

## On the electric highway

The Central government is not pursuing plans for a separate policy on electric vehicles (EVs) although it did think of introducing one. It has now left it to the automotive industry to determine the scale and pace of a transition from fossil fuels to electric motors.

Union Minister for Road Transport Nitin Gadkari said recently that the move towards EVs would anyway be accelerated by the higher efficiencies and lower cost of EVs compared to those with internal combustion engines. There is no target for a shift to electric vehicles by the year 2030, the Ministry of Heavy Industries and Public Enterprises clarified on March 8. The government is, however, incentivising purchase of electric vehicles through the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME) programme, since April 1, 2015, under which end users and consumers pay a reduced price. So far, 1,89,482 electric or hybrid vehicles have been covered by the incentive scheme, which is in force until March 31, 2018. It is expected that the promotion of EVs through policy initiatives will continue beyond that date. Mahindra and Mahindra, Mahindra Reva Electric, Maruti Suzuki, Toyota Kirloskar and Tata Motors are participating in the demand incentive scheme.

Converting a significant part of the transport fleet, led by public transport, to electric or hybrid vehicles is predicted to sharply cut dependence on imported oil, and reduce carbon emissions. A 2017 report issued jointly by NITI Aayog and the Rocky Mountain Institute in the U.S. projects that, for an oil price benchmark of \$52 a barrel, shared, electric, and connected mobility options would help the country save \$60 billion (3.9 lakh crore) in 2030, besides eliminating cumulative emissions of 1 gigatonne of carbon dioxide.

One major challenge in scaling up electric mobility is the availability of charging infrastructure across the country. As part of a FAME pilot project, 25 charging stations were created in Bengaluru by one automaker. Since 2015, the Department of Heavy Industry has sanctioned 435 charging stations, mostly in Delhi, Jaipur and Chandigarh. Infrastructure is needed to produce, maintain and recycle a large number of batteries as the population of EVs rises. The current economics of EVs favour larger vehicles in the longer term, given the high capital expenditure involved. But it has good cost-benefit outcomes even now for two-wheelers and rickshaws. The estimated per-kilometre operating cost for these small vehicles is 1.50 or less. A NITI Aayog-RMI report estimates that a rickshaw with an ICE engine incurs an operating cost of about 3.5/km for petrol, 2.6/km for diesel, and a commercial four wheeler, 3.5 per km. Commercial small four-wheelers also have a much lower operating cost, offering much higher earnings for taxi cab operators.

The India-Japan economic relationship remains underwhelming in relation to strategic ties

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