

Bengal FM Questions Haste to Cut GST on EVs

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New Delhi: A day ahead of the specially convened goods and council meeting to consider cut in tax rate on electric vehicles, West Bengal finance minister Amit Mitra cautioned against the move that could have disastrous impact on the existing automobile companies and pitched for cut in taxes on hybrid and BS VI vehicles.

In a letter to union finance minister Nirmla Sitharaman, Mitra also questioned the move to hurriedly meeting to take up single

issue of EVs. Mitra said a number of tax related issues were pending before the fitment committee much before the proposal for review of tax on EVs was put forth, questioning the way decision on the issue was being pushed. The fitment committee has endorsed the proposal to cut GST rate to 5% from 12% on EVs and the Council will take it up on Thursday.

"We are being made to understand that reducing tax on EV...will trigger huge investments...Ifear this argument takes a very myopic view of the industry completely ignoring the disastrous impact which it will entail for the existing auto units and entire service sector," Mitra said in a letter dated July 23, seen by

ET. He said most developed countries were also measuring their steps towards transitioning to EVs cautiously, and it was evident that replacement with EV is not a quick fix matter.

Mitra also quizzed as to how Niti Aayog, without statutory or financial powers, directed the auto sector to switch to EV, by 2025. "This seems impractical and draconian," he said.

He asked the finance minister to move towards EV in a calibrated manner. "Concentration should be on the entire ecosystem of automobiles and how to make a sustainable transition without loss in employment or setback to the vast auto sector," he said.