

# 48% tax on hybrid cars, 5% on EVs to stay for long: Kant

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India will continue with five per cent tax on electric cars and 48 per cent tax on hybrid cars for a “long period of time”, said its G20 Sherpa Amitabh Kant on Tuesday.

Major car makers such as Maruti Suzuki India and Toyota Kirloskar Motor have been asking for lowering of taxes on hybrid cars.

“We had a policy framework where the tax on electric vehicles is just five per cent as compared to 48 per cent on hybrid, which we intend to continue over a long period of time...Our policy framework is that we push for battery manufacturing in a very big way in India,” he said during a panel discussion at Mercedes-Benz Sustainability Dialogue India 2024.

“Our policy framework would be

**“Our objective is that we should produce more and more renewable energy at very low prices. This aim would be achieved as India is blessed climatically in terms of such energy generation”**

AMITABH KANT

G20 Sherpa



that we push for more and more electrification of mobility in India through all the policy levels available, including the CAFE (Corporate Average Fuel Efficiency) norms.”

As India aims to be carbon neutral by 2070, automakers in the country are divided over the best path forward. Japanese giants like Maruti Suzuki, Toyota, and Honda have been pushing for tax cuts on hybrids, arguing that electric vehicles (EVs) alone can't bear the entire burden of reducing emissions. However, carmakers like Tata Motors, Hyundai, Kia, and Mahindra & Mahindra have been insisting that only a full commitment to EVs can truly decarbonise India's roads. Hybrid cars are subject to a GST rate of 28 per cent, while electric cars are taxed at 5 per cent.

However, due to various other cesses and taxes on top, the effective tax rate on hybrid cars in India is about 48 per cent. The Central government has been considering the Japanese companies' proposal to reduce the GST rate on hybrids.

Kant said on Tuesday all EVs in India would also be charged through renewable energy. “We are spreading the charging infrastructure very rapidly across all our states, 26 states have come out with EV policy in India...So we created a differential by 5 per cent tax GST for electric vehicles, 48 per cent tax for hybrid vehicles and introducing FAME (Faster Adoption and Manufacturing of Electric Vehicles) scheme, PLI (Production Linked Incentive) scheme.”

“Our objective is that we should produce more and more renewable energy at very low prices,” he stated, adding that this aim would be achieved as India is blessed “climatically” in terms of such energy generation.