

Kerala State EV Policy – 2023 (Draft)



Kerala EV Policy -2023 **Review of current policy/Alternatives** **New Policy proposal & recommendation**



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3. Executive Summary

The adoption of electric vehicles (EVs) contributes to a wide range of sustainability goals. These include better air quality, reduced noise pollution, enhanced energy security, and reduced greenhouse gas emissions. With vehicular pollution being a growing source of air pollution in Kerala and contributing substantially to particulate pollution in cities, rapid adoption of zero-tailpipe-emission vehicles is essential, especially in the heavily polluted urban areas.

In 2013, Government of India launched the National Electric Mobility Mission Plan 2020. Under the Mission, the Faster Adoption and Manufacturing of Electric Vehicles in India Scheme (FAME India) were launched in March 2015 for two years. It was subsequently extended up to 31 March 2019. In February 2019, the Government of India (GoI) approved Phase-II of FAME India for a period of three years starting 1 April 2019. Since 2019, several states including Kerala have notified state EV policies to complement FAME India Scheme and address state-specific needs.

Government of Kerala (GoK) was one of the first states in the country to design and notify an EV policy on 2019. Government of Kerala (GoK) was released in March 2019.

The penetration of electric vehicles (EVs) in Kerala Market has remained low despite the support offered under the Ministry of Road Transport and Highways in forming Centralized Policy. This is largely due to four critical barriers:

- a) high upfront purchase price of EVs,
- b) lack of products comparable to ICE vehicles,
- c) inadequate public charging infrastructure,
- d) low levels of awareness about EVs or their benefits.

The slow uptake of EVs and the changing policy, technology, and market landscape have created a need for the Government of Kerala (GoK) to revisit

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and update its EV Policy, in order to accelerate EV sales and PV System Sales.

The updated Kerala EV Policy aims to capitalize on the recent policy and technology developments and further the state's EV ambition. The policy suggests strong demand- and supply-side measures to increase the EV penetration in the state. The policy plans to aggressively target state's 14 Urban Agglomerations (UAs)² (with a high share of PM2.5 emissions) to become lighthouse regions in EV adoption.

The policy prioritizes public and shared transport, goods carriers and two- wheelers to drive adoption of EVs. The government will develop a communication plan focused on driving awareness regarding the key elements of this policy and the benefits of adopting EVs.

This policy shall apply exclusively to EVs. Mild Hybrid, Strong Hybrid, and Plug-in Hybrid Electric Vehicles are not covered under this policy.

The policy aims to support adoption of sustainable and clean mobility solutions in Kerala. It aims to transform Kerala into a leading state in terms of adoption of electric vehicles in the country.

To bring a transition in the transportation ecosystem of Kerala by creating demand for the purchase and use of EVs in the state through demand-side initiatives.

To stimulate manufacturing of EVs in the state through a set of supply-side initiatives that aim to attract investment, facilitate the establishment of manufacturing units, and encourage the production of EVs, EV components including batteries, BMS, DC/DC Converters, Vehicle Control Unit and electric vehicle supply equipment (EVSE).

The primary objective of Kerala EV Policy 2023 is **to accelerate adoption of EVs**

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in the state so that they contribute to 20% of new vehicle registrations by 2025.

Other important policy objectives include:

- a. In the 14 urban agglomerations in the state³, achieve 20% electrification of public transport and last-mile delivery vehicles by 2025.
- b. Convert 25% of Kerala State Road Transport Corporation’s (KSRTC) existing bus fleet to electric.
- c. Make Kerala the country’s top Selling Market of EVs in India, in terms of annual production capacity.
- d. Promote research and development (R&D), innovation, and skill development across the EV ecosystem in the state.
- e. Capture Market of E-Rickshaws, E-Pick up Van, E-tipper Van the EV Vehicles manufactured in Kerala Automobiles Limited to other state at very lower prices
- f. R &D in development of the recovery technology of waste lithium ion batteries, including the development of recovery process and products.

2.2 Policy Targets

The policy aims for EV penetration and charging infrastructure targets as described in Table 1.

Table 1: Policy Targets

Sr.No.	Parameter	Target	Remarks
1.	All vehicles	20%	Share of EVs in new vehicle registrations in the state in 2025
2.	2 wheelers	15%	
3.	3 wheelers	25%	
4.	4 wheelers	10%	
5.	Fleet operators	At least 15% of the urban fleet operated by the fleet aggregators/ operators in the state to transition to EVs by 2025.	Applies to e-commerce companies, last-mile delivery/logistics players and mobility aggregators operating in urban areas.

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Sr.No.	Parameter	Target	Remarks
6.	Buses	i) In the 14 targeted UAs, achieve 15% electrification of public transport by 2025 ii) KSRTC to convert its existing bus fleet to 25% electric fleet	
7.	Charging infrastructure	Districts: By 2025, city-wise targets of public and semi-public charging stations are, as listed below- Cochin – 50 Trivandrum –50 Kozhikode – 50 Thrissur – 50 Kannur- 50 Idukki-50 Kasarkode- 50 Kottayam-50 Alappuzha-50 Kollam – 50 Idukki- 50 Pathanamthitta-50 Wayanad- 50 Malappuram-50	i. Setup at-least one public charging station in a 3 kmx 3 km grid or a minimum of 50 charging stations per million population, whichever is higher. ii. Setup public charging stations on highways at 25 km distance (on both sides of the highways). These stations should cater to charging requirements of long-haul passenger and freight vehicles like e-buses, electric trucks, etc.
8.	Government vehicle fleet	Starting April 2022, all new govt. vehicles (owned/leased) operating within the major cities to be electric.	

Notes:

- I. The 3-wheeler and 4-wheeler targets are inclusive of passenger as well as goods carrier vehicles.
- II. E-commerce companies, last-mile delivery/logistics players and mobility aggregators should submit an EV transition plan to the Transport Department, GoK within six months from the date of notification of EV policy.
- III. E-commerce companies include companies like Amazon, Flipkart, etc. Last-mile delivery/logistics players include Zomato, Swiggy and other courier and delivery firms and mobility aggregators include Ola, Uber, Black-yellow taxi, etc.

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2. EV ecosystem development Incentives

3.1 Demand side incentives

The Government of Kerala will provide the Road Tax exemptions, Levy of SGST of 2.5%, State Incentives to be provided as described in Table 2 and subsequently, to the buyers of EVs in the state. The incentives are linked to the vehicle type—two-wheelers, three wheelers, four-wheelers and buses—and to the vehicle use case. Vehicle models approved under FAME II Scheme of Govt of India will be eligible for these incentives and the state incentives will be provided in addition to FAME II incentives.

Table 2: Demand Incentives for electric vehicles

Sr. No.	Vehicle segment	Incentive available	No. of vehicles to be incentivized	Maximum incentive per vehicle (INR)
1	e-2W (L1 & L2)	INR 5000/kwh	1,00,000	10,000
2	e-3W autos (L5M)	INR 5000/kwh	15,000	30,000
3	e-3W goods carrier (L5N)	INR 5000/kwh	10,000	30,000
4	e-4W cars (M1)	INR 5000/kwh	10,000	1,50,000
5	e-4W goods carrier (N1)	INR 5000/kwh	10,000	1,00,000
6	e-buses*	10% of vehicle** cost	1,000	20,00,000

**Incentive shall be available for STU buses only. State government shall also consider extending support to STUs for procurement of additional e-buses, if required.*

***Ex-factory cost*

Note: In case, Govt of India makes changes to FAME II incentives, Govt of Kerala will review the same and accordingly make changes to the incentives offered by the state.

- a. **Buyers purchasing the EVs (except e-buses) before 31st Dec 2023 shall be eligible for ‘Early bird discount’⁶ of INR 5,000/kWh of the vehicle battery capacity.** This discount shall be provided over and above the demand incentives described in Table 2. The maximum early bird discount availed per vehicle shall be capped at INR 1,00,000.
- b. For vehicles sold without battery, 50% of the incentive amount shall be provided to the vehicle OEM and the remaining incentive amount (up to 50%) shall be

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provided to the battery swapping energy operator for defraying the cost of any deposits that may be required from the end user for the use of type approved swappable battery, type approved along with corresponding OEM vehicle. The vehicle OEMs should pass on all the incentive benefits to the EV buyers.

- c. All the EVs sold in the state shall be exempted from road tax till the duration of the policy.
- d. As per the Ministry of Road Transport and Highways' notification of 18th June 2019, all the EVs sold in the state shall be exempted from the payment of fees for purpose of issue or renewal of registration certificate up to 3 years.
- e. An individual buyer will be able to avail the incentives only once for the respective vehicle category. Fleet aggregators/operators will be able to avail the incentives for the fleet owned by them. Operational guidelines will outline the details for the same.
- f. The vehicles eligible for demand incentives under this policy will be eligible for the scrappage incentive. Vehicle segment-wise scrappage incentives are described in Table 3. Scrappage incentive shall be reimbursed by the Government of Kerala provided:
 - o Evidence of matching contribution from the dealer or OEM
 - o Confirmation of scrappage of the ICE vehicle in the same vehicle category.

Table 3 Vehicle segment-wise Scrappage Incentives

Sr. No.	Vehicle Segment	Scrappage Incentive
1.	e-2W	Up to INR 7,000
2.	e-3W	Up to INR 15,000
3.	e-4W	Up to INR 25,000

- g. State government shall engage and encourage financial institutions and banks to offer preferential interest rates for EV customer segments like e-autos, goods carriers, and taxis.
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Incentives on extended battery warranty and buyback agreement

Concerns about battery life lead to anxiety about the resale value as well as difficulties in obtaining loans from financial institutions. To address these concerns for the electric 2W and 3W users, 4W Users the Kerala state EV policy will provide subsidy for OEMs additional incentives (to be transferred to the customers) for offering a minimum 10- year warranty for batteries as per Table 4.

OEMs who offer buyback schemes for vehicles which are up to 5 years old at a value reduced by not more than 7.5% per year of the age will be eligible for additional incentives as per Table 4. An OEM can avail both the incentives simultaneously, however the total incentive amount will be limited to INR 12,000. This will be over and above the incentives mentioned in Table 2 and based on the net value after considering all the above incentives.

Table 4 Assured Buyback and Warranty Incentives

Sr. No.	Description of Incentives	Incentives
1.	Assured Buyback, as described above	6% of total vehicle cost capped at INR10,000/-
2.	Battery warranty of at least 10years	4% of total vehicle cost capped at INR6,000/-

1. The operational guidelines laying down the process of incentive disbursement under the Policy shall be notified within 60 days from the date of notification of the policy.
2. The incentive disbursement process will be designed to ensure transfer of incentives to the beneficiaries within 30 days from the date of incentive application.
3. The incentives disbursement mechanism (for demand incentives, scrappage incentives, charging infrastructure incentives, supply-side incentives, tax exemptions and reimbursements, etc.) shall be made through online portal to ensure timely transfer to beneficiaries and transparency.

