

## Renewed Focus: New Norms Directing the Electric Vehicles Sector

Over the last few months, various cross-cutting laws and policies related to electric vehicles (“**EVs**”) have been introduced in India, spanning several discrete pivots and ministries.

For instance, the government has continued with its focus on ramping up local manufacturing, such as through FAME 2 and the Production Linked Incentive (PLI) scheme for EVs and advanced chemistry cells (ACCs), respectively. In the last Budget, the government doubled its financial allocation for FAME 2 and increased customs duties on imports of semi-knocked down and built EV units.

Next, a renewed focus on emissions and waste reduction has been instrumentalized recently through amendments to the Energy Conservation Act, 2001 (“**ECA**”) and the Battery Waste Management Rules (“**BWM Rules**”). Through the amended ECA, which now includes vehicular emissions, the central government has been empowered to specify a carbon credit trading scheme. Further, vehicle manufacturers who violate fuel consumption norms will be further penalized.

### MORE PERKS

The Bureau of Energy Efficiency may also specify energy consumption standards for vehicles, along with a carbon credit system for compliance with corresponding regulations. In the future, charging systems could thus earn carbon credits for providing renewable energy to run EVs. Owners of EV charging stations could then generate additional revenue from this parallel income stream.

Further, a regulatory mandate for zero emission vehicles (“**ZEV**”) may establish percentage targets for annual EV production/sales. The State of California in the US, for example, has a percentage credit requirement for ZEV sales, where such credits can be traded. Like Europe, India could also redesign its fuel economy regulations in

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a manner that champions technological innovation. That way, domestic manufacturers may be incentivized to make more EVs for the purpose of meeting fleet average norms.

Meanwhile, under the new BWM Rules (which cover EV batteries), defined producers are required to collect and recycle/refurbish those batteries which they introduce into the market under an 'extended producer responsibility' ("EPR") regime. The rules aim to provide for an exchange of EPR certificates between producers and recyclers to comply with EPR obligations. In general, the new rules intend to encourage new industries and business opportunities along with new technologies and investments in the recycling industry.

## REVISED GUIDELINES

In addition, charging infrastructure and batteries have emerged as a distinct pivot. In this regard, revised guidelines about EV charging infrastructure have been issued by the Ministry of Power. The Ministry of Housing and Urban Affairs have also amended the model building by-laws of 2016 to include provisions for installing EV charging infrastructure in buildings. Further, the viability gap funding for battery energy storage systems announced in the Budget may create additional infrastructure.

Moreover, a draft battery swapping policy, released for comments by NITI Aayog in April 2022, may be finalized soon. On the other hand, in response to incidents of fire in electric two-wheelers, amendments were introduced in EV battery testing standards by the Ministry of Road Transport and Highways late last year. A few months before that, performance standards for EV batteries were formulated by the Bureau of Indian Standards.

With all these developments in regulations, the electric vehicles segment is really getting charged-up.

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