

# Need for subsidy to come down as manufacturing gains scale: Gadkari

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At a time when incentive schemes for the electric vehicle (EV) sector have come under the spotlight, Union Minister for Road Transport and Highways Nitin Gadkari is open to a rethink on subsidies.

“Once manufacturing has gained scale, my opinion is that we do not need a subsidy. But still, the government is supporting the sector.... After that, it is for the finance ministry to take a decision on the matter,” Gadkari said during a fireside chat at the *Business Standard EV*

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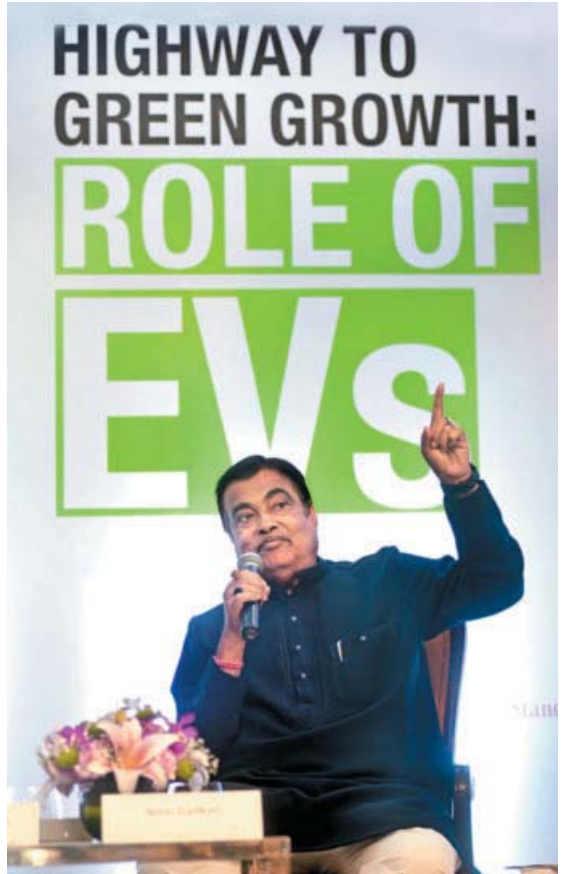
Dialogues in New Delhi late on Tuesday. However, while responding to a question on the merit of subsidies for the EV sector, he

clarified that the matter was outside the purview of his ministry.

The minister, who was one of the earliest proponents of the potential of EVs within the government, spoke about building a resilient ecosystem in the country at the event—Highway to Green Growth: Role of EVs.

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WE WANT OUR PUBLIC TRANSPORT TO BE RUN ON ELECTRICITY AND ALTERNATIVE FUEL. THAT WILL BE THE MOST IMPORTANT STEP TOWARDS A GREEN REVOLUTION



**REIMAGINING ELECTRIC MOBILITY ROAD MAP:** Union Minister for Road Transport and Highways Nitin Gadkari speaks at the *Business Standard EV Dialogues* in New Delhi on Tuesday night

BS PHOTO

apart from evolving its marquee brands

JLR wholesales grew by 30 per cent year-on-year in the June quarter of 2023 to 93,253 units (excluding China JV), while retail sales grew by 29 per cent to 101,994 units, riding on improved supply of electronic chips and improvement in supply constraints. It had an order book of 185,000 units.

## Need for subsidy to go down as manufacturing gains scale: Gadkari

According to government data, EV sales crossed 1 million in 2022, registering a three-fold increase over the previous year.

Gadkari listed out the need for an overhaul in the public transport infrastructure, making EVs accessible to a much larger pool of people, Tesla's entry plans in India, and making India an export hub through concerted efforts of the industry as the main steps towards an EV revolution. The minister also elaborated on the ways to overcome the teething troubles, which come with any new technology.

### EVs in Public Life and Transit

Gadkari, who arrived at the Business Standard event after a marathon NDA meeting called by Prime Minister Narendra Modi on Tuesday, said conversion of existing public transport infrastructure to electric mode and sustaining it as a profitable

model for cash-strapped state transport undertakings (STUs) would play a critical role in powering an EV movement.

"Particularly now we are planning to make an e-highway cable from Urban Extension Road-II to Panipat, coming to the Peripheral Road. We want to make it an e-highway. And there will be luxury coaches, two or three buses jointly," Gadkari said in an exciting conversation, while explaining the connect between highways and EVs. He added that the government would want to cut the ticket prices by 30 per cent compared to diesel buses. He also promised to offer service that's comparable with the aviation industry.

### PPP Buses – The Future

"We want our public transport to be run on electricity and alternative fuel. That will be the most important step towards a green revolution," he said. According to the minister, the next five years will see 60 per cent of India's buses converting to electric. The number is pegged at just 1 per cent currently.

The minister said he had "100 per cent" belief that India could build a robust ecosystem of privately-operated EV public transport because diesel posed many challenges.

"As a transport minister, I am always impressed by London Transport. There are nine operators, and buses belong to operators with public-private investments. The conductor belongs to the (transport) corporation, and the drivers belong to the corporation and private operators," he said.

Through common mobility cards and cameras installed at gates, e-ticketing systems can

help STUs reduce losses.

"I'm suggesting that manufacturers must make buses with that design. And I feel with that, our state transport will be in profit."

### India and EV export

Expressing his vision in a packed hall, Gadkari said India would be the biggest exporter of EVs in the world in due course of time. The domestic push can bring down the cost of production owing to large scale-manufacturing. This can also help India tap its potential in the export market, he said.

"From the information that I have, in terms of the cost of an electric scooter, auto-rickshaw, car or bus, my feeling is, we are the lowest in the world. From the quality standpoint, we are very good. On the basis of that, for a futuristic plan, there is a huge potential for electric vehicles in the world and we will be the biggest exporter for that," he said.

### Hopeful of Tesla's India Debut

In the backdrop of Elon Musk-owned Tesla stepping up its India engagement, Gadkari said he was hopeful of Tesla entering the country. "We have discussed the issue a number of times," he said. "Actually, at the time of the Prime Minister's visit to the US, there was an interaction as well. I am feeling that in due course of time, Tesla will come to India. Because India has got a huge domestic market and that is going to be a win-win situation for both," Gadkari said in reply to a question on whether Tesla would be an engine for India's EV revolution.

The fireside chat with the minister was preceded by two panel discussions on the way forward for the nascent but booming sector and achieving 'atmanirbharta' (self-reliance) in EV manufacturing.

The first session saw Hero Electric raise concerns over the future of EV subsidies and Maruti Suzuki India talk about the export potential in EVs. The need to shift the scope of subsidies to only public transport was among the other areas discussed. The second session analysed the idea of self-reliance in manufacturing and how the many challenges in the sector could be resolved through policy intervention.

