

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY
RAJYA SABHA
UNSTARRED QUESTION NO. 3261
ANSWERED ON 23.03.2020

POPULARISATION OF ELECTRIC CARS

3261. SHRI A. K. SELVARAJ:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether it is a fact that electric cars in India are not gaining much enthusiasm among the users because lack of sufficient charging infrastructure;
- (b) whether it is also a fact that the electric cars are more expensive to produce and sell;
- (c) whether it is also a fact that the Electric Vehicle (EV) adoption will increase only when cars of decent range are made available; and
- (d) if so, the steps proposed in this regard?

ANSWER

**THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
(SHRI PRAKASH JAVADEKAR)**

(a) to (d): In order to promote adoption of Electrical vehicles (EVs) including electric cars in India, Department of Heavy Industry (DHI) formulated FAME India Scheme [Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India] in March, 2015. The Phase-I of this Scheme was initially launched for a period of 2 years, commencing from 1st April, 2015, which was subsequently extended from time to time and the last extension was allowed up to 31st March, 2019 with the total outlay of Rs. 895 Crore.

In the First Phase of the Scheme about 2.8 lakh hybrid and electric vehicles were supported by way of demand incentive. Further, DHI sanctioned 425 electric and hybrid buses to various cities in the country. Department of Heavy Industry has also sanctioned about 500 Charging Stations/ Infrastructure for EVs including electric cars.

Based on outcome and experience gained during the Phase-I of FAME India Scheme and after having consultations with all stakeholders including Industry and Industry Associations, the Government notified Phase-II of FAME India Scheme on 8th March 2019, which is for a period of three years commencing from 1st April 2019 with a total budgetary support of Rs. 10,000 crore. This phase will mainly focus on supporting electrification of public & shared transportation and aims to support through demand incentives about 7000 e-Buses, 5 lakh e-3 Wheelers, 55000 e-4 Wheeler Passenger Cars and 10 lakh e-2 Wheelers. In addition, creation of charging infrastructure will be also supported to address range anxiety among users of electric vehicles.

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Under Phase-II of FAME India Scheme, Government has sanctioned 2,636 Charging Stations for EVs including electric cars in 62 cities across 24 States/UTs under FAME India (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India) Scheme Phase II.

The demand incentive is available to buyers of xEV in the form of an upfront reduced purchase price to enable wider adoption Under FAME India Scheme. The cost of electric four wheelers after incentive are still about 60-80% costlier than cost of equivalent normal petrol/Diesel four wheelers. However, the operational cost of electric vehicle is lower than the Normal IC engine vehicles. Therefore, the overall life time cost of the electric vehicles inclusive of incentive is cheaper than the Normal IC engine vehicles. Further, following initiatives are also taken up by the Government of India to promote the use of electric/hybrid vehicles (including electric cars) in the country –

- (i) Under the new GST regime, GST on EVs has been reduced from 12% rate to 5%.
- (ii) Ministry of Power has allowed sale of electricity as ‘service’ for charging of electric vehicles. This would provide a huge incentive to attract investments into charging infrastructure.
- (iii) The Government, vide S.O. 5333(E) dated 18th October, 2018 has also granted exemption to the Battery Operated Transport Vehicles and Transport Vehicles running on Ethanol and Methanol fuels from the requirements of permit.
- (iv) In the budget of 2019-20, the Hon’ble Finance Minister announced provision of additional income tax deduction of Rs 1.5 lakh on the interest paid on loans taken to purchase electric vehicles.
