



Karnataka Electric Vehicle & Energy Storage Policy 2017



Commerce and Industries Department
Government of Karnataka



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- b) *The above requirements regarding employment to local people will be monitored by the DIC for a period of 5 years. Failure of the industries to provide employment to local people as stipulated above will be reported to the concerned DLSWCC/ SLSWCC/SHLCC, which will recommend for recovery of incentives and concessions sanctioned to the unit, for which purpose a suitable under-taking will have to be furnished by the unit concerned before sanctioning incentives and concessions.*
- c) *The incentives and concessions under this policy will be available to all new investments both for establishment of new Enterprises or for expansion, diversification and modernization of existing industries. To be eligible for considering as expansion/diversification/modernization, enterprises shall make an additional investment of at least 50% of the original investment of the existing unit.*
- d) *The quantum of investment subsidy shall be computed on the value of fixed assets as approved by the financial institutions or commercial banks.*
- e) *The definition of Micro, Small, Medium Enterprises and Large Enterprises as indicated above shall automatically stand revised as and when Government of India makes any changes in such definition and benefits under this package shall be available to the Micro, Small, Medium Enterprises and Large Enterprises as per the new definition from the respective dates.*
- e) *The incentives and concessions under this policy will come into force from the date of issue of the Government Order.*
- f) *Separate guidelines for administration of these incentives and concessions will be issued for the guidance of the concerned agencies and officers with the approval of the High Level Inter Departmental Review Committee under the Chairmanship of the Chief Secretary to Government, Interpretation of Government Order/ policy and the decision thereon of this Committee shall be final.*

Appendix-2

**Definitions and Terms & Conditions for sanction of
Incentives and Concessions under
Karnataka Electric Vehicle & Energy Storage Policy 2017**

- 1 Definition of Micro, Small and Medium EV Enterprises shall be as defined in the MSME Act, 2006 of Govt. of India.
- 2 Large EV Enterprises is one where investment on plant & machinery is more than Rs.10 crore in respect of manufacturing activities and Rs. 5 crore in respect of service oriented activities and the upper limit is up to Rs. 250 crore of the project cost.
- 3 Mega EV Enterprise is one where the project cost of the proposed project is more than Rs. 250 crore and up to Rs. 500 crore and employment for at least 150 persons.
- 4 Ultra Mega EV Enterprise is one where the investment on the project is more than Rs. 500 crore and up to Rs. 1,000 crore and employment for at least 250 persons.
- 5 Super Mega EV Enterprise is one where the investment on the project is more than Rs.1,000 crore and direct employment for at least 500 persons.
- 6 Project cost includes the investment on land, building, plant & machinery, preoperative expenses, working capital margin, investment in Technology for design & manufacturing etc.
- 7 Fixed Asset: Fixed assets shall mean the total investment made on land, building and plant and machinery and any such other productive assets like tools, jigs and fixtures, dies, utilities like boilers, compressors, diesel generating sets, cranes, material handling equipments and such other equipments directly related to production purposes.
- 8 Sanction of Incentives & Concessions as per this Government Order is subject to the following terms and Conditions:
 - a) *All new EV Enterprises shall create maximum possible employment opportunities and provide a minimum 70% of employment to the local people on overall basis [100% employment to local people in case of Group D category will be insisted] and this will be monitored during disbursement of incentives and concessions.*

IV. Incentives and Concessions to EV in non-transport and transport vehicles, Service Providers for EV Mobility

To facilitate penetration and use of EV, it is proposed to provide the following incentives to EV in non-transport and transport vehicles & service providers.

1. EV in non-transport and transport vehicles

- a) In order to promote adoptability of EVs, Government of Karnataka has exempted from payment of taxes on all electric non-transport and transport vehicles including e-rickshaws and e-cart under Karnataka Motor Vehicles Taxation Act 1957 with effect from 01/04/2016 vide Notification No. SARIE 76 SAEPA 2016 dtd 31/03/2016.

2. Service Providers for EV mobility

- a) All fast charging stations for electric 2-wheelers, 3-wheelers, cars and buses will be offered the following incentives

Capital subsidy of 25% on the equipments /Machinery subject to maximum of Rs 10,00,000/- per station for the first 100 fast charging stations in the State.

- b) All EV battery switching/swapping stations for electric 2-wheelers and 3-wheelers

Capital subsidy of 25% on the charging equipments/machinery subject to maximum of Rs. 3,00,000 per station for the first 100 battery switching/swapping stations in the State.

- c) All EV battery switching/swapping stations for electric cars

Capital subsidy of 25% on the charging equipments/machinery subject to maximum of Rs. 5,00,000 per station for the first 50 battery switching/swapping stations in the State.

- d) All EV battery switching/swapping stations for electric buses

Capital subsidy of 25% on the charging equipments/machinery subject to maximum of Rs. 10,00,000 per station for the first 50 battery switching/swapping stations in the State.

Mega Enterprises : <i>(i.e. investment on fixed assets above Rs.250crore to Rs.500 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	10	70% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	
Ultra Mega Enterprises: <i>(i.e. investment on fixed assets above Rs.500 crore to Rs.1,000 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	11	80% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	
Super Mega Enterprises : <i>(i.e. investment on fixed assets above Rs.1,000 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	13	95% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 13th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	

5 Exemption from Electricity duty for MSMEs - EV Charging Infrastructure Equipment / Components Manufacturing, EV Battery Swapping Infrastructure Equipment/ Components Manufacturing.

100% exemption of electricity duty / tax on electricity tariff shall be available for initial period Five years for MSMEs.

6 Subsidy for Setting up ETPs for all EV Charging Infrastructure Equipment / Components Manufacturing, EV Battery Swapping Infrastructure Equipment/ Components Manufacturing Enterprises

MSMEs:

One-time capital subsidy up to 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of Rs. 50 lakh.

Large/Mega/Ultra/Super Mega Enterprises:

One-time capital subsidy up to 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of Rs. 200 lakh.

7 Interest free loan on Net SGST to Large, Mega, Ultra Mega and Super Mega - all EV Charging Infrastructure Equipment /Components Manufacturing, EV Battery Swapping Infrastructure Equipment/ Components Manufacturing Enterprises.

All Large, Mega, Ultra Mega & Super Mega Enterprises established will be eligible for an interest free loan on Net SGST as below:

Investment range on fixed assets	Interest free loan	
Large Enterprises: (i.e. investment on fixed assets above Rs 20 crore to Rs.250 crore)	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	8	60% of VFA
The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.		

2 Exemption from Stamp Duty for all EV Charging Infrastructure Equipment /Components Manufacturing, EV Battery Swapping Infrastructure Equipment/Components Manufacturing Enterprises

100 % Stamp duty to be paid in respect of (i) loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Government including VAT /SGST loan from Department and / or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, RRBs, Co-operative Banks, and other institutions which may be notified by the Government from time to time only and (ii) for lease deeds, lease-cum-sale, sub-lease and absolute sale deeds executed in respect of industrial plots, sheds, industrial tenements, by KIADB, KEONICS, KSIIDC, Industrial Co-operatives and approved private industrial estates/parks shall be exempted.

3 Concessional Registration Charges for all EV Charging Infrastructure Equipment/Components Manufacturing, EV Battery Swapping Infrastructure Equipment/Components Manufacturing Enterprises

For all loan documents, lease deeds and sale deeds as specified in 2 above, the registration charges shall be at a concessional rate of Rs. 1.00 per Rs. 1,000.

Note:

- i. *The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the RLR Act 1964 and also for direct purchase of industrially converted lands for the projects approved by SHLCC / SLSWCC.*
- ii. *The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified which was in vogue at the time of execution of lease-cum-sale deed.*

4 Reimbursement of Land Conversion Fee for all EV Charging Infrastructure Equipment/Components Manufacturing, EV Battery Swapping Infrastructure Equipment/ Components Manufacturing Enterprises

100% of the land conversion fee for converting the land from agriculture use to industrial use will be reimbursed.

III. Incentives and Concessions to EV Charging/Swapping Infrastructure Equipment Manufacturing Enterprises

Manufacturing of EV charging or EV battery swapping infrastructure equipment and/or components will be eligible for incentives as per the policy subject to approval of the Technical Committee which would be constituted & mandated to certify / define EV charging or EV battery swapping infrastructure equipment and/or components enterprises.

The following incentives and concessions shall be offered:

1 Investment Promotion Subsidy

A. Micro, Small & Medium Enterprises

a) Micro Enterprises

25% of the Value of Fixed Assets (VFA) (max. Rs. 15.00 lakh)

b) Small Enterprises

20% of the Value of Fixed Assets (VFA) (max. Rs.40.00 lakh)

c) Medium Manufacturing Enterprises

Rs.50.00 lakh

B. Large/Mega/Ultra/Super Mega EV Charging Infrastructure Equipment /Components Manufacturing, EV Battery Swapping Infrastructure Equipment/Components Manufacturing Enterprises

Investment Subsidy of 20% Value of Fixed Assets (VFA) (max. Rs. 5 crore per project) will be available for first FIVE units in the State.

Note:

- i. The Investment Promotion Subsidy will be available only to enterprises availing a minimum of 50% term loans on eligible fixed assets from Financial Institution/Banks. Such eligible units shall claim Investment Promotion subsidy within one year from the date of commencement of commercial production.
- ii. There is no restriction on the quantum of loan to be availed from the financial institutions for availing other incentives and tax based incentives. Own financed units are also eligible for other incentives and tax based incentives.
- iii. This Investment Promotion Subsidy will be available over and above any other subsidy as announced by the Government of India.

<p>Ultra Mega Enterprises: (i.e. investment on fixed assets above Rs.500 crore to Rs.1,000 crore)</p>	<p>100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows</p>	
	Max. Period	Loan limit
	11	80% of VFA
	<p>The loan shall be repaid as follows:</p> <p>The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on.</p> <p>This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.</p>	
<p>Super Mega Enterprises : (i.e. investment on fixed assets above Rs.1,000 crore)</p>	<p>100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows</p>	
	Max. Period	Loan limit
	13	95% of VFA
	<p>The loan shall be repaid as follows:</p> <p>The loan availed in the first year shall be repaid in the 13th year and the second year in the 12th year & so on.</p> <p>This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.</p>	

7 Interest free loan on Net SGST to Large, Mega, Ultra Mega and Super Mega -all EV Cell Manufacturing, EV Battery Pack/Module Manufacturing & Assembly Enterprises.

All Large, Mega, Ultra Mega & Super Mega Enterprises established will be eligible for an interest free loan on Net SGST as below:

Investment range on fixed assets	Interest free loan	
Large Enterprises: <i>(i.e. investment on fixed assets above Rs.10 crore to Rs.250 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	8	60% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	
Mega Enterprises : <i>(i.e. investment on fixed assets above Rs.250crore to Rs.500 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	10	70% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	

3 Concessional Registration Charges for all EV Cell Manufacturing, EV Battery Pack/Module Manufacturing & Assembly Enterprises

For all loan documents, lease deeds and sale deeds as specified in 2 above, the registration charges shall be at a concessional rate of Rs. 1.00 per Rs. 1,000.

Note:

- i. *The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act 1964 and also for direct purchase of industrially converted lands for the projects approved by SHLCC / SLSWCC.*
- ii. *The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified which was in vogue at the time of execution of lease-cum-sale deed.*

4 Reimbursement of Land Conversion Fee for all EV Cell Manufacturing, EV Battery Pack/Module Manufacturing & Assembly Enterprises

100% of the land conversion fee for converting the land from agriculture use to industrial use will be reimbursed.

5 Exemption from Electricity duty for EV Cell Manufacturing MSMEs, EV Battery Pack/Module Manufacturing & Assembly MSMEs

100% exemption of electricity duty / tax on electricity tariff shall be available for initial period Five years for MSMEs.

6 Subsidy for Setting up ETPs for all EV Cell Manufacturing, EV Battery Pack/Module Manufacturing & Assembly Enterprises

MSMEs:

One-time capital subsidy up to 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of Rs. 50 lakhs.

Large/Mega/Ultra/Super Mega Enterprises:

One-time capital subsidy up to 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of Rs. 200 lakhs.

B. Large/Mega/Ultra/Super Mega EV Cell Manufacturing, EV Battery Pack / Module Manufacturing Enterprises

Investment Subsidy of 20% of the Value of Fixed Assets (VFA) (max. Rs. 20 crore per project) will be available for first TWO units in the State.

Note:

- i. The Investment Promotion Subsidy will be available only to enterprises availing a minimum of 50% term loans on eligible fixed assets from Financial Institution/Banks. Such eligible units shall claim investment Promotion subsidy within one year from the date of commencement of commercial production.*
- ii. There is no restriction on the quantum of loan to be availed from the financial institutions for availing other incentives and tax based incentives. Own financed units are also eligible for other incentives and tax based incentives.*
- iii. This Investment Promotion Subsidy will be available over and above any other subsidy as announced by the Government of India.*

2 Exemption from Stamp Duty for all EV Cell Manufacturing, EV Battery Pack/Module Manufacturing & Assembly Enterprises

100 % Stamp duty to be paid in respect of (i) loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Government including VAT /SGST loan from Department and / or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, RRBs, Co-operative Banks, and other institutions which may be notified by the Government from time to time only and (ii) for lease deeds, lease-cum-sale, sub-lease and absolute sale deeds executed in respect of industrial plots, sheds, industrial tenements, by KIADB, KEONICS, KSIIDC, Industrial Co-operatives and approved private industrial estates/parks shall be exempted.

II. Incentives and Concessions to EV Battery Manufacturing/Assembly Enterprises

The State has set itself a target of inviting investments in setting up to 5 GWh of EV Battery manufacturing capacity which is expected to generate 5,000 direct employment in this industry and around 7,500 more in the overall EV Battery manufacturing/assembly supply chain. All the EV Battery manufacturing/ Assembly Enterprises will be eligible for the incentives and concessions.

Manufacturing and assembly of the major component required for Electric Vehicles such as lithium ion batteries, will be eligible for incentives as per the policy subject to approval of the Technical Committee which would be constituted & mandated to certify / define EV battery manufacturing enterprises.

Note:

These incentives are applicable to advanced battery chemistries only as defined by the technical committee and applicable to both battery cell manufacturing and battery pack/module assembly.

The following incentives & concessions shall be offered:

1 Investment Promotion Subsidy

A. Micro, Small & Medium Enterprises

a) Micro Enterprises

25% of the Value of Fixed Assets (VFA) (max. Rs. 15.00 lakh)

b) Small Enterprises

20% of the Value of Fixed Assets (VFA) (max. Rs.40.00 lakh)

c) Medium Manufacturing Enterprises

Rs.50.00 lakh

Ultra Mega Enterprises: <i>(i.e. investment on fixed assets above Rs.500 crore to Rs.1,000 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	11	80% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	
Super Mega Enterprises : <i>(i.e. investment on fixed assets above Rs.1,000 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	13	95% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	

E. Interest free loan on Net SGST to Large, Mega, Ultra Mega and Super Mega Enterprises.

All Large, Mega, Ultra Mega & Super Mega Enterprises established will be eligible for an interest free loan on Net SGST as below:

Investment range on fixed assets	Interest free loan	
Large Enterprises: <i>(i.e. investment on fixed assets above Rs.10 crore to Rs.250 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	8	60% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	
Mega Enterprises : <i>(i.e. investment on fixed assets above Rs.250crore to Rs.500 crore)</i>	100% of Net SGST will be sanctioned as interest free loan from the date of commencement of commercial production as follows	
	Max. Period	Loan limit
	10	70% of VFA
	The loan shall be repaid as follows: The loan availed in the first year shall be repaid in the 11th year and the second year in the 12th year & so on. This incentive is limited to either the period or loan limits whichever is reached earlier and no carry forward is permitted.	

2. Incentives and Concessions to Large, Mega, Ultra Mega and Super Mega Enterprises

A. Exemption from Stamp Duty

100 % Stamp duty to be paid in respect of (i) loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Government including VAT /SGST loan from Department and / or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, RRBs, Co-operative Banks, and other institutions which may be notified by the Government from time to time only and (ii) for lease deeds, lease-cum-sale, sub-lease and absolute sale deeds executed in respect of industrial plots, sheds, industrial tenements, by KIADB, KEONICS, KSIIDC, Industrial Co-operatives and approved private industrial estates/parks shall be exempted.

B. Concessional Registration Charges

For all loan documents, lease deeds and sale deeds as specified in A above, the registration charges shall be at a concessional rate of Rs.1.00 per Rs.1,000.

Note:

- i. *The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act 1964 and also for direct purchase of industrially converted lands for the projects approved by SHLCC / SLSWCC.*
- ii. *The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified which was in vogue at the time of execution of lease-cum-sale deed.*

C. Reimbursement of Land Conversion Fee

100% of the land conversion fee for converting the land from agriculture use to industrial use will be reimbursed.

D. Subsidy for Setting up ETPs

One time capital subsidy up to 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of Rs. 200 lakh.

B. Exemption from Stamp Duty

100 % Stamp duty to be paid in respect of (i) loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Government and/or State Financial Corporation, National Level Financial Institutions, Commercial Banks, RRBs, Co-operative Banks, KVIB/KVIC, Karnataka State SC/ST Development Corporation, Karnataka State Minority Development Corporation and other institutions which may be notified by the Government from time to time and (ii) for lease deeds, lease-cum-sale, sub-lease and absolute sale deeds executed in respect of industrial plots, sheds, industrial tenements by KIADB, KSSIDC, KEONICS, Industrial Co-operatives and approved private industrial estates/parks shall be exempted.

C. Concessional Registration Charges

For all loan documents, lease deeds and sale deeds as specified in B above, the registration charges shall be at a concessional rate of Rs.1 per Rs.1000.

Note:

- i. *The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act 1964 and also for direct purchase of industrially converted lands for the projects approved by SLSWCC / DLSWCC.*
- ii. *The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified which was in vogue at the time of execution of lease-cum-sale deed.*

D. Reimbursement of Land Conversion Fee

100% of the land conversion fee for converting the land from agriculture use to industrial use will be reimbursed.

E. Subsidy for Setting up Effluent Treatment Plant (ETP)

One time capital subsidy up to 50% of the cost of ETP, subject to a ceiling of Rs. 50 lakh.

F. Exemption from Tax on Electricity Tariff

100% exemption of duty / tax on electricity tariff for the initial period of Five years.

Incentives & Concessions

Electric Vehicle Sector in the State is still in nascent stage and requires support & encouragement. In order to give fillip to the sector in all parts of the State, the entire State has been classified as a single zone and incentives and concessions proposed will be applicable equally in all parts of the State.

I. Incentives and Concessions to Electric Vehicle & its Components Manufacturing Enterprises

All the EV manufacturing Enterprises will be eligible for the incentives and concessions.

Manufacturing Enterprises of components required for Electric Vehicles such as Motors, Power Trains, Power Electronics kits etc. will be eligible for incentives and concessions as per the policy subject to approval of the Technical Committee which would be constituted & mandated to define / certify EV component manufacturing enterprises.

The following incentives & concessions shall be offered:

1. Micro, Small & Medium Enterprises

A. Investment Promotion Subsidy

a) Micro Enterprises

25% of the Value of Fixed Assets (VFA) (max. Rs. 15.00 lakh)

b) Small Enterprises

20% of the Value of Fixed Assets (VFA) (max. Rs.40.00 lakh)

c) Medium Manufacturing Enterprises

Rs.50.00 lakh

Note:

- i. *The Investment Promotion Subsidy will be available only to enterprises availing a minimum of 50% of term loans on eligible fixed assets from Financial Institution/Banks. Such eligible units shall claim Investment Promotion subsidy within one year from the date of commencement of commercial production.*
- ii. *There is no restriction on the quantum of loan to be availed from the financial institutions for availing other incentives and tax based incentives. Own financed units are also eligible for other incentives and tax based incentives.*
- iii. *This Investment Promotion Subsidy will be available over and above any other subsidy as announced by the Government of India.*

7. Technical Committee to define/certify an EV enterprise

A Technical Committee will be constituted under the Chairmanship of a Sector expert along with a maximum of 4 other members with Additional Director (ID), Department of Industries & Commerce as Member Secretary with a mandate to define/ certify EV components including EV lithium ion battery suppliers to EV manufacturing enterprises etc claiming incentives and concessions under the Karnataka Electric Vehicle & Energy Storage Policy.

Electric Vehicle manufacturing units will be automatically eligible to avail incentives and concessions without coming before the Technical Committee for certification.

8. Review, monitoring & course correction mechanism

A High Level Inter Departmental Review Committee will be constituted under the Chairmanship of Chief Secretary to regularly review implementation of all provisions of the policy and achieving the targets, suggest mid course corrections etc. Interpretation of provisions of the policy and decisions thereon of this committee shall be final.

Separate operational guidelines for administration of the policy with the approval of the High Level inter departmental review committee will be issued for the guidance of the concerned agencies and officers.

A Working Sub-Committee under the Chairmanship of Commissioner for ID and Director of I&C will also be constituted in the Department of I&C to regularly monitor implementation of the Policy. This Committee will ensure that, necessary facilitation is extended to investors and provide feedback to the High Level Committee on the progress at regular intervals.

9. Validity of the Policy

The Karnataka Electric Vehicle & Energy Storage Policy and package of incentives and concessions shall come into effect from the date of approval / issue of Government Order and will be valid for a period of five years or till a new policy is announced.

5.4 Support for Skill Development

An EV skill development centre will be set up in collaboration with the industry for up-skilling the work force to augment the manpower required for the EV industry which will implement the following:

- *Introduce curricula and courses suited to the EV industry in professional institutes, polytechnics as well as vocational education institutions.*
- *A short term course on electric mobility.*
- *To encourage in-plant training provided by the EV Manufacturers in the State by offering a stipend up to 50% of the cost of training subject to a limit of Rs.10,000/- per month per trainee. This incentive shall be available for maximum of 50 trainees per company. The benefit shall be available for 1,000 candidates per annum.*

5.5 Incentives and concessions

To attract investments in Electric Vehicle Manufacturing, EV Battery Manufacturing/Assembly and EV charging/Swapping Infrastructure Equipment Manufacturing Enterprises, attractive package of incentives and concessions will be offered by the Government.

It is also proposed to offer subsidies to EV charging infrastructure providers like charging stations, lithium ion battery switching/swapping stations etc. to popularize use of EVs in the State.

The details of incentives and concessions are at Appendix-1.

6. Special Package of Incentives & Concessions

Special package of incentives/concessions will be considered for Ultra Mega and Super Mega EV Enterprises/ lithium ion Battery manufacturers catering exclusively for EVs & EV charging/Swapping Infrastructure Equipment Manufacturing Enterprises, by giving due weightage to investment, location of the project, direct and indirect employment to be generated and potential for attracting further investment through vendors and ancillaries etc.

5.3 Support for Research & Development

Rapidly evolving technologies / convergence of low cost technologies, smart design and integration are the driving forces for encouraging penetration of electric vehicles. In order to encourage participation of industry, academia etc. the following initiatives are proposed.

- a) *Government of Karnataka will constitute working groups for development of necessary technologies from concept to market in the areas of Drive technologies; Battery technologies; Charging infrastructure & network integration; standards and certification; materials and recycling; quality & training etc.,*
- b) *Government of Karnataka will commission the 'Karnataka Electric Mobility Research & Innovation Centre' and extend necessary support to make it a world class research hub. It will have a state of the art laboratory along with an incubation centre for budding EV engineers and entrepreneurs and will be commissioned on a PPP mode.*
- c) *A start up incubation centre will be set up to facilitate developments in EV mobility.*
- d) *Start ups will be encouraged to develop business models focused on electric vehicles.*
- e) *Research program in collaboration of EV industry with a focus on battery innovation will be introduced in Engineering College / Universities.*
- f) *A Venture Capital fund will be setup for research in EV mobility.*

- f) Government of Karnataka will facilitate providing required electricity supply from grid and examine special tariff at commercially viable rates for EV charging stations.*
- g) ESCOMs will examine bringing in amendments to their policies and allow re-sale of power to encourage setting up of charging stations.*
- h) ESCOMs will examine permitting use of solar energy / renewable energy at low connection cost and offer zero wheeling charges by EV charging stations.*
- i) To facilitate EV mobility on highways between prominent cities with heavy density of vehicles such as the Bengaluru-Mysuru highway and others, fast charging station/ battery swapping infrastructure will be provided at every 50 kilometers.*
- j) Amendments will be made to building bye-laws for providing charging infrastructure for EVs in all high rise buildings/ new SEZ / Technology Park / Apartments in the State.*
- k) Existing apartment associations will be encouraged to provide special dedicated plug/ charging station facilitating adoption of EVs by their members.*
- l) BMRCL / BMTC / KSRTC / BBMP will provide charging stations for two wheelers at their parking stations to encourage EVs for last mile commute.*
- m) Charging infrastructure for personal transport vehicles of Government employees would be made available at Vikasa Soudha Basement / Multistoried Building parking area and covered parking areas in all Government buildings across the State.*
- n) Encourage lease / or pay-per-use business models with battery-swapping station network, integrated payment and tracking system in partnership with BMTC and other private players.*
- o) Government of Karnataka will facilitate deploying used EV batteries for solar application, create a secondary market and provide battery disposal infrastructure on PPP mode.*

- b) *Battery component contribute a substantial part of the total cost of EVs. Government of Karnataka will offer incentives to encourage manufacture of modular design lithium ion batteries with higher mileage per charge in the State.*

5.2 Support for Charging Infrastructure

Availability of charging infrastructure is a prerequisite for electric mobility. Government of Karnataka will develop charging infrastructure as a commercially viable business venture that attracts private investment. It is proposed to adopt BIS standards for charging equipment, mandating charging infrastructure in public buildings, amending building bylaws for provision of charging outlets, regular electricity supply etc.

To support charging infrastructure the following measures will be taken:

- a) *Government of Karnataka in association with Industry & Academia will come out with standards for battery, charging infrastructure & swapping mechanism etc with a view to build interoperable network where different vehicles from different OEMs can participate; and recommend to Government of India.*
- b) *Government of Karnataka will encourage private players to set up Automotive Research Association of India (ARAI)-compliant/BIS Standard, EV charging Systems/infrastructure.*
- c) *Government of Karnataka will identify potential places and provide land belonging to Government / Government agencies, wherever available, on long lease basis for setting up of EV fast charging stations and battery swapping infrastructure by following a transparent bidding process.*
- d) *A Special Purpose Vehicle (SPV) involving BBMP,BMTC, BESCOM, KREDL, KIADB and other related agencies will be mooted for creation of Charging infrastructure in Bengaluru.*
- e) *Government of Karnataka will offer incentives by way of investment subsidy for setting up of the first lot of 100 fast charging stations.*

- d) To encourage adoption of EV in short route public transport, a flexible stage carrier permit policy for electric buses allowing multiple/variable routes outside the BMTC Area will be examined.*

5.1.2.3 EV in Public Transport

In order to promote adoptability of EV in public transport the following measures will be taken in line with the announcements of Government of India.:

- a) BMTC, KSRTC, NWKSRTC and NEKRTC will introduce 1,000 EV buses during the policy period.*
- b) As a pilot project, BMTC will introduce "EV Vaayu Vajra" services in select routes to Kempegowda International Airport by the end of 2018.*

5.1.2.4 EV in Goods Transport

In order to promote adoptability of EV in goods transport the following measures will be taken in line with the announcements of Government of India.:

- a) EV-Three wheelers / Four wheelers mini Goods vehicle in Bengaluru will be encouraged to move towards EVs in a phased manner with an intention to achieve 100% electric mobility by 2030.*
- b) E-commerce and delivery companies in Bengaluru will be encouraged to replace their fleet of two wheelers/three wheelers to EVs in a phased manner with an intention to achieve 100% electric mobility by 2030.*

5.1.3 Facilitation to EV, Battery & Charging Equipment Manufacturing

In order to promote investments in the EV, Battery & Charging Equipment Manufacturing, the following measures will be taken:

- a) Karnataka Udyoga Mitra will facilitate, speed-track and enable a combined online application in order to get the clearances from environmental, labour and other line departments.*

- a) *Make industrial land available, preferably in clusters so that EV manufacturing zones can be created.*
- b) *Infrastructure in the form of readymade flatted factories with power, water, sewage and testing facilities on a ready built basis to enable ancillaries to be set up through PPP mode.*
- c) *Encourage establishment of a dedicated testing track and facility for electric vehicles and associated technologies, to make it easier for researchers and start-ups to test new technologies in a safe environment through PPP mode.*

5.1.2 Migrating to EV environment

5.1.2.1 EV in non-transport and transport vehicles

In order to promote adoptability of EVs, Government of Karnataka has exempted from payment of taxes on all electric non-transport and transport vehicles including e-rickshaws and e-carts under Karnataka Motor Vehicles Taxation Act 1957 with effect from 01/04/2016 vide Notification No. SARIE 76 SAEPA 2016 dtd 31/03/2016.

5.1.2.2 EV in Private Transport

In order to promote adoptability of EV in private transport the following measures will be taken in line with the announcements of Government of India.

- a) *To support short distance shared mobility, electric two wheeler taxies will be encouraged.*
- b) *Existing auto rickshaws will be encouraged for retrofitting and move towards EV segment.*
- c) *The following segments of vehicles in Bengaluru will be encouraged to move towards EVs with an intention to achieve 100% electric mobility by 2030.*
 - *Auto Rickshaws*
 - *Cab Aggregators*
 - *Corporate Fleets*
 - *School Buses/ Vans*

1. Vision

To make Karnataka, a preferred investment destination for manufacturing of Electric Vehicles (EVs) by leveraging advantages and opportunities available for sustained development of this promising segment”.

2. Mission

- *To make Karnataka, a preferred destination for development of Electric Mobility*
- *To promote a conducive manufacturing ecosystem in collaboration with the industry*
- *To develop human capital to meet the need of the Industry*

3. Objectives

- *To maintain the lead share of Karnataka as a preferred destination for attracting investments in manufacture of Electric Vehicles.*
- *To attract investments of Rs 31,000 crore and create employment opportunities to 55,000 persons both from supply & demand side.*
- *To create a conducive environment for transition to Electric Vehicle environment from Internal Combustion (IC) engines.*
- *To provide opportunities for developing R&D in Electric Mobility.*

4. Strategies

- Special Initiatives for EV manufacturing
- Support for charging infrastructure
- Support for Research Development and Skill Development
- Incentives and Concessions

5. Policy Measures

5.1 Special Initiatives for EV manufacturing

5.1.1 EV manufacturing Parks / Zones

Quality infrastructure with comprehensive facilities is the prerequisite for rapid development of any industry. Realizing this, following measures are proposed:

Need for EV Policy of Karnataka:

Every day, nearly 50,000 new motor vehicles (two, three and four wheelers) are registered in India, with a 10% increase in registration annually. As on May-2017, Bengaluru alone witnessed the registration of 69,31,873 vehicles of different categories out of which the two wheeler segment had a major share of 48,00,298 followed by the private cars whose share stood at 13,40,424. Bengaluru is also known as a city which registers maximum number of two wheelers in the Country. According to the 2016 World Health Organization Study, India is home to 10 of the World's 20 most polluted Cities. In 2015, India imported more than 80% of its oil at a cost of Rs 4.2 lakh crore.

The various initiatives taken nationally to promote electric mobility could not yield the much desired results mainly due to higher cost of EVs, challenges in battery technology, limited range of EVs, lack of charging infrastructure and consumer mindset. In addition, the past efforts also did not have the desired level of synergy, continued top level support & ownership both in the Government and Industry. As such, most of the efforts undertaken faded and fizzled out since they were isolated in nature, lacked collaborative approach and did not tackle all the issues holistically.

Now, Government of India is endorsing and supporting the EV boom, with a real possibility that EVs could become widely available and cheaper. In line with this, Karnataka, being home to many advanced engineering and high tech firms and research institutions, is best placed to take the first mover advantage. Therefore, in order to achieve the potential, a well designed, systemic and collaborative approach is required with a clear long term roadmap to develop a robust, pro-growth landscape for the EV sector to bloom in the State.

Today, the convergence of low cost technologies, smart design and integration, innovative business models with supportive policies will establish certain market segments as economically viable. Capturing these segments, electric vehicles can play an important role in cleaning the air, reducing congestion and strengthening the State's economy.

Government of Karnataka intends to make Bengaluru-the Electrical Vehicle Capital of India. In this regard, a round table conference in association with Carnegie India was held along with the Stakeholders from EV Industry, Academia, Center for Study of Science, Technology and Policy (CSTEP), Taxi aggregators to discuss and drive the growth of EV in Karnataka, taking into account global trends and existing challenges in the manufacturing sector etc. With the valuable recommendations, suggestions, interventions from the round table conference, Government of Karnataka is desirous of formulating the Karnataka Electric Vehicle & Energy Storage Policy which would enable growth of the electric mobility sector in the State.

For a rapidly growing economy like India with an objective to achieve inclusive growth and balanced development the need to find sustainable and eco-friendly transportation / mobility solutions is imperative.

However, the adoption of EV uptake in India has been comparatively low. Therefore, there is a strong need for transparent and incentive mechanism for manufactures and consumers to address the EV adoption and deployment gap.

Given that in India, the transportation sector alone accounts for about one-third of the total crude oil consumption and road transportation accounts for more than 80% of this consumption, the Government will need to focus on the sector and initiate strategic industry collaborations to invest in sustainable mobility solutions and make electric mobility a reality in India.

The first electric three wheeler Vikram SAFA was developed by Scooters India Ltd., Lucknow in 1996. Mahindra Ltd. launched its 1st electric three wheeler in 1999. In 2001, REVA, Bengaluru entered the EV sector in the Car category built with a state of the art battery management system. Hero Cycles launched two wheelers in 2007; other Companies such as Electrotherm India, TVS Motor, Hero Electric etc. are also manufacturing and selling electric two wheelers.

Government of India has been spearheading the electric mobility initiative in the country. The Faster Adoption and Manufacturing of Electric Vehicle (FAME) Scheme was introduced and according to the report, eight two wheeler manufacturers and three four wheeler manufacturers have registered and availed benefits under the scheme. The Government of India has also been supporting the transition to electric mobility in the country through funding research, design, development, demonstration projects.

A rapidly developing Karnataka is at the cusp of making a transition to new mobility solutions. Karnataka has a ready eco system for a vibrant automotive sector with large pool of technical manpower, robust R&D capabilities and manufacturing expertise. The sector has deep backward linkages with metal industries, capital equipment, trucking, warehousing and logistics. In addition, it also has a strong forward linkage with dealership, retails, credit and financing, advertising, repair and maintenance, petroleum products, gas stations and service parts etc.,.

Therefore, to explore the available opportunity and to allow EV sector to bloom in Karnataka, a comprehensive and well-designed policy is formulated based broadly on the principles of Karnataka Industrial Policy 2014-19 with a focus on creating enabling environment for investors in EV segment.

Annexure to GO No: CI 117 SPI 2017, Bengaluru, Dtd 25.09.2017

Preamble:

Globally, automotive industry is passing through a paradigm shift. The twentieth century has been an era of Internal Combustion Engines (ICE) primarily on account of accessibility - ease of use and affordability-low-cost of fossil fuels. The shift to electric mobility has become necessary due to the fast depletion of fossil fuels, increase in energy costs, impact of transportation on the environment and concerns over climate change.

As per International Energy Agency (IEA) report of 2009, globally the fossil fuel based transportation is the second largest source of CO₂ emissions. From 2006 to 2030, the global energy consumption is estimated to increase by 53% and about three quarters of this projected increase will be due to the oil demand in transportation. Against these changing landscape, Government and automotive industries are transitioning to invest heavily towards developing vehicles based on alternate propulsion systems, including electric mobility.

Electric vehicles (EVs) of all types lie at the heart of future sustainable transport system due to the advantages they offer: eco-friendliness from a systemic standpoint; cheaper fuel cost; lower maintenance expenses. The deployment of EVs across all models is also in line with the 2030 UN Sustainability Agenda.

Industry, Governments and early adopters have succeeded in demonstrating that electric vehicles can deliver the practicality, sustainability, safety and affordability characteristics expected from them. The global overview is mentioned below:

- **Norway-** EVs accounted for 23% of all new car sales in 2015. All EVs are exempt from non-recurring vehicle taxes, including road tax and VAT. They are also exempt from paying any toll and parking fees.
- **Netherlands-** EVs accounted for 9% of all new car sales in 2015. All EVs are exempt from registration fees and road taxes. Free charging is also provided in public parking spaces.
- **China-** China is the world's single largest electric bus market, with 173,000 such buses plying on the roads. It also became the top selling electric passenger car market in the world in 2015. Direct subsidies are provided to consumers buying EVs where EVs are exempt from Beijing's road rationing scheme and are provided with distinctive number plates.

Hence the following order:

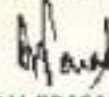
GOVERNMENT ORDER No: CI 117 SPI 2017, BENGALURU, DATED 25.09.2017

In the circumstances explained in the preamble, Government is pleased to announce the **Karnataka Electric Vehicle & Energy Storage Policy 2017** as detailed in Annexure to this Government Order.

The Karnataka Electric Vehicle & Energy Storage Policy 2017 and package of incentives & concessions shall come into effect from the date of issue of Government Order and will be valid for a period of five years or till a new policy is announced.

This order issues with the concurrence of Finance Department vide Note No. FD 342 Exp-1/17, dated 07.09.2017, Transport Department Vide File No. CI 117 SPI 2017 (P-4), dated 12.9.2017, Revenue Department Vide Note No. ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಆದೇಶ 2017, dated 12.09.2017, Skill Development, Entrepreneurship and Livelihood Department vide Note No. ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಆದೇಶ 2017, dated 12.09.2017, Forest Ecology & Environment Department vide File No. CI 117 SPI 2017 (P-5), dated 10.8.2017, Energy Department vide File No. CI 117 SPI 2017 (P-3), dated 18.8.2017, Urban Development Department vide File No. CI 117 SPI 2017 (P-2), dated 11.8.2017, Planning Department vide File No. CI 117 SPI 2017 (P-8), dated 18.8.2017, IT/BT Department vide Letter No. ITD 07 PRM 2017, dated 21.08.2017 and Cabinet approval dated 13.09.2017.

By Order and in the name of the
Governor of Karnataka,



(D.V. PRASAD)

Additional Chief Secretary to Govt.,
Commerce & Industries Department.

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Karnataka Electric Vehicle & Energy Storage Policy 2017
Ref: Hon'ble Chief Minister's Budget Speech 2017-18.

PREAMBLE:

The twentieth century has been an era of Internal Combustion Engines (ICE) primarily on account of accessibility - ease of use and affordability-low-cost of fossil fuels. The shift to electric mobility has become necessary due to the fast depletion of fossil fuels, increase in energy costs, impact of transportation on the environment and concerns over climate change.

Electric Vehicles (EVs) are becoming increasingly popular because of important advantages they offer: eco-friendliness from a systemic standpoint; cheaper fuel cost; lower maintenance expenses etc. Government of India (GoI) has been supporting electric mobility efforts in the Country. It has been funding research, design, development, demonstration projects and also spearheading the electric mobility initiative in the Country.

Karnataka has a ready eco system for a vibrant automotive sector with large pool of technical manpower, robust R&D capabilities and manufacturing expertise. Hon'ble Chief Minister during his Budget Speech 2017-18 had announced that Government of Karnataka wishes to make **Bengaluru-the Electrical Vehicle Capital of India**.

It is estimated that from 2006 to 2030, the global energy consumption is likely to rise by 54% and about three quarter of the projected increase in oil demand will come from transportation sector. These concerns are driving Governments and Industry alike to invest towards developing vehicles based on alternate propulsion systems including electric mobility. Government of India has plans to introduce electric vehicles in a very big way and to produce only electric vehicles by 2030.

With the Government of India endorsing and supporting the electric vehicle boom, there is a real possibility that electric vehicles will become widely available and cheaper too. Karnataka, being the home to many advanced engineering and high tech firms and research institutions, is best place to take the first mover advantage. However, there is a need for a comprehensive and well-designed policy push that enables the electric vehicle sector to bloom in the State.

In the light of the above, a decision has been taken by the Government to formulate and adopt a **Karnataka Electric Vehicle & Energy Storage Policy -2017**. Karnataka Electric Vehicle & Energy Storage Policy 2017 is expected to give the necessary impetus to the electric mobility sector in the State and also attract investments.

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**Commerce & Industries Department
Government of Karnataka**

**Karnataka
Electric Vehicle
&
Energy Storage
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