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MARC Insights

Tamil Nadu's EV Policy

February 2025

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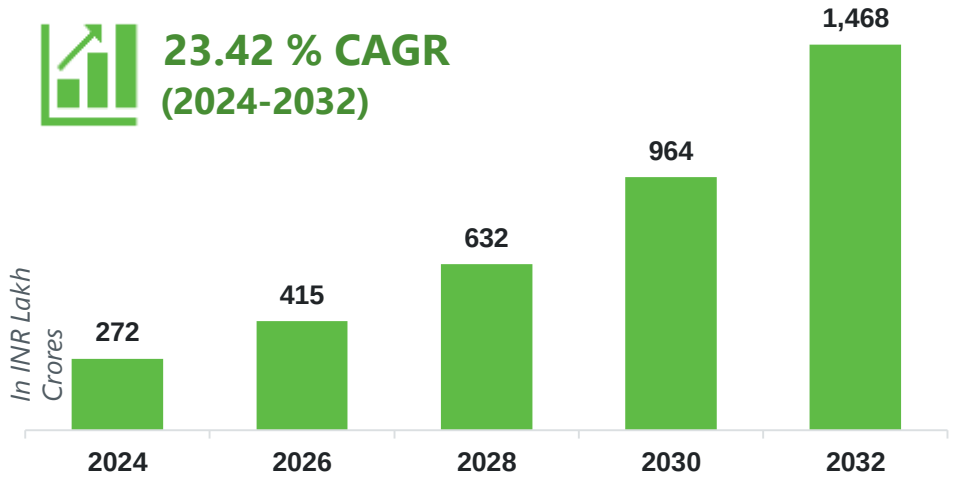
Glossary

Abbreviation	Meaning
ARAI	Automotive Research Association of India
BIS	Bureau of Indian Standards
CAPEX	Capital Expenditure
CAGR	Compounded Annual Growth Rate
E	Estimated
EPR	Extended Producer Responsibility
FAME	Faster Adoption and Manufacturing of Electric Vehicles
GARC	Global Automotive Research Centre
ICE	Internal Combustion Engine
INR	Indian Rupee
TNSDC	Tamil Nadu Skill Development Corporation
TANSIM	Tamil Nadu Startup and Innovation Mission
TANGEDCO	Tamil Nadu Generation & Distribution Corporation Limited

India’s EV Industry Overview

India’s EV Industry Overview

India's EV market is valued at approximately **INR 272 Lakh Crores** in 2024 and projected to reach **INR 1,468 Lakh Crores** by 2032.



Key Growth Drivers

- ✓ **Battery prices** dropped **80%** in the last decade, reducing EV costs.
- ✓ Higher **petrol and diesel prices** make EVs more cost-effective.
- ✓ 50% **growth in charging stations** in 2023, expanding in further years.

Source: Wright Research, Emobilityplus.com, Autocarpro.in, Down To Earth, IBEF

New Standards

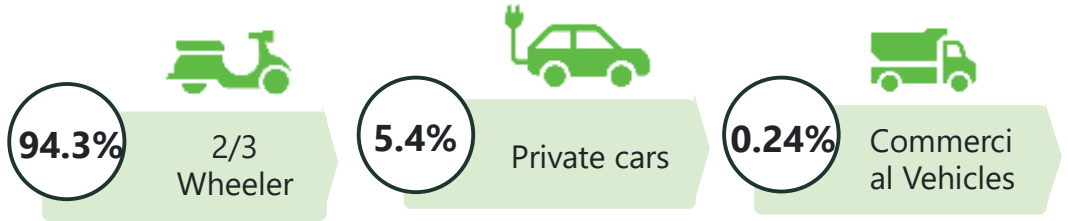
IS 18590:2024	Powertrain safety.
IS 18606:2024	Battery safety and performance, aimed at improving electric vehicle safety.
IS 18294:2023	Sets safety norms for e-rickshaws and e-karts.

***These initiatives focus on enhancing consumer confidence, ensuring industry standardization, and promoting sustainable transportation and innovation.*

EV Industry Sales Performance (2024)

42% ***Increase in EV Sales [2024]***

1.95 crore units were sold



"Electric Two-Wheelers (E2Ws) and Electric Three-Wheelers (E3Ws) held the largest share in sales during FY2024."

Federal initiatives to incentivise electric mobility in India

1

National Electric Mobility Mission Plan

Launch: Introduced in **2013**

Goal: Promote electric mobility and reduce reliance on fossil fuels.

Objectives:
- ✓ Increase adoption of electric vehicles (EVs).
- ✓ Enhance domestic manufacturing capabilities.
- ✓ Reduce vehicular emissions.

2

Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) India Scheme

Launch: **FAME-I** was launched in **March 2015** and **FAME II** was launched in **March 2019.**

Budget:
- ✓ Phase I – INR 895 crore, supported around 2.8 lakh EVs and established charging infrastructure.
- ✓ Phase II – INR 10,000 crore, focusing on public transportation electrification.

3

Electric Mobility Promotion Scheme (EMPS) 2024

Launch: **March 13, 2024**, with a budget of **INR 778 crore**.

Aim: To support approximately **5,60,789** electric vehicles (EVs), including **5,00,080** electric two-wheelers and **60,709** electric three-wheelers.

4

PM E-Drive Scheme

Launch: **October 1, 2024,** with a budget of **INR 10,900 crore**.

Aim: To accelerate electric vehicle (EV) adoption by providing incentives and developing essential charging infrastructure.

This scheme acts as a replacement for FAME II.

भारी उद्योग मंत्रालय
MINISTRY OF
HEAVY INDUSTRIES ➡ *The Regulatory body that has launched National Electric Mobility Mission Plan – 2020 (NEMMP-2020), , Electric Mobility Promotion Scheme 2024 and PM E-Drive Scheme*

Source: Bureau of Energy Efficiency, testbook.com, Drishti IAS

Tamil Nadu’s EV Policy Framework

EV Industry in Tamil Nadu

EV Industry Performance in TN (2024)

5.7% *Tamil Nadu's contribution in the total EV sales generated in India during 2024.*

40% *Tamil Nadu's EV production to total of India's EV production in 2024.*

36% *Tamil Nadu's contribution to* ***total EV Two-wheeler production in India.***

25% *Tamil Nadu's contribution to* ***total EV Four-wheeler production in India.***

Key Growth Drivers

- ✓ **1.7 million** EVs sold in FY2024, with **55%** being electric two-wheelers.
- ✓ Target of producing **2,00,000** electric two-wheelers and **30,000** other EVs by 2025.
- ✓ **Charging stations** every **30 km** on green channels and 1 per 3x3 km grid in key cities.

Future growth prospect of TN EV Industry

Tamil Nadu aims to attract **INR 50,000 Cr** in EV investments by **2030**.

Create **1.5 Lakh jobs by 2025**.

Source: BusinessStandard

Introduction to Tamil Nadu's EV Policy

The Government of Tamil Nadu has taken a historic step by announcing its eagerly anticipated **Electric Vehicle (EV) Policy 2023**, which was **launched by the Hon'ble Chief Minister of Tamil Nadu, Thiru. M. K. Stalin**. This policy **aims to transform the state's transportation system and move it toward a cleaner and more sustainable future.**

Objective of the EV Policy

Transform TN into the preferred destination for EV manufacturing in Southeast Asia

Create indigenous EV manufacturing value chains

Develop EV Cities in the state of Tamil Nadu

Promote Chennai, Coimbatore, Tiruchirappalli, Madurai, Salem, and Tirunelveli as pilot cities for implementing e-mobility solutions and promote electrification of commercial and public transport fleets.

Accelerate adoption of EVs in Tamil Nadu

Provide special demand incentives and Develop charging infrastructure with favorable power tariffs.

Enhance the development of the EV ecosystem in Tamil Nadu

Develop industry-academia linkages to create a skilled workforce pool for EVs.

Policy Implementation Mechanism

Single Window Clearance: Managed by Guidance/FaMe TN for investment facilitation.

Policy Period: Valid for 5 years, with revisions as needed.

EV Cell: Promotes EV adoption and coordinates efforts.

Key Nodal Agencies:

- **Industries & Commerce**: Manufacturing incentives
- **MSME**: MSME incentives
- **TANGEDCO**: Charging infrastructure
- **Housing & Urban Development**: Building rule amendments
- **Transport**: Public transport electrification

Source: Mongabay Investintamilnadu

Incentives

Supply-side Incentives

SGST Reimbursement

100% of the SGST paid on EVs manufactured, sold, and registered in Tamil Nadu will be reimbursed to manufacturers.

Capital Subsidy

15% subsidy on eligible investments made until 31st December 2025 (land cost capped at 20% of total eligible investment).

Electricity Tax Exemption

100% exemption on electricity tax for EV-related industrial projects.

Stamp Duty Exemption

100% exemption on stamp duty for transactions related to EV projects, such as land purchases or lease agreements.

Turnover-Based

1% turnover-based subsidy for manufacturers with a minimum turnover of INR 50 crore annually, capped at INR 10 crore per year for five years.

Employment Incentive

INR 48,000 per employee as a subsidy for one year, provided in the form of Employee Provident Fund (EPF) contributions for new jobs created in the EV sector.

Demand Side Incentives

- **The GOVT. of Tamil Nadu offers tax and fee exemptions** for EV buyers through the policy & vide G.O. (Ms.) No. 17, dated 13.01.2023 issued by the Home (Transport-I) Department.
- **100% Road Tax** Exemption for Two-Wheelers, Private Cars, Auto Rickshaws, Taxis, Light Goods Carriages, and Buses.
- **Registration Fee Waiver for** All EV battery- operated vehicles as listed above.

Additional Incentives

- **Government offers incentives** for retrofitting ICE commercial vehicles to EVs, eligible until December 31, 2025, for vehicles meeting **ARAI standards**.
- **First 200 public** battery swapping stations in Tamil Nadu eligible for a **25%** capital subsidy, up to INR 2 lakh per station.

Source : Investingintamilnadu

Key Players

INDIA

Electric Two – Wheelers (E2Ws)

Market Leader

OLA

25.3% shares in Indian market (as of November 2024).

ATHER, TVS, OKINAWA, AMPERE

Electric Three – Wheelers (E3Ws)

mahindra LAST MILE MOBILITY

41.2% shares in Indian market (as of November 2024).

SAERA, yc, OSM

Electric Cars (E-Cars)

TATA MOTORS

49% share in Indian market.

MG, Mahindra

Electric Buses (E-Buses)

TATA MOTORS

61% shares in Indian market.

JBM Group, Olectra

TAMIL NADU

Top Players | Electric Two – Wheelers (E2Ws) FY24

OLA, ATHER, TVS

Top Players | Electric Three – Wheelers (E3Ws) FY24

ECO DYNAAMIC ELECTRIC VEHICLES PVT LTD

TAARK

Electric Cars (E-Cars)

HYUNDAI, Ford

Hyundai and Ford had substantial sales in Tamil Nadu's E-CARS SEGMENT FOR FY24.

Electric Buses (E-Buses)

ASHOK LEYLAND, OSM

Ashok Leyland and Omega Seiki Mobility covered the E-Buses segment of Tamil Nadu for FY24.

Source : JMK Research & Analytics , Business Standard, The Hindu , Financial Express

Charging Infrastructure in TN

24,715 charging stations by 2030.

700 EV start-ups.

Tariff for EV Charging

- **50% Reduction** in Energy Charges.
- Incentive for Non-Peak Hour Charging (8 AM - 4 PM) to promote Renewable Energy Use.

- **75% Reduction** in Demand Charges for First 2 Years.
- 50% for Next 2 Years.

Incentives for Charging Stations

Type	Incentive (Rs.)	No. of charging stations incentivized
Public Fast Charging Station	Up to Rs. 10,00,000	200
Public Slow Charging Station	Up to Rs. 1,00,000	500
Private Fast Charging Station	Up to Rs. 10,00,000	50
Battery Swapping Station	Up to Rs. 2,00,000	200

✓ Firms that set up public charging stations in Tamil Nadu following Ministry of Power guidelines will be eligible for a **25% subsidy** on equipment and machinery purchase costs during the policy period.

✓ The **first 50** private charging stations in Tamil Nadu are eligible for a **25% subsidy, up to ₹10,00,000**, on equipment and machinery costs during the policy period.

Source : Evreporter.com

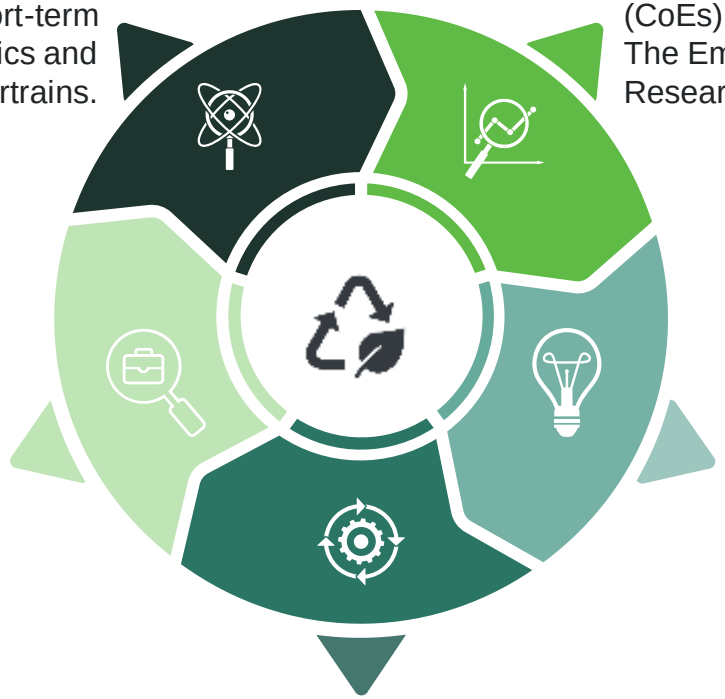
EV Ecosystem Development in TN

Capacity Building & Skilling

Tamil Nadu will offer EV training programs in partnership with institutions like Anna University and TNSDC. Short-term courses and internships will focus on mechatronics and powertrains.

R&D and Business Incubation

The state will promote R&D via Centers of Excellence (CoEs) and expand incubation centers for EV startups. The Emerging Sector Seed Fund and INR 100 crore Research & Technology Fund will support R&D.



Creation of Circular

Tamil Nadu will promote battery recycling to reduce resource use and waste, with incentives for manufacturers and protocols for setting up recycling centers.

Creation of EV Parks & Vendor Ecosystem

EV parks, like the Future Mobility Park, will focus on sustainable transport and provide research, testing, and manufacturing facilities, supported by GARC.

Promoting Startups in the EV Sector

Tamil Nadu will support EV startups through TANSIM and the Tamil Nadu Startup and Innovation Policy, offering financial aid, testing infrastructure, skill development, and market access.

Source : Investingintamilnadu

Environmental Impact - TN

01

Circular Economy Development

Tamil Nadu promotes urban mining and recycling of used EV batteries to address supply chain gaps and minimize resource use, waste, pollution, and carbon emissions.

02

Industry-Academia Collaboration

The state fosters research in EV-related fields (batteries, powertrains, motors) through partnerships among industries, academia, and startups, aligning with Tamil Nadu R&D Policy 2022.

03

Recycling Incentives

End-of-life EV battery recycling centers established during the policy period will receive incentives equivalent to those for battery manufacturing projects.

04

Renewable Energy Integration

Up to 20% of expenses for setting up captive renewable energy plants (e.g., windmills, solar farms) are eligible for incentives if over 50% of the energy is used for in-house consumption. .

05

Retrofitting Incentives

Commercial vehicles converting from ICE to EVs via ARAI-compliant retrofitting are eligible for government incentives until December 2025.

The Government of Tamil Nadu prioritizes sustainable industrial practices and reducing environmental impact. The recycling sector, particularly urban mining of used batteries, is crucial to the EV value chain. It will promote a circular economy, address supply chain gaps, and help minimize resource use, waste, pollution, and carbon emissions.

Source : Investingintamilnadu

Conclusion

Tamil Nadu: India's EV Growth Leader

Tamil Nadu has emerged as a leader in India's EV revolution, with the EV sector achieving an impressive annual growth rate of 23.42%. The state has attracted ₹50,000 crores in investments and created 1.5 lakh jobs during the policy period. With major EV hubs like Hosur and Chennai, Tamil Nadu accounts for 32% of India's automotive exports, solidifying its position as a key player in the EV manufacturing ecosystem.

Innovation and Ecosystem

The policy emphasizes R&D through initiatives like Centers of Excellence and incubation hubs, fostering advancements in EV batteries, powertrains, and recycling. Infrastructure development, including EV parks in Krishnagiri and Chennai, along with 500+ charging stations, ensures a seamless transition to green mobility.

Opportunities and Development

Tamil Nadu's designation of six EV cities—Chennai, Coimbatore, Madurai, Salem, Tiruchirappalli, and Tirunelveli—ensures targeted e-mobility interventions. These cities are piloting electrification of public transport, including buses and auto-rickshaws, while encouraging private EV adoption. The state's demand aggregation and public-private partnerships further bolster its ability to achieve widespread EV penetration.

A Vision for the Future

With plans for six EV cities and a goal of achieving 30% EV penetration by 2030, Tamil Nadu's Electric Vehicle Policy 2023 sets a benchmark for green mobility. By combining sustainability, innovation, and industrial growth, Tamil Nadu strengthens its position as a global leader in the EV sector and a key driver of India's transition to clean energy.

Source : Evreporter.com Investingintamilnadu

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