

UNION BUDGET ENVISIONS INDIA AS A GLOBAL HUB FOR MANUFACTURING ELECTRIC VEHICLES

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Ministry of Finance

Union Budget envisions India as a global hub for manufacturing electric vehicles

Says inclusion of solar storage batteries and charging infrastructure in the fame scheme will Boost production

Government has sought lowering of GST on electric vehicles from 12% to 5%

Union Budget says government will provide additional income tax deduction of Rs 1.5 Lakh on Interest paid on loans taken to purchase electric vehicles

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The Union Budget has outlined various proposals for giving a boost to manufacturing of electric vehicles and developing India as a global hub for the same.

In her maiden budget speech in Parliament today, the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman said that Under Phase-II of the **FAME Scheme**, only advanced battery and registered e-vehicles will be incentivized, with greater emphasis on providing affordable and environment friendly public transportation options for the common man. The main objective of the Scheme is to encourage faster adoption of electric vehicles through upfront incentive on purchase of such vehicles and also by establishing the necessary charging infrastructure for the same. Phase II of FAME has an outlay of Rs10,000 crore for a period of 3 years, and has commenced from 1st April, 2019.

The Finance Minister has further said that the inclusion of solar storage batteries and charging infrastructure in the FAME scheme will give a boost to manufacturing, which is needed for India to leapfrog and become a global hub for manufacturing of these vehicles.

The Finance Minister also said that the Government has already moved GST council to lower the GST rate on electric vehicles from 12% to 5%. Also to make electric vehicles affordable to consumers, the Union Budget says the government will provide additional income tax deduction of Rs 1.5 lakh on the interest paid on loans taken to purchase electric vehicles. This amounts to a benefit of around Rs 2.5 lakh over the loan period to the taxpayers who take loans to purchase electric vehicle.

To further incentivise e-mobility, customs duty is being exempted on certain parts of electric vehicles.

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