

Budget 2022 Expectations: What electric vehicle industry demands from FM Nirmala Sitharaman; Here is the wishlist

Finance Minister Nirmala Sitharaman will present the Union Budget for FY 2022-2023 on February 1.



The budget will be paperless, which will mark the second such instance when the Finance Minister will be reading the budget speech without paper. Source: Reuters

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Electric vehicles must be considered for priority lending by the government to accelerate their adoption, while sufficient funds must also be allocated for R&D in a public-private partnership mode for the development of batteries, industry body SMEV earlier mentioned.

Mohal Lalbhai, CEO and Founder, Matter said: "The year 2022 is a watershed moment towards the Electric vehicles transition. I am optimistic that the upcoming Union Budget 2022 will pave the way for further acceleration to the EV and Energy Storage segment by laying out a comprehensive and holistic plan."

Firstly, I am hopeful that the Ministry of Power's suggestions regarding charging infrastructure will be considered, as well as the revision of the FAME II subsidy condition of Rs 1.5 lakhs on the ex-factory price of the EV on which a subsidy is applicable to the consumer, which is a five-year-old price point, he added.

Second, modifications to the current PLI to allow MSME EV players, as well as existing and new participants, to participate, Lalbhai said.

Finally, a reduction in customs duty on Lithium-ion cells would help local component manufacturers in scaling up the production thereby further reducing the overall upfront costs of battery production and the cost of acquisition for electric vehicles in India, thus creating the path towards achieving clean energy goals.

Similarly, Shrikant Shinde, Founder & CEO, GoGoA1 is appreciative of the steps taken by the government for the promotion of EV in India. However, he underlines these points for the upcoming budget.

Challenges: In the current system of approvals, we have to take Transport Department permissions in every state of the country, which I feel is delaying the registration process of the EV bike conversion. Centralised permission will help in a faster EV conversion process and we can reach out to more consumers and companies.

Subsidies: The Indian Government has taken excellent steps in promoting new Electric vehicles with subsidies, infrastructures like charging stations, and policies. The Government is also promoting a vehicle scrapping policy of non-registration of petrol vehicles over 15 years and diesel vehicles over 10 years. Indian treat their vehicles as life partners and do not intend to sell them frequently.

The Delhi government has announced an EV conversion policy, for such vehicles which will enable these existing vehicles to still be on roads with more than 5-7 years added to its life. We expect subsidies, and policies which will benefit the retrofitting industry and the consumers alike in converting their existing vehicles into electric vehicles.

Reviewing GST for Conversion Kits: One of the key elements in the cost of the conversion kit is the 18% GST being paid. The new motorcycles are getting subsidies like implementing 5% GST, so they can sell the new products at a reduced rate. We are hoping for a similar simple reduction in the GST rates on EV conversion kits which will make them more affordable, and more people can convert their regular fuel motorcycles into EV motorcycles.

The Union Budget 2022-23 would also be available on the Mobile App after the process of Budget presentation has been completed on 1st February 2022 in the Parliament.