

# THE INDIAN ELECTRIC VEHICLE INDUSTRY

**Haryana rolls out EV policy; focuses  
on encouraging EV ecosystem  
development**

**JULY 2022**





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*Haryana Electric Vehicle Policy 2022 provides another Government push for faster e-2W adoption; beneficial in the long term*

*Policy offers limited purchase incentives; focus on demand generation via electrification targets for Government vehicles and bus fleet*

*Multiple manufacturing incentives offered for early adopter units; healthy focus on charging infrastructure development*



The Government of Haryana, on July 8, 2022, notified its Electric Vehicle (EVs) Policy 2022, which seeks to drive rapid adoption of battery electric vehicles (BEVs), with the goal of reducing carbon footprint by motivating its citizens to buy EVs. The policy will be valid for five years from gazette notification.



Coupled with some incentives targeted towards demand creation, the policy heavily focuses on enhancing manufacturing capabilities and charging infrastructure creation, with a view to develop the entire EV ecosystem.



The policy focuses on providing purchase incentives to category of vehicles not covered under the FAME-II scheme (e.g., hybrid vehicles). The upfront monetary incentives are being offered on less than 4,000 vehicles across categories (viz. electric cars, hybrid cars, hydrogen-based vehicles, electric tractors, and electric bus) with 2Ws completely left out of the purview. Exemption of Motor Vehicle Tax and subsidised vehicle registration fee benefits also only offered on limited number of vehicles.



The Policy offers multiple incentives for early adopter units involved in EV manufacturing or charging infrastructure creation. In addition, the policy also articulates incentives for skill development, research and development in the field of e-mobility.



With adequate policy push by the Central and state governments and increasing initiatives by the OEMs, ICRA expects a steady rise in penetration of electric vehicles in India over the next decade. Two-wheelers (up to 30% penetration) and commercial vehicle application segments (up to 40%) would lead this transition, given the favourable operating economics.

# Haryana has a robust presence in India's automobile manufacturing space

## EXHIBIT : Haryana - Automobile Industry Snapshot



Haryana falls under northern manufacturing cluster located near the National Capital Region, which contributes **~30-35% of vehicle production in India.**



The country's leading passenger vehicle and two-wheeler manufacturers have a significant presence in the state with manufacturing units in Gurgaon and Manesar.



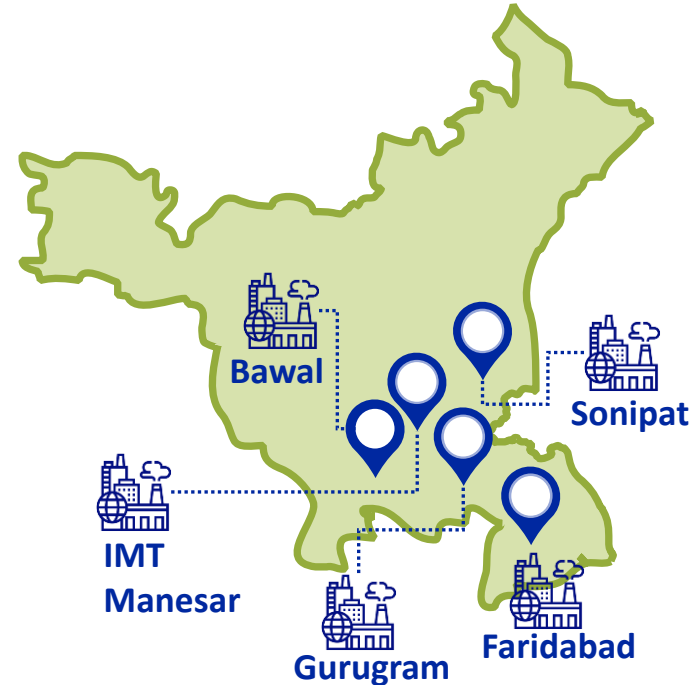
Gurugram-Manesar-Bawal has been termed as an auto hub by the Central Government.



Faridabad and Sonipat are also emerging as automobile manufacturing hubs within the state.

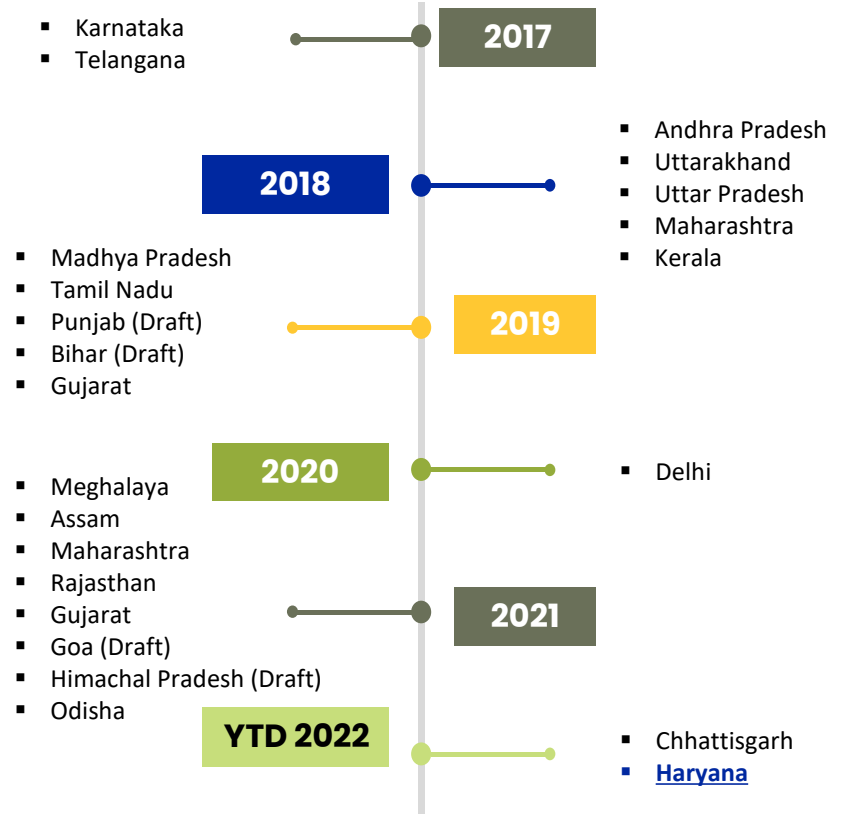
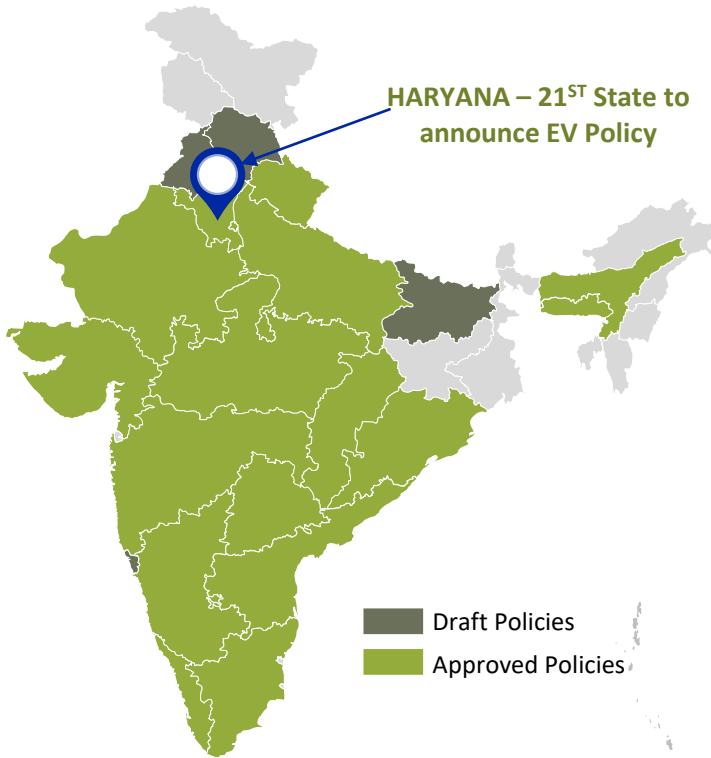
Source: ICRA Research

## Automobile OEM & Component Manufacturing Base In Haryana



# The latest state to notify an Electric Vehicle policy in CY2022

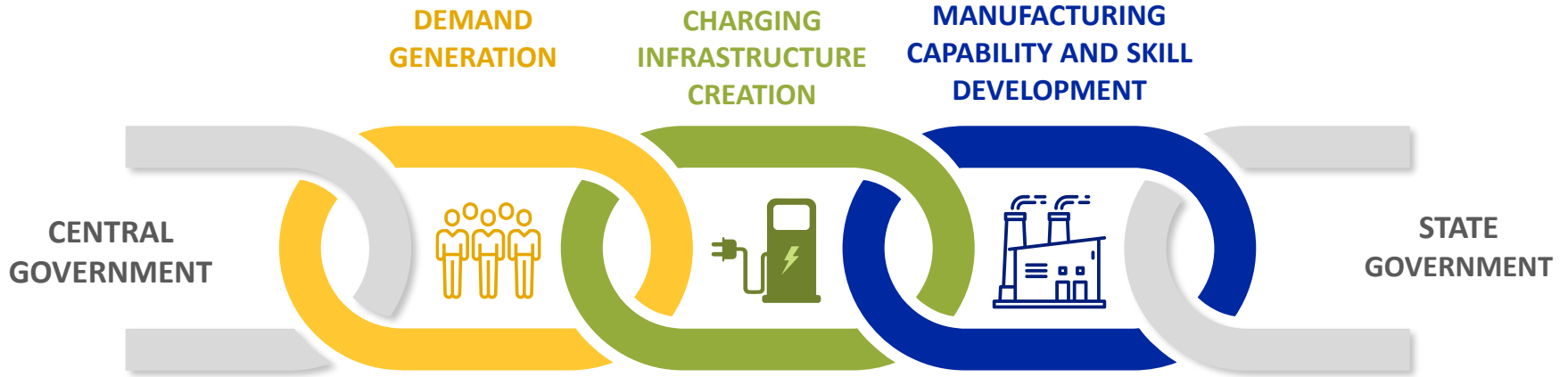
EXHIBIT: State EV policies – Coverage and Timeline of announcements









Source: EV Policy Documents; ICRA Research

# Policy adopts a three-pronged strategy for development of EV eco-system

EXHIBIT: Type of incentives under EV policies

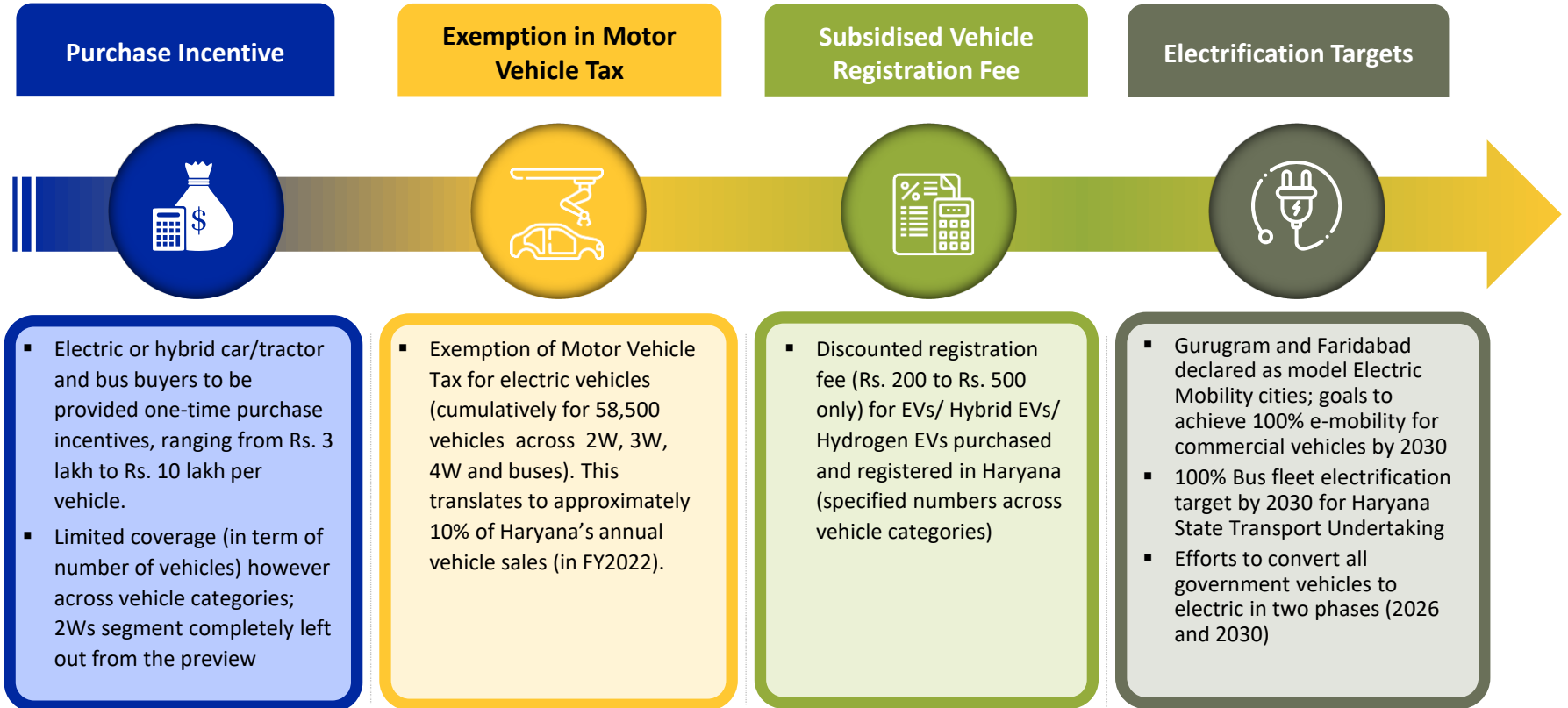


- Even as the Central Government's programmes have signaled its commitment to macro-level sustainable transportation policies, states have also taken the onus to implement, strengthen, and customise plans to grow local EV markets.
- As is the case for other state EV policies, Haryana's EV policy is also focused on developing an entire EV ecosystem. In addition to offering incentives targeted at created demand for EVs, the policy heavily focuses on incentivising manufacturing capabilities and charging infrastructure creation, with a view of accelerating automobile electrification in the state.

Scheme Highlights		
	<b>Timeframe</b>	The EV Policy will be valid for a period of 5 years from the date of notification in the official gazette.
	<b>Purchase Incentive</b>	It focuses on providing purchase incentives across different category of vehicles, which are not covered under the FAME-II scheme or those which can avail of any other similar incentive provisions announced from time to time by the Government of India.
	<b>Employment Opportunity</b>	Employment generation subsidy shall be extended to manufacturing units established only in B, C and D category blocks, for capacity building of persons belonging to Haryana (having Haryana Resident Certificate). Subsidy Rs. 48,000/- per employee per annum for 10 years for direct employment on payroll or contract with valid ESI/PF Number.
	<b>Registration Fee</b>	All electric vehicles, hybrid electric vehicles or hydrogen electric vehicles purchased and registered in Haryana during the policy period shall be charged a discounted registration fee.
	<b>Incentives for Manufacturers</b>	Capital subsidies (10-25% of fixed capital investment) will be provided to industries manufacturing Electric Vehicles (BEV/FCEV), major components of EVs and batteries for EVs.
	<b>Charging Infrastructure</b>	Incentives declared for privately-owned public charging stations and battery-swapping station







Source: E gazette Haryana, ICRA Research

# Limited purchase incentives; focus on demand generation via electrification targets



# Multiple manufacturing incentives offered for early adopter units

EXHIBIT: Key Incentives for Manufacturers Under Haryana EV Policy

Capital Subsidy of Fixed Capital Investment (FCI)	Seed and Conversion Fund	Net SGST Reimbursement	Reimbursement in Stamp Duty	Power Subsidy/Incentive Water Treatment Plant Incentive	Employment Generation Subsidy
					
<p>Capital subsidies (10-25% of fixed capital investment) to be provided to industries manufacturing EVs, major components of EVs, batteries for EVs, manufacturer of charging infrastructure</p>	<p>One-time support as a seed funding (25% of books value of plant/machinery up to Rs. 2 crore) for existing units (early adopters) converting completely into EV manufacturing</p>	<p>Net SGST reimbursement (up to 50% for 10 years) for entities engaged in manufacturing in the EV ecosystem</p>	<p>Reimbursement of 100% stamp duty on purchase/lease of land/shed/buildings to be used for in the EV ecosystem</p>	<p>Special tariff, uninterrupted power and 100% exemption on Electricity Duty for a period of 20 years.</p> <p>Reimbursement of cost of water treatment (50% up to Rs. 50 Lakh) for early adopters</p>	<p>Employment generation subsidy shall be extended to manufacturing units established only in B, C and D category blocks for capacity building</p>

Source: ICRA Research

# Healthy focus on EV charging and battery-swapping infrastructure creation



One-time subsidy of 20% of Fixed Capital Investment (FCI) up to INR 10 lakh for first 100 battery-swapping stations set up with FCI of more than INR 50 lakh



One-time subsidy of 20% of the FCI maximum up to Rs. 5 lakh for first 200 privately-owned public charging stations set up with FCI of more than Rs. 25 lakh



One-time subsidy of 20% of FCI up to Rs. 50,000 for first 2,000 privately-owned public charging stations to be set up in group residential buildings, commercial buildings, institutional buildings, malls, metro stations etc. with more than 1,000 inhabitants or those that cater to more than 1,000 people/day.

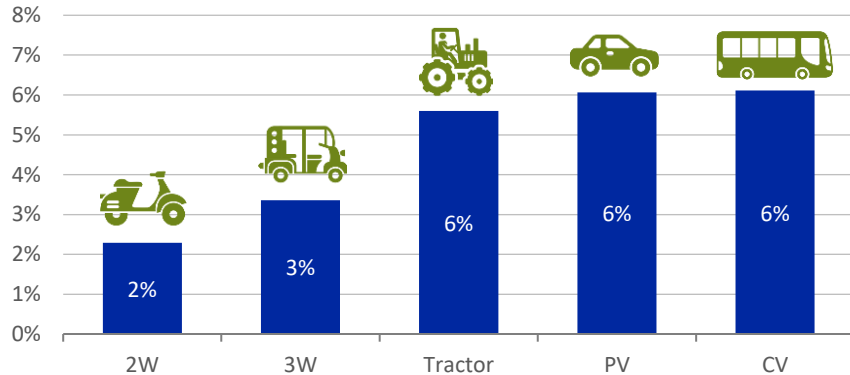


Companies installing public charging station to be encouraged to set up battery swapping stations; rebate on electricity tariff applicable for public charging stations shall also be applicable to battery-swapping stations



Charging infrastructure shall be developed in all existing and new public buildings, public parking places, all bus depots / sub-depots of State Transport Undertakings

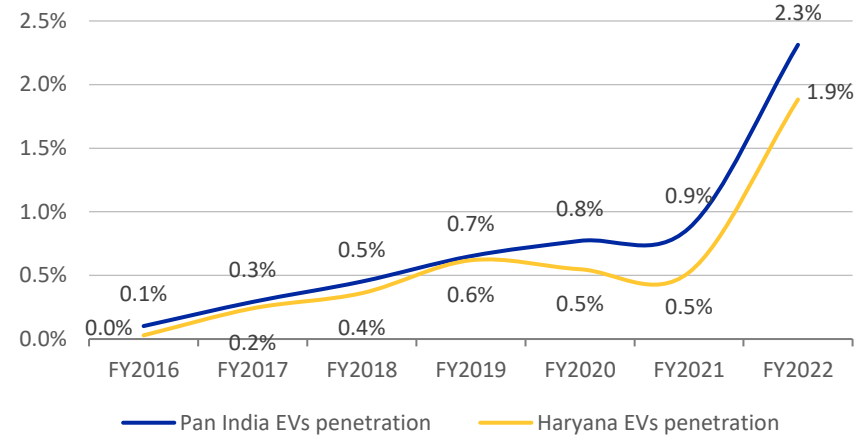
**EXHIBIT : Haryana's share in vehicle sales (wholesale) in FY2022**



Source: SIAM, ICRA Research

Haryana contributes 3% to 6% of ICE vehicle sales in India across various categories. In absolute terms, this translated to 0.6 million ICE vehicles in FY2022 (down from 0.86 million in FY2019- pre-pandemic)

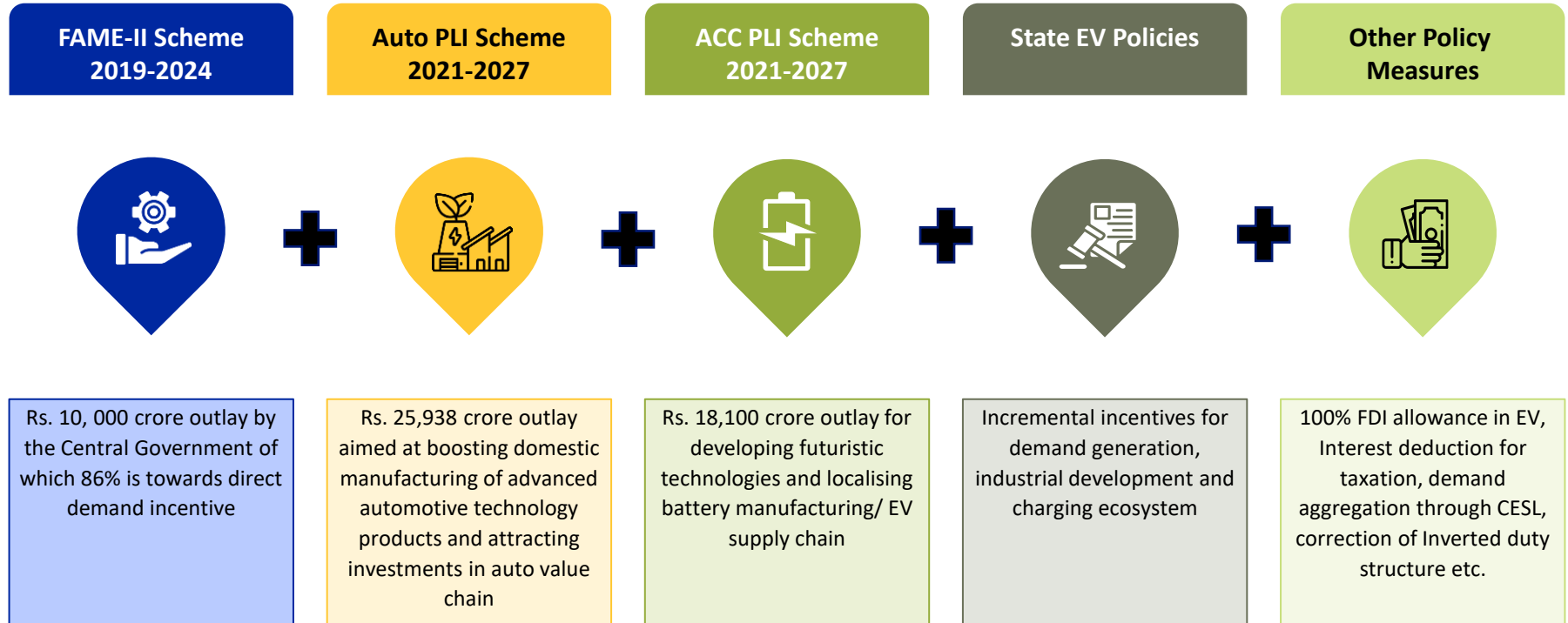
**EXHIBIT : Trend in EV penetration in India and Haryana over the years**



Source: VAHAN, ICRA Research






Spurred by Government support in the form of subsidies, enhanced awareness and increasing product launches, the EV segment saw a significant upturn in prospects in FY2022. The share of EVs in overall vehicle sales doubled on a YoY basis to exceed 2% in FY2022 on a pan-India basis; Haryana also followed suit

# State EV policies augment Central Govt. policies to catapult India's EV transition



# EV penetration to grow exponentially across segments over the next decade

Two-Wheelers and Commercial vehicle application segments to lead the electrification transition, given the favourable economics

	FY2022 Current Penetration %	FY2025 Base scenario %	FY2030 Base scenario %
 <b>Electric Two-Wheelers</b>	~2%	13-15%	~30%
 <b>Electric Three-Wheelers*</b>	~4%	14-16%	~40%
 <b>Electric Buses (SRTUs)</b>	~4%	11-13%	~40%
 <b>Light Commercial vehicles</b>	Negligible	4-6%	~25%
 <b>Electric Passenger Vehicles</b>	<1%	4-6%	~15%

Source: ICRA Research; Note – Penetration measured in terms of new vehicle registrations

\*Excludes rickshaw segment, which is already largely electrified

## Annexure

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Other policy related details  
and comparisons



# Purchase incentive across vehicle categories announced by the state

## EXHIBIT : Haryana EV Policy - Vehicle Category Wise Incentive

Vehicle Category	Price Range	Total Vehicles Covered	Incentive
Electric Car/Light EV	Rs. 15-40 Lakh	First 1,000 units	15% of the ex- showroom price (maximum up to Rs. 6.0 lakh)
Hybrid Electric Car/ Hybrid Light EV	Rs. 15-40 Lakh	First 200 units	15% of the ex- showroom price (maximum up to Rs. 3.0 lakh)
Electric Car/Light EV (premium range)	Rs. 40-70 Lakh	First 1,000 units	15% of the ex- showroom price (maximum up to Rs. 10 lakh)
Hybrid Electric Car/ Hybrid Light EV (Premium range)	Rs. 40-70 Lakh	First 2,00 units	15% of the ex- showroom price maximum up to Rs. 5.0 lakh
Hydrogen based vehicle	Not specified	First 2,00 units	15% of the ex- showroom price maximum up to Rs. 10.0 lakh
Electric Tractors for farmers	Not specified	First 1,000 units	50% of the ex- showroom price up to Rs. 5.0 lakh
Hybrid Electric tractor for farmers	Not specified	First 100 units	50% of the ex- showroom price up to Rs. 5.0 lakh
Electric Bus	Not specified	First 200 units	10% of the ex- showroom price up to Rs. 10.0 lakh Incentives of 100 Electric buses shall be reserved for buses used by government and government owned entities of Haryana.

Source: E gazette Haryana, ICRA Research

# Capital subsidy incentives for capability development

EXHIBIT : Haryana EV Policy - Capital subsidy details



<b>Subsidy</b>	25% of FCI* or Rs. 15 lakh, whichever is lower	20% of FCI or Rs. 40 lakh, whichever is lower	20% of FCI or Rs.50 lakh, whichever is lower	10% of FCI or Rs. 10 crores, whichever is lower	20% of FCI or Rs. 20 crore whichever is lower
<b>No. of beneficiaries</b>	First 20 units	First 10 units	First 5 units	First 2 units	First 3 units

In order to promote circular economy and responsible disposal of batteries, first 5 units setting up their manufacturing facility in the state across Medium, Large or Mega category for battery disposal/recycling/ material recovery shall be eligible for capital subsidy @ 15% of FCI or INR 1.00 crore whichever is lower

# State EV Policies – Comparison of demand generation measures

EXHIBIT : State wise comparison – Demand generation initiatives

States (Incentive covered in State EV policy Yes/No)	Purchase Incentives				Operational Incentives			
	Purchase subsidy	Tax Exemptions	Access to Financing	Scrapping and Retrofit Incentives (mainly for CVs)	Priority or Free Permits	Green Zones	Parking Incentives	Toll Fee waivers
Haryana	Green	Green				Green		
Andhra Pradesh		Green			Green	Green		
Bihar	Green	Green	Green					Green
Delhi	Green	Green	Green	Green	Green			
Karnataka		Green						
Kerala	Green	Green	Green		Green	Green	Green	
Madhya Pradesh		Green		Green	Green		Green	
Maharashtra	Green	Green		Green			Green	
Punjab		Green		Green	Green	Green	Green	Green
Rajasthan	Green							
Tamil Nadu	Green	Green			Green			
Telangana		Green						
Uttar Pradesh		Green	Green			Green		
Uttarakhand		Green			Green			Green
Gujarat	Green							

Source: State EV Policy Documents, ICRA Research; Green Highlighted cells indicate that corresponding State EV policy covers measures relating to the specified initiative

# State EV Policies – Comparison of charging infrastructure creation measures

EXHIBIT : State wise comparison – Charging infrastructure initiatives

States (Incentive covered in State EV policy Yes/No)	Capital Subsidy on EV supply equipment (EVSE)	Concessional Land Provision	Concessional EV tariff	Use of renewable energy sources	Amendments to DCRs	EVSE network integration and management	Promotion of alternative clean fuel technologies
Haryana	Yes	Yes	No	No	No	No	No
Andhra Pradesh	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bihar	Yes	Yes	No	No	No	Yes	No
Delhi	Yes	Yes	Yes	Yes	Yes	Yes	No
Karnataka	Yes	Yes	Yes	Yes	Yes	Yes	No
Kerala	No	No	Yes	Yes	No	Yes	No
Madhya Pradesh	Yes	Yes	No	Yes	No	Yes	No
Maharashtra	Yes	No	Yes	No	Yes	No	No
Punjab	Yes	Yes	Yes	Yes	Yes	Yes	No
Rajasthan	No	No	No	No	No	No	No
Tamil Nadu	Yes	No	Yes	Yes	Yes	Yes	No
Telangana	No	No	Yes	Yes	Yes	Yes	No
Uttar Pradesh	No	Yes	Yes	Yes	Yes	No	Yes
Uttarakhand	No	No	No	No	No	No	No
Gujarat	No	No	Yes	No	No	No	No

Source: State EV Policy Documents, ICRA Research; Green Highlighted cells indicate that corresponding State EV policy covers measures relating to the specified initiative

# State EV Policies – Comparison of capability development initiatives

EXHIBIT : State wise comparison – Capability development initiatives

States (Incentive covered in State EV policy Yes/No)	Capital subsidies	Tax exemptions and interest subsidies	Land development incentives	Infrastructure concessions and subsidies	Battery recycling initiatives	Employment initiatives	Skill Development	R&D initiatives
Haryana	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Andhra Pradesh	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Bihar	No	Yes	No	No	No	Yes	No	Yes
Delhi	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Karnataka	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Kerala	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Madhya Pradesh	No	No	No	No	Yes	No	Yes	Yes
Maharashtra	No	Yes	No	Yes	No	Yes	Yes	Yes
Punjab	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rajasthan	No	No	No	No	No	No	No	No
Tamil Nadu	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Telangana	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Uttar Pradesh	No	No	No	No	Yes	No	No	Yes
Uttarakhand	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Gujarat	No	No	No	No	No	No	No	Yes

Source: State EV Policy Documents, ICRA Research; Green Highlighted cells indicate that corresponding State EV policy covers measures relating to the specified initiative



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