

To,
Shri Arun Jaitley
Hon'ble Finance Minister
Government of India
North Block, Room No. 134
New Delhi, 110001

Subject: Request concerning exemption from GST for Electric Vehicles.

Hon'ble Finance Minister Shri Jaitley ji,

We congratulate you on the path breaking progress being made under your leadership in steering our nation towards a unified GST regime! This initiative will contribute in a very significant way towards all the other larger goals of our country in becoming an economic superpower.

SMEV is the registered association representing Indian manufacturers of Electric Vehicles (EV) and electric vehicle components. SMEV works closely with the central and state governments to assist the formulation of policies supporting the EV ecosystem and has contributed significantly to the cause of promotion of EVs through the NEMMP-2020 and FAME policy, rationalization of import duties and reduction of local taxes and levies.

We write this letter requesting you to kindly consider a special treatment for Electric Vehicles via an exemption from GST when the GST slabs are determined for the Automobile Sector.

Electric Vehicles are being incentivized world over for faster adoption as they have been recognized as a significant contributor to reduction of vehicular pollution. Through widespread EV usage by customers, our country is expected to gain significantly in ensuring fuel security, attain saving to the tune of Rs. 42000 crores in crude oil subsidy, besides a significant reduction in air pollution as electric vehicles are free from use of fossil fuels and emissions.

The EV industry in India had almost collapsed in the year 2013-14 because of lack of incentives, however, together with the NEMMP incentives and reduced taxes, EVs are now becoming more affordable and approximately 80,000 customers have adopted electric two wheelers, e Rickshaws and small electric cars in the year 15-16. However EV Industry is still in a nascent stage and it is just beginning to find its feet in the Indian automobile industry because of the favorable policies of the government and induction of serious long-term players into this business.

In order to reduce the price gap between electric vehicles and IC engine vehicles, and to promote adoption of this environment friendly technology, SMEV has worked with almost all the state governments to either exempt electric vehicles from VAT or reduce it to 5% and to bring down excise duty on electric vehicles to 6% (chart enclosed).

It is imperative that the favorable tax structure should continue under the GST regime till the masses realize the economical and ecological benefits of EVs and adopt this cleaner means of transport. Thus, GST on electric vehicles should ideally be fully exempted or at best be kept at 5%. Anything more than that will certainly increase the prices of EVs and the EV industry that has just started seeing some green shoots will again de-grow and may collapse altogether.

We submit that given that the **number of electric vehicles sold in the country is a very small fraction (less than 1%) of all Automobiles sold, the impact of such an exemption would not be burdensome for the exchequer; however it will go a long way in promoting this environment friendly green technology in our country.**

We humbly request your good self to either totally exempt Electric Vehicles under GST or keep them under the 5% slab.

Thanks and warm regards,

For Society of Manufacturers of Electric Vehicles;



Sohinder Gill

Director-Corporate Affairs

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