

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
RAJYA SABHA
UNSTARRED QUESTION NO. 1525
ANSWERED ON 31.07.2026

**ECONOMIC AND ENERGY IMPLICATIONS OF LARGE-SCALE ICE VEHICLE
USAGE**

1525. SHRI CONSTANDINE RAVINDRAN:

Will the Minister of Heavy Industries be pleased to state:

- (a) whether Government is aware of studies indicating that continued dependence on Internal Combustion Engine (ICE) vehicles increases crude oil imports, foreign exchange outgo and energy insecurity in the country;
- (b) if so, the details of Government's assessment regarding the economic and energy implications of large-scale ICE vehicle usage;
- (c) the details of incentives presently available for accelerating electric vehicle adoption;
- (d) whether Government has evaluated the potential reduction in petroleum consumption through greater Electric Vehicle penetration; and
- (e) the initiatives proposed to be taken by Government to promote cleaner and more energy-efficient mobility systems across the country?

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

(a) & (b): Yes. The Government is aware that heavy reliance on conventional Internal Combustion Engine (ICE) vehicles increases crude oil imports, foreign exchange outgo and energy insecurity in the country. Continuous assessments underscore that transitioning to electric mobility is vital for mitigating macro-economic vulnerabilities, cutting down carbon footprints, and improving urban air quality.

(c) & (e): The details of the incentives available under various schemes implemented by the Ministry of Heavy Industries (MHI) for accelerating electric vehicle(EV) adoption in the country are as under:

(i) Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme Phase-II: The Government implemented this scheme for a period of five years from 01.04.2019 to 31.03.2024 with a total budgetary support of ₹11,500 crore. The scheme provided demand incentive for e-2Ws, e-3Ws, e-4Ws and grant for e-buses and setting up of EV public charging stations (EV PCS). FAME-II has supported the sale of approximately 16.72 lakh electric vehicles, including e-2Ws, e-3Ws, and e-4Ws. In addition, 5,197 electric buses (e-buses) have been deployed under the Scheme as on 30.06.2026. Further, an amount of ₹912.50 crore was allocated under the Scheme for the establishment of EVPCS across the country.

(ii) **Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry in India (PLI-Auto):** The Government notified this scheme for Automobile and Auto Component Industry in India, on 23.09.2021, for enhancing India's manufacturing capabilities for Advanced Automotive Technology (AAT) products, including EVs, with a budgetary outlay of ₹25,938 crore.

(iii) **Production Linked Incentive (PLI) Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage :** The Government on 09.06.2021 notified the PLI Scheme for manufacturing of ACC in the country with a budgetary outlay of ₹18,100 crore. The scheme aims to establish a competitive domestic manufacturing ecosystem for 50 GWh of ACC batteries.

(iv) **PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme:** This scheme with an outlay of ₹10,900 crore has been notified on 29.09.2024. This scheme supports incentivization of approximately 28.30 lakh EVs including e-2W, e-3W, e-Trucks, e-buses and e-Ambulances. Further, grant for EV public charging stations (EV PCS) and upgradation of testing agencies is also available under this scheme. An allocation of ₹4,391 crore has been made under the scheme for deployment of 14,028 e-buses out of which 13,800 e-buses have been allocated in seven cities having four million plus population viz. Delhi, Bengaluru, Hyderabad, Mumbai, Ahmedabad, Pune and Surat. Further, 200 e-buses have been approved for Union Territory of Jammu & Kashmir. ₹2,000 crore has been allocated for deployment of EV Public Charging Station on pan India basis.

(v) **PM e-Bus Sewa-Payment Security Mechanism (PSM) Scheme:** This Scheme notified on 28.10.2024, has an outlay of ₹3,435.33 crore and aims to support deployment of more than 38,000 electric buses. The objective of this scheme is to provide payment security to e-bus operators in case of default by Public Transport Authorities (PTAs).

(vi) **Scheme for Promotion of Manufacturing of Electric Passenger Cars in India (SPMEPCI)** was notified on 15th March, 2024 to promote the manufacturing of electric cars in India. This scheme requires applicants to invest a minimum of ₹4,150 crore and to achieve a minimum DVA of 25% at the end of the third year and DVA of 50% at the end of the fifth year.

Further, following initiatives have also been taken up by the Government of India to increase the use of electric vehicles in the country:–

i. GST on electric vehicles and chargers/ charging stations for electric vehicles has been reduced to 5%.

ii. Ministry of Road Transport & Highways (MoRTH) announced that battery-operated vehicles will be given green license plates and be exempted from permit requirements.

iii. MoRTH issued advisory to states to waive road tax on EVs, which in turn will help reduce the initial cost of EVs.

(d): As EV penetration increases, demand for petrol and diesel declines, leading to substantial reductions in crude oil imports over the vehicles' operational lifetime.
