1. India's New EV Policy: A Step Forward

Introduction

On June 2, India introduced a 15% concessional import duty on fully built electric vehicles (EVs), under the Scheme to Promote Manufacturing of Electric Passenger Cars in India (SPMEPCI). This incentive applies only if EV manufacturers:

- Invest at least ₹4,150 crore over three years
- Ensure 25% local value addition within three years, increasing to 50% in five years
- Limit imports to 8,000 EV units per year for five years

Policy Gaps: The Missing Link of Technology Transfer

While India has introduced several EV policies since 2015, including the FAME scheme (₹895 crore, later expanded to ₹10,000 crore), these initiatives lack focus on technology transfer — a critical component for building long-term capability in EV manufacturing.

What India Can Learn from China

China's EV strategy, launched in 2009, included:

- Large subsidies (~$230 billion over 15 years)
- Mandated joint ventures with foreign firms (till 2022) to enable tech transfer
- Gradual reduction in import duty (from 25% to 15%)
- Full control over battery manufacturing, from mining to assembly

This helped China become the global EV leader, accounting for 11.3 million of the 17 million global EV sales in 2024.

The U.S. Experience: High Investment, Lower Adoption

The U.S. started supporting EVs in 2010, with a $25 billion loan program, further boosted by the Inflation Reduction Act. However, adoption remains lower than in China, with 1.5 million EVs sold in 2024.

India's Next Step: Secure Battery Tech via Joint Ventures

Currently, India's target of 25% local value addition may rely on adapting existing ICE auto components and adding software features. But the real breakthrough lies in acquiring battery technology.

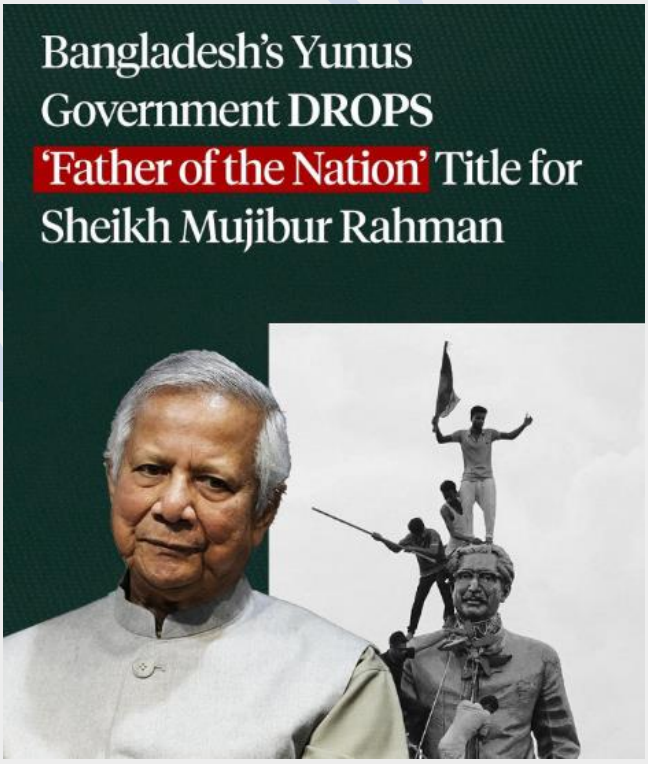
India must:
• Mandate joint ventures with global EV/battery manufacturers
• Encourage local battery production through incentives and partnerships
• Replicate its successful strategy used in ICE manufacturing

Conclusion: From Assembly to Innovation
For India to move from assembling EVs to innovating and owning the core tech, especially in batteries, technology transfer must be a policy priority. Without it, India risks staying dependent on imports and missing the EV revolution's economic potential.

Relevance: GS Prelims & Mains Paper III; Economics
Source: Indian Express

2. Sheikh Mujibur Rahman Loses 'Father of the Nation' Title

Introduction
On June 3, Bangladesh's interim government removed the reference to Sheikh Mujibur Rahman as the 'Father of the Nation' from a law concerning the 1971 Liberation War. This marks a significant shift from the 2022 Act, which had repeatedly referred to him as 'Jatir Pita' (Father of the Nation).



Currency Notes Also Omit Mujibur's Image
The move followed the release of new currency notes that excluded Mujibur's image, a common feature on Bangladesh's previous notes. The new notes highlight the pluralistic heritage of the country instead.

Government's Explanation: Mujibur Still a Freedom Fighter
In its official statement, the interim government clarified that:
• Sheikh Mujibur Rahman is still considered a freedom fighter
• Other leaders like Tajuddin Ahmed, Mansur Ali, and AHM Quamruzzaman are also recognized similarly
• The new definition of freedom fighters includes those who supported independence through advocacy, inside or outside Bangladesh

Conclusion: A Controversial Change in National Narrative

By removing both the title and the imagery of Sheikh Mujibur Rahman, the interim government appears to be redefining the legacy of Bangladesh's founding. This decision is likely to spark political and public debate over national identity and historical memory.

Relevance: GS Prelims & Mains Paper II; Bilateral Relations
Source: The Hindu

3. Suzuki Suspends Swift Production Over Rare Earth Shortage

Background

Suzuki Motor has halted production of its popular Swift hatchback (except Swift Sport) from May 26 due to a shortage of rare earth components. The company expects a partial restart by June 13, and full production after June 16.

This makes Suzuki the first Japanese carmaker affected by China's new export restrictions on rare earth magnets, which began on April 4 in response to U.S. tariffs.

China's Export Curbs Start Affecting Global Auto Industry

China's new rules don't ban rare earth magnet exports outright but have made the process difficult and slow, causing delays and shortages. Automakers worldwide, including EV makers in India, are beginning to feel the impact.

India's Position: Cautious but Alert

Maruti Suzuki, Suzuki's Indian arm, has stated that there's no immediate impact yet, but the industry is in talks with the Indian government, which has been supportive. However, concerns over future price hikes and delays remain.

Why Rare Earth Magnets Matter for EVs

Rare earth magnets, especially NdFeB (neodymium-iron-boron) magnets, are critical for EV motors and other components like:

- Power steering systems
- Wiper motors
- Braking systems

China dominates the global supply chain for these materials, especially in processing efficiency.

China Tightens Control: Push for Full Motor Imports

China is reportedly insisting that foreign carmakers either:

- Buy entire electric motor assemblies (not just magnets) from Chinese firms, or

• Wait for export permits, which have only been selectively granted
This shift would force carmakers to redesign vehicles, as full motor assemblies are of standard sizes, unlike magnets that allow for more customized designs.

Limited Global Alternatives to Chinese Supply
While rare earth metals exist elsewhere, processing capability is still concentrated in China. Japan has made some progress in restarting its processing industry, but the U.S. and India remain heavily dependent on Chinese exports.

Background: China's Broader Export Restrictions
In retaliation to U.S. tariffs, China has restricted the export of:
• Seven heavy rare earth metals (like dysprosium and terbium)
• Key materials like gallium, germanium, and antimony, which have military and tech uses
Though US-China trade talks have recently resumed, it remains unclear whether export restrictions will be eased.

Conclusion: A Global Supply Chain Disruption
China's rare earth restrictions are now disrupting global auto production, starting with Suzuki. The situation highlights the urgent need for alternative supply chains and processing capabilities outside China to support the growing EV market.

Relevance: GS Prelims & Mains Paper II; International Relations
Source: Indian Express