National Programme on ACC Battery Storage under the Production Linked Incentive (PLI) Scheme*;³²
- Government of India, *Tripartite Agreement for Implementation of National Programme on ACC Battery Storage under the Production Linked Incentive (PLI) Scheme*;³³

²⁶ Available at: <https://pliacc.in/docs/guidelines/Gazette%20Notification%20for%20PLI%20ACC%20dated%209June21.pdf> (last accessed on 12 August 2025).

²⁷ Available at: https://pliacc.in/docs/guidelines/MHI-NITI%20Aayog_DHI_ACC%20RFP.pdf (last accessed on 12 August 2025).

²⁸ Available at: <https://pliacc.in/docs/guidelines/PLI%20ACC%20Addendum%20Final%2017122021and%202117Hrs637754533706123574.pdf> (last accessed on 12 August 2025).

²⁹ Available at: https://pliacc.in/docs/guidelines/PLI%20ACC_Addendum%2022122021.pdf (last accessed on 12 August 2025).

³⁰ Available at: https://pliacc.in/docs/guidelines/PLI%20ACC_Addendum%203%20dt%2006-01-2022.pdf (last accessed on 12 August 2025).

³¹ Available at: https://pliacc.in/docs/guidelines/PLI%20ACC_Addendum%204%20dt%2007-01-2022637771843985904502.pdf (last accessed on 12 August 2025).

³² Date unknown, available at: https://pliacc.in/docs/guidelines/MHI_Programme%20Agreement.pdf (last accessed on 12 August 2025).

³³ Date unknown, available at: https://pliacc.in/docs/guidelines/221021_Tripartite%20Agreement.pdf (last accessed on 12 August 2025).

Annex B: Statement of Available Evidence with Regard to the Existence and Nature of the Subsidy under The PLI Auto Scheme

Pursuant to Article 4.2 of the SCM Agreement, China sets out below the evidence currently available to it regarding the existence and nature of the subsidy under the PLI Auto Scheme. China reserves the right to supplement or revise this list as necessary.

- Gazette of India, S.O. 3946(E), *Notification of Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 23 September 2021;³⁴
- Gazette of India, S.O. 3947(E), *Notification of Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 23 September 2021;³⁵
- Government of India, *Frequently Asked Questions for PLI Scheme for Automobile and Auto Components Industry No. 1*, 8 October 2021;³⁶
- Government of India, *Application Form for PLI Scheme for Automobile and Auto Components Industry*, 9 November 2021;³⁷
- Government of India, *List of Advanced Automotive Technology Products*, 10 November 2021;³⁸
- Government of India, *Frequently Asked Questions for PLI Scheme for Automobile and Auto Components Industry No. 2*, 22 December 2021;³⁹
- Ministry of Heavy Industries, Press Release on Approval of Applicants under Champion OEM Incentive Scheme of the PLI Scheme for Automobile and Auto Component Industry, 11 February 2022;⁴⁰
- Ministry of Heavy Industries, Press Release on Approval of Applicants under Component Champion Incentive Scheme, 15 March 2022;⁴¹
- Ministry of Heavy Industries, Press Release on Automated Online Data Transfer for Capturing Critical Data Related to Domestic Value Addition (DVA) from the PLI Applicant's ERP System to PLI Auto Portal, 11 August 2022;⁴²
- Government of India, *Frequently Asked Questions for PLI Scheme for Automobile and Auto Components Industry No. 4*, 2 November 2022;⁴³

³⁴ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PLI-Auto-Scheme.pdf> (last accessed on 12 August 2025).

³⁵ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PLI%20Auto%20Guidelines.pdf> (last accessed on 12 August 2025).

³⁶ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/MHI-FAQs-PLI%20Scheme%20for%20Automobile%20and%20Auto%20componets-eng.pdf> (last accessed on 12 August 2025).

³⁷ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/MHI-PLI-Application%20Form%2010112011.pdf> (last accessed on 12 August 2025).

³⁸ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/Application%20Form%20and%20List%20of%20AAT%20Products.pdf> (last accessed on 12 August 2025).

³⁹ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/FAQ%20fameII.pdf> (last accessed on 12 August 2025).

⁴⁰ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PRESS%20RELEASE%20ON%20PLI%2011%2002%202022.pdf> (last accessed on 12 August 2025).

⁴¹ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PRESS%20RELEASE%20ENGLISH%2015%2003%202022.pdf> (last accessed on 12 August 2025).

⁴² Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PIB1850892%281%29.pdf> (last accessed on 12 August 2025).

⁴³ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/FAQ%20IV%2002112022%20RS.pdf> (last accessed on 12 August 2025).

- Gazette of India, S.O. 3857(E), *Notification of Amendment to the Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry*, 31 August 2023;⁴⁴
- Gazette of India, S.O. 5486(E), *Notification of Partial Amendment of the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 29 December 2023;⁴⁵
- Gazette of India, S.O. 5487(E), *Notification of Partial Amendment of the Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 29 December 2023;⁴⁶
- Gazette of India, S.O. 3862(E), *Notification of Partial Amendment of the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 6 September 2024;⁴⁷
- Government of India, List of all PLI Manufacturers who have Achieved the Minimum 50% DVA under the Production Linked Incentive Scheme for Automobile and Auto Components Industry, last revised on 19 July 2024.⁴⁸

⁴⁴ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/Gazette-Notification-dt-amendment.pdf> (last accessed on 12 August 2025).

⁴⁵ Available at: https://heavyindustries.gov.in/sites/default/files/2024-01/notification-pli_auto-amendment-in-scheme-29-12-2023.pdf (last accessed on 12 August 2025).

⁴⁶ Available at: https://heavyindustries.gov.in/sites/default/files/2024-01/notification-pli_auto-amendment-in-guidelines-29-12-2023.pdf (last accessed on 12 August 2025).

⁴⁷ Available at: https://heavyindustries.gov.in/sites/default/files/2024-09/notification_on_pmp_in_pli_auto_06092024.pdf (last accessed on 12 August 2025).

⁴⁸ Available at: https://heavyindustries.gov.in/sites/default/files/2025-05/list_of_all_pli_manufacturers_of_pli-auto.pdf (last accessed on 12 August 2025).

Annex C: Statement of Available Evidence with Regard to the Existence and Nature of the Subsidy under the EV Passenger Cars Scheme

In accordance with Article 4.2 of the SCM Agreement, China sets out below the evidence currently available to it regarding the existence and nature of the subsidy under the EV Passenger Cars Scheme. China reserves the right to supplement or revise this list as necessary.

- Gazette of India, S.O. 1363(E), *Notification of Scheme to Promote Manufacturing of Electric Passenger Cars in India*, 15 March 2024;⁴⁹
- Gazette of India, S.O. 2450(E), *Notification of Guidelines for the Scheme to Promote Manufacturing of Electric Passenger Cars in India*, 2 June 2025;⁵⁰

⁴⁹ Available at: https://heavyindustries.gov.in/sites/default/files/2024-04/gazette_notification_15.03.2024.pdf (last accessed on 12 August 2025).

⁵⁰ Available at: https://heavyindustries.gov.in/sites/default/files/2025-06/gazette_notification_spmepci.pdf (last accessed on 12 August 2025).