

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO. 2718
ANSWERED ON 16.12.2025

IMPACT OF EV ON TAX REVENUE

2718. SMT. RACHNA BANERJEE:

Will the Minister of HEAVY INDUSTRIES be pleased to state:

- (a) whether the Government is aware that the cost of EV is more compared to equivalent ICE vehicles;
- (b) the projected annual saving on crude oil imports and foreign exchange reserves at different stages of EV penetration i.e. 10%, 30% and 50% EV sales share; and
- (c) the manner in which the Government plans to compensate for the anticipated loss in tax revenue from reduced fossil fuel sales i.e. excise duty and State VAT on petrol/diesel?

ANSWER
THE MINISTER OF STATE FOR HEAVY INDUSTRIES
(SHRI BHUPATHIRAJU SRINIVASA VARMA)

(a): The total cost of ownership (i.e. Upfront cost as well as Operational cost) is relevant while comparing equivalent cost of EV and ICE vehicles. The upfront cost of electric vehicles is currently higher than equivalent ICE vehicles.

(b) & (c): No such study/assessment has been carried out by Ministry of Heavy Industries.
