



The Indian government has set a goal to make India a 100% electric vehicle (EV) country by 2030. This target, although very ambitious, is intended to lower oil import bill and control pollution, which continues to rise at alarming levels.

The governments, at the state and central level, have taken a number of steps to achieve this goal:

- » The central government has recently introduced FAME-India (Faster Adoption and Manufacturing of (Hybrid &) Electric vehicles) scheme, which focuses on 4 major areas relevant for EV manufacturers and users - technology development, demand creation, pilot project and charging infrastructure. This will be implemented over a period of 6 years until 2020. A total of 795 crore [USD 122,430,000] has been allocated for subsidies under this scheme, which will be revised upwards based on the response to pilot projects.
- » Tax incentives provided by both central and state governments treat EVs preferentially over hybrids or fossil fuel cars. For instance, lower GST (goods and services tax) of 12% is imposed on EVs whereas hybrids and fossil fuel cars are taxed at 28% with cess ranging from 1% to 15%.



- » Apart from amending the FAME scheme and increasing the quantum of subsidy for purchase of electric buses for public transportation, the central government is also working on a comprehensive policy for promotion of EVs, which is likely to be released by the end of this year.
- » Among the states, the Karnataka government has taken the lead in formulating India's first comprehensive EV policy (see Key Takeaways).
- » The government has invited bids to acquire 10,000 EVs for use by government departments, of which a pilot project of 500 cars have already been awarded to auto companies.
- » Additionally, automakers are in the process of rolling out electric two wheelers, rickshaws and autos - ideal for last mile connectivity.

While these steps are extremely positive, one should note that some challenges faced by EVs, such as battery technology cost etc. that are common across the globe still remain. Added to these are some challenges, very unique to India.

- » While the central government is keen to provide incentives to encourage the manufacture and use of EVs, it remains to be seen whether the state governments will really make the process of setting up operations, easy and single window clearance based - especially for setting up of manufacturing plants.
- » Whether the government is able to standardise and monitor safety regulations for batteries (in terms of storage, handling and recycling) will be another major challenge. The current body on automobile safety is not empowered to standardise or continuously monitor/ improve these safety regulations. Therefore, there will have to be empowered regulators and a new set of regulations, which will have to continuously evolve keeping pace with the dynamic EV technology development.



- » Finally, lack of convenient and fast EV charging infrastructure and a smart grid will be a critical dependency. Developing and standardizing an efficient charging infrastructure and regulatory model, based on standardized infrastructure development model across the country (PPP or otherwise) will be key in building consumer confidence.

### Key Takeaways - Karnataka EV & Energy Storage Policy 2017

- » Developing EV manufacturing parks/zones with adequate facilities to test new technologies for EVs through PPP mode.
- » Exemption from payment of taxes on all electric non-transport and transport vehicles under Karnataka Motor Vehicles Taxation Act.
- » 100% stamp duty exemption for lease/sale deeds for industrial plots, sheds etc.
- » Concessional registration charges for all loan agreements, lease/sale deeds.
- » Subsidy for setting up of effluent treatment plant.
- » 100% reimbursement of land conversion fee [converting land from agricultural use to industrial use].
- » Exemption from tax on electricity tariff.
- » Interest free loan on net SGST (State Goods and Service Tax) to large/mega enterprises.
- » facilitating online application for getting clearance from departments like labour/ environment etc.
- » Developing battery swapping and fast charging stations as a viable business venture by attracting private investment. Potential places will be identified, and government land may be provided for setting up of such stations through a bidding process.
- » Providing electricity supply from grid and special tariff at commercially viable rates for EV charging stations.
- » Encouraging lease/pay per use business models with battery swapping network, integrated payment and tracking system. Secondary market for batteries and battery disposal infrastructure to be created.

### What we can do for you

- » Setting up greenfield operations
- » Joint ventures
- » Technology transfers
- » PPP bidding for government projects
- » Regulatory clearances and compliances

