

In push to widen EV reach, Ola's Aggarwal wants incentives to go on

“THE EV DEBATE”



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Bhavish Aggarwal
Founder and CMD,
Ola Electric



“SUBSIDIES ARE NOT ABOUT SUPPORTING COMPANY GROWTH BUT ACCELERATING ADOPTION FOR THE ENTIRE INDUSTRY”

Tarun Mehta,
Co-founder,
Ather Energy



“WHILE THERE IS NEED OF SUBSIDIES TO ACCELERATE MIGRATION TO EVs IF THE GOVERNMENT IS SEEKING A CERTAIN CONVERSION, SUSTAINED SUBSIDIES DISTORT THE MARKET”

Rakesh Sharma, Executive director, Bajaj Auto

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Leading electric two-wheeler startups have joined the battle over subsidy as the Union Budget draws closer. Ola Electric and Ather Energy have made a strong pitch for the government's incentive programmes to continue so that EV adoption goes up.

Bhavish Aggarwal, founder and chairman and managing director of Ola Electric, told *Business Standard* on Thursday: “We look forward to continued support from the government for widespread EV adoption with a multiplier effect on the broader industry.” In an interview last July to this newspaper, Aggarwal had said that Ola was working towards a “no subsidy regime” and could live without it. This was soon after the government had reduced the subsidy on electric two wheelers under FAME 2.

One year later, on Thursday, the Ola Electric founder said: “We believe the government has been at the absolute forefront in building a world leading policy and incentive framework for the EV industry in the country.” He

pointed out that even globally, government support has been instrumental in building momentum for transformative industries.

Ola, which is the only two-wheeler player eligible under the production-linked incentive scheme for electric vehicles as well as for advanced chemistry cells, controls over 50 per cent of the E2W market.

Tarun Mehta, co-founder of Ather Energy, rival to Ola Electric, argued that subsidies were not about supporting company growth but accelerating adoption for the entire industry.

He said: “Subsidies have played a vital role in supporting the fledgling EV industry, making them economically viable for consumers and enabling startups to invest in R&D at unprecedented levels.” Despite that, customer adoption remains at 5-6 per cent, he said while stressing the need for continued policy support “to signal the government's vision of 100 per cent electric”. Turn to Page 6 ▶

▶ VIDYUT FORAYS INTO SALE, FINANCE OF PRE-OWNED EVS

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EV subsidy debate hots up

While EV subsidies, which have been cut sharply in the past year, are expected to come up in the Budget, Finance Minister Nirmala Sitharaman would also determine the annual budget for PLI under the various schemes for the automotive industry.

Among others, Rakesh Sharma, executive director of Bajaj Auto pointed at the other side of subsidies. "Sustained subsidies distort many decisions for the customer, OEMs, dealers, and vendors," he said.

This comes against the backdrop of the Centre pushing for the 2030 target to

achieve 30 per cent EV penetration. At an industry event on Wednesday, Commerce and Industry Minister Piyush Goyal had expressed disappointment over EV sales drop. This came a day after Maruti Suzuki Chairman R C Bhargava said hybrid cars should get incentives to reduce emissions.

The government's support to the EV industry has been through direct subsidies on the price of the vehicle through FAME, PLI, and now the EMPS aggregating to over ₹59,000 crore. The Centre has also incentivised the sector by reducing GST from 12 per cent

to 5 per cent.

The subsidy on two-wheelers, which began at 40 per cent, is now down to 10 per cent. For e-cars, it was capped at ₹1.5 lakh with an ex-factory price of ₹15 lakh only.

According to research agency CSIS, the Chinese government has forked out \$230.9 billion to support EVs between 2009 and 2023, which on average accounts for 18.8 per cent subsidy per vehicle throughout the period and 42.4 per cent for nine years between 2009 and 2017. In Norway, as much as 80 per of the new vehicles sold is electric. The government there is estimated to fork out \$4 billion annually on subsidies to make the EV dream possible.

