

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO. 1451
ANSWERED ON 26.07.2022

MANUFACTURING OF HYBRID AND ELECTRIC VEHICLES

1451. SHRI PRADEEP KUMAR SINGH:

Will the Minister of HEAVY INDUSTRIES भारी उद्योग मंत्री be pleased to state:

- (a) the present status of the manufacturing of hybrid and electric vehicles in the country;
- (b) the reasons for very slow pace of implementation of Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) scheme; and
- (c) the fresh steps taken by the Government to bring down the cost of electric/hybrid vehicles at par with those Internal Combustion Engines (ICEs)?

ANSWER

THE MINISTER OF STATE FOR HEAVY INDUSTRIES
(SHRI KRISHAN PAL GURJAR)

(a): Sir, the Ministry of Heavy Industries formulated a Scheme Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme in 2015 to promote adoption of electric/ hybrid vehicles (xEVs) in the country. At present, Phase-II of FAME India Scheme is being implemented for a period of 5 years w.e.f. 01st April, 2019 with a total budgetary support of Rs. 10,000 crores. This phase focusses on supporting electrification of public & shared transportation and aims to support, through subsidies, 7090 e-Buses, 5 lakh e-3 Wheelers, 55000 e-4 Wheeler Passenger Cars and 10 lakh e-2 Wheelers. As on 15th July, 2022, 58 original equipment manufacturers (OEMs) of e-2W, e-3W & e- 4W have been registered and sold about 4.75 lakhs EV under phase-II of FAME-India Scheme.

(b) & (c): The reasons for slow pace in implementation of Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme have been mainly:

- (i) High upfront cost of electric vehicle as compared to corresponding IC engine vehicle.
- (ii) Customer anxiety about range of electric vehicle.
- (iii) Limited models available in India compared to internal combustion engine (ICE) vehicles especially in Electric car segment.

However, the following steps have been taken by the Government bring down the cost of electric/ Hybrid vehicles on par with those with internal combustion engines:

- i. The demand incentive for electric two wheelers has been increased to Rs. 15,000/KWh from Rs. 10,000/KWh with an increase in cap from 20% to 40% of the cost of vehicle from 11th June, 2021, thus enabling cost of Electric two wheelers at par with that of ICE two wheeler vehicles.

- ii. The Government on 12th May, 2021 approved a Production Linked Incentive (PLI) scheme for manufacturing of Advanced Chemistry Cell (ACC) in the country in order to bring down prices of battery in the country. Drop in battery price will result in cost reduction of electric vehicles. The PLI Scheme for Automobile and Auto Component was notified on 23rd September, 2021 has the provision for incentivizing Electric Vehicles.
- iii. GST on electric vehicles has been reduced from 12% to 5%; GST on chargers/ charging stations for electric vehicles has been reduced from 18% to 5%.
- iv. Ministry of Road Transport & Highways (MoRTH) announced that battery-operated vehicles will be given green license plates and be exempted from permit requirements.
- v. MoRTH issued a notification advising states to waive road tax on EVs, which in turn will help reduce the initial cost of EVs.
