

Union Budget 2021-22: There is a buzz in the Electric Vehicle Space

The Union Budget 2021-22 presented by Nirmala Sitharaman may not have given a single sop to the electric vehicle industry but those in this electric

vehicle space are upbeat over the indirect measures in the Union Budget 2021-22 that could eventually lead to the growth of the Indian EV industry.

SOCIETY OF MANUFACTURERS OF ELECTRIC VEHICLES: Sohinder Gill, Director General, Society of Manufacturers of Electric Vehicles (SMEV) while hailing the scrappage policy said the he hoped it would be designed in such a way that would automatically push the adoption of electric vehicles. For clean air, setting aside an amount of Rs 2,217 crore for 42 urban centres with a million-plus population is a good move. The fund could be utilised to spread awareness about the benefits of using e-vehicles to the environment and its contribution to make the air clean, he said.

He also said that the government's plan for strengthening the public transport sector under PPP models with an outlay of Rs 18000 crore for operating 20000 buses is encouraging for the EV industry. "The scheme could strengthen the EV industry if more number of e-buses could be supported through the scheme. We urge the government to mandate procurement of e-Buses under the scheme which would help us fight the issue of air pollution," he added.

TATA TECHNOLOGIES: Warren Harris, CEO and MD, Tata Technologies, said "With the much-needed Vehicle Scrappage policy, the government of India has finally set the tone for recovery of Auto Sector which has been significantly impacted by the pandemic. This will not only help boost the demand for production of Commercial vehicles but also support the entire transportation ecosystem. Also, while it would have been good to see some more initiatives to promote Electric Vehicles in this budget, we are glad that the government has noted India's critical role in the global automotive supply chain post COVID 19. Specific initiatives through production linked schemes, creation of infrastructure for R&D and enabling skill development in new-gen technologies such as artificial intelligence (AI) and Machine Learning (ML) will help drive investment in engineering and research".

SUN MOBILITY : Chetan Maini, Chairman & Co-founder, SUN Mobility, noted "The Budget is focussed on speeding up recovery post-COVID, while also providing solid direction to do so, over the next few years, which is excellent. When it comes to electric mobility, the main expectation was a firmer commitment from a policy standpoint by the government for accelerating e-mobility and enabling charging and battery swapping infrastructure in the country for the same. One of the key measures for doing so would have been to fix the inverted duty structure for components such as batteries from 18% to 5%, and for charging/swapping infrastructure services from 18% to 5% as well. While this was not mentioned during the Budget, we look forward to the GST Council taking this up, and implementing it soon."

He, however, said that the announcement of the outlay of Rs 18,000 crore to support augmentation of public bus transportation services is a welcome announcement, along with the deployment of 'MetroLite' and 'MetroNeo' services for ease of mobility across Tier 2 cities and peripheral areas of Tier 1 cities. This opens up the possibilities of providing last mile connectivity in and around these locations via electric vehicles like e-autos and e-rickshaws, provided adequate support is given by the government for setting up charging and swapping infrastructure.

Similarly, he noted that the implementation of the scrappage policy is a good move, which can be further enhanced by providing additional incentive for replacing old vehicles with electric ones, instead of other ICE vehicles, for driving mass EV adoption. "The EV industry needs to not only 'Make in India', but also 'Design in India', so we look forward to the details of the Rs 50,000 crores Innovation and R&D outlay that was announced, as well as the PLI scheme and how they can benefit the sector, as these will be key enablers in making EVs take off in the country. This will help create manufacturing global champions for an AtmaNirbhar Bharat, boosting start-ups to achieving a USD 5 trillion economy," he affirmed.

OKINAWA AUTOTECH: Jeetender Sharma, Founder & Managing Director, Okinawa Autotech said the Budget 2021-22 effectively sets the roadmap for the next five years with a slew of measures for overall economic growth. He said the increase in customs duty on automobile parts will rightly encourage domestic manufacturing. He said the industry was expecting the government to look at reducing the GST and reconsider the current taxation framework applicable on raw material and the final product in case of EVs which could have provided the much-needed impetus to the industry.

ATHER ENERGY: Tarun Mehta, Co-founder & CEO, Ather Energy said, "The voluntary vehicle scrappage policy announced to phase out old and unfit vehicles will encourage the sales of new vehicles. It is good to see that the government is looking at addressing the concerns regarding GST inverted duty structure. We look forward to more details on the inverted duty structure and the Production-linked incentive (PLI) scheme announced by the Finance Minister."

BRICKWORK RATINGS: Tanu Sharma, Director Ratings, **Brickwork Ratings** too believed that the voluntary vehicle scrappage policy to curb vehicular pollution and oil imports is likely to boost demand for new passenger vehicles and commercial vehicles by phasing out older vehicles. This could indirectly also benefit electric vehicles (EVs).

The budget announced an outlay of Rs 18,000 crore to support the acquisition, operations and maintenance of over 20,000 buses via a public private partnership model, which in turn would create demand in the commercial vehicle segments. As there was no specific announcement on EVs the EV ecosystem may not propel in 2021-22 as expected. The industry was also anticipating a transitory relaxation in GST rates on vehicles, which could have catalysed demand. The absence of these key measures has dampened the demand outlook for the auto sector, Sharma noted.

CROSSLOOP: Sameer Katole, CEO, Crossloop said the Finance Minister laid major emphasis on enhancing domestic manufacturing of electronic equipment. The Union Budget 2021 has a strong focus towards the revival of the economy and extensive plans for Atmanirbhar Bharat. It shows extreme commitment towards a strong comeback for the sectors which faced major backlashes in 2020. The budget covered several demanding issues faced by the economy earlier and with an attention concerning startup community, the extension of tax holiday for start-ups by one more year is an important decision made. This will encourage the survival of startups and give them the required support for bounce back. Further, the increased spending on PLI for electronic manufacturing schemes is a positive sign. The 2.5% taxation on manufacturing of smartphone parts is also a vital decision as it will boost the inclusive growth of the country and further bring major changes in the consumer electronic and domestic manufacturing segment, Katole noted.

DETEL: Yogesh Bhatia, Founder, Detel, a company that deals in Detel Easy, an electric two wheeler and a range of electronic products, said that he appreciated the Government's vision of Atma Nirbhar Bharat post the most unprecedented year of 2020. Many domestic players were badly affected and expecting some strong moves by the government. The thrust on automobile sustainability by introducing voluntary scrappage policy will lead to progress in the auto sector significantly and curb pollution issues and soaring crude oil bills.

EARTH ENERGY EV: Rushi Shenghani, CEO & Founder, Earth Energy EV said that the focus on the Atma Nirbhar package will lead to sustained recovery for indigenous brands. "We are pleased to know that after keeping the scrappage policy unclear for so long, the government is placing voluntary scrapping policy ahead this year- the industry is going to get a major boost and it will create demand for energy efficient vehicles," said Shenghani.

EULER MOTORS: Saurav Kumar, Founder and CEO, Euler Motors, a young EV company that targets the last mile delivery market with its eLCV fleet, said that this year's budget is a directional push to move towards clean energy and transition towards a green economy. The outlays to tackle air pollution and boost to non-conventional energy sectors will be key to reduce dependence on fossil fuels and power the industrial sector and electric transportation. The announcement of the Hydrogen Energy Mission is a step closer for generating power through green sources and fulfil charging requirements of EVs in the future, he said. He also welcomed the scrappage policy. "In the commercial segment, there are large numbers of old vehicles and the scrappage policy will boost adoption of low emission and energy efficient vehicles, by phasing out old models. We also look forward to Government's continued infrastructure push with focus towards improving roadways in India. These will provide an impetus towards modernisation and drive more consumption in the auto segment," he noted.

FIXCRAFT: Vivek Sharma, Founder and CEO, Fixcraft. a network of car body shops, pointed out that "Vehicle fitness control has always been a must. With the new scrappage policy people are going to benefit while the process also gets accelerated at the same time. This will also fast track the entry of EVs into the market which the government has been pushing for so long."

GOZERO MOBILITY: Ankit Kumar, CEO, GoZero Mobility, said the new Budget has shown that the government is looking to make great strides in promoting its indigenous EV industry. "First is the Voluntary Vehicle Scrapping Policy, with the intention to phase-out vehicles that are poor in fuel efficiency off the roads. This policy would incentivise owners of old vehicles, which are usually the ones that fit the bill, to voluntarily give up their vehicle for scrap and look towards newer vehicles and more innovative mobility solutions. This policy would definitely push the EV industry more into the limelight as the public now has more reason to evaluate the economic feasibility of EVs and e-micro mobility options like e-bikes.

"Second, Rs. 2217 crore have been allocated to tackle the plaguing issue of air pollution, targeting 42 cities that have a population of more than a million. This mission would definitely entail the promotion of sustainable transportation, as vehicular emissions constitute a major share in our cities' air pollution. Also coupled with the Vehicle Scrapping Policy, the auto industry can be optimistic about seeing the rise of charging infrastructure, and bicyclists and e-bikers could see their dreams of bicycle friendly streets being fulfilled.

"Third, the National Hydrogen Mission with the proposal to draw energy from renewable sources ensures that the entire value chain in energy consumption, including for electric vehicles, would be as carbon neutral as possible. The auto and micro-mobility industry are still holding out hope for more reforms relating to tax structure and import duties on raw materials and components to become friendlier in following announcements in the coming months. Seeing the pledge taken by the government in this Budget, the industry believes that its hopes would be fulfilled this year," Kumar explained.