

NITI Aayog proposes to include EVs in RBI's PSL Guidelines

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NITI Aayog, Rocky Mountain Institute (RMI), and RMI India today released a report, titled 'Banking on Electric Vehicles in India', which outlines the importance of priority-sector recognition for retail lending in the electric mobility ecosystem.

The report provides considerations and recommendations to inform the inclusion of EVs in the Reserve Bank of India's (RBI's) priority-sector lending (PSL) guidelines.

Key Highlights

- Banks and non-banking financial companies (NBFCs) in India have the potential to achieve an electric vehicle (EV) financing market size of Rs 40,000 crore (USD 5 billion) by 2025 and Rs 3.7 lakh crore (USD 50 billion) by 2030. However, retail finance for EVs has been slow to pick up.
- Priority-sector lending aims to expand financial access and support employment opportunities in India. In order to meet these goals, the report highlights that the RBI may consider various EV segments and use cases based on five parameters: socio-economic potential, livelihood generation potential, scalability, techno-economic viability, and stakeholder acceptability.
- The report indicates that electric two-wheelers, three-wheelers, and commercial four-wheelers are early segments to prioritize under PSL.
- Moving forward, the engagement of other ministries and industry stakeholders will be important to ensuring the guidelines designed can effectively enhance EV investment

in India.

SOURCE: *The Hindu*