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EDITORIAL ANALYSIS

Improving Incentives: Delhi's EV Policy

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Improving Incentives: Delhi's EV Policy

Business Standard 3 July 2026 **GS3**

Source: ujiyari.com — researched, fact-checked & UPSC-mapped

INTERVIEW ANGLE

"When a city misses a 25 per cent EV target and then sets a 95 per cent one, is that ambition or wishful thinking? How should a policymaker set targets that stretch without losing credibility?"

Source: Original editorial ↗ Business Standard

Every fact web-verified against primary sources (https://ujiyari.com/how-we-verify/)

WHY THIS MATTERS NOW

The **Delhi EV Policy 2026**, notified with effect from July 2026, sets one of the country's most aggressive electric-mobility mandates: **95 per cent of new registrations electric by 2027**, tax-free e-cars up to 30 lakh rupees, and phased curbs on new petrol and CNG vehicles. Yet Delhi's earlier **25 per cent by 2024 target was missed**, with actual EV penetration near 12 to 13 per cent. The gap between ambition and adoption makes this a sharp GS3 case study in policy design.

THE CRUX IN 60 WORDS

Cleaner mobility is the right goal for a city where transport is a major pollution source. But **incentives deliver only when matched to adoption reality**. Delhi's new policy is bold and now **scrappage-led**, yet charging density, affordability at the lower end, and fiscal cost must be aligned. A **95 per cent target from a 12 per cent base** stretches credibility unless design keeps pace.

THE ISSUE, DECODED

CONCEPT	WHAT IT MEANS	WHY IT MATTERS
Scrappage-led incentive	Support tied to scrapping old vehicles	Removes polluters and boosts EV demand at once
Adoption gap	12 to 13 per cent actual vs a 95 per cent target	Tests whether the mandate (https://ujiyari.com/vocab/mandate/) is credible
Charging density	Over 10,000 points vs a need near 36,000	The binding constraint on switching
Fiscal transition	Subsidies cost money, EVs erode fuel tax	The affordability and revenue trade-off

THE ANALYSIS

1. **The objective is sound.** Transport is one of the largest contributors to Delhi's PM2.5, with study estimates ranging widely but often near 40 per cent. Electrifying mobility directly targets a major, local pollution source.
2. **The base is modest.** The 2020 policy aimed for 25 per cent EV registrations by 2024 and missed; actual penetration is near 12 to 13 per cent of new sales. The new 95 per cent by 2027 target is set against that reality.
3. **The design has improved.** The 2026 policy is scrappage-led, offering up to one lakh rupees toward a new e-car for scrapping an old vehicle, plus road-tax waivers and two and three-wheeler subsidies, tying incentives to removing polluters.
4. **Infrastructure is the bottleneck.** With over 10,000 charging points against a requirement closer to 36,000, adoption stalls where charging does not keep pace, especially for buyers without home charging.
5. **Mandates need credibility.** The original 2025 proposal to ban new petrol two-wheelers triggered public backlash and was softened, the deadline pushed to April 2028 and clarified as prospective. Incentives that outrun adoption produce resistance, not conversion.

DATA AND INSTITUTIONS VAULT

> **Delhi EV Policy 2026**, *effective July 2026 to March 2030; road tax and registration fee waived on* **e-cars up to 30 lakh rupees**; **scrappage incentive up to one lakh rupees**; *from* **January 2027** *only electric autos and small goods carriers newly registrable; from* **April 2028** *no new petrol or CNG two-wheelers (existing vehicles exempt).* **Targets:** *old 2020 target of* **25 per cent by 2024** *missed (actual near* **12 to 13 per cent**); *new target* **95 per cent of new registrations by 2027**. **Infrastructure:** *over* **10,000 charging points** *against a need near* **36,000**. **National schemes: PM E-DRIVE** *(September 2024, about* **10,900 crore rupees**), **PM-eBus Sewa**; *FAME-II wound down.* **Institutions:** *Ministry of Heavy Industries; Delhi Transport Department; NITI Aayog (e-AMRIT); CESL.*

THE DEBATE

Argument for aggressive incentives and mandates: EVs still need fiscal support to reach price parity, and firm mandates create the demand certainty that draws charging investment and manufacturing. Premature withdrawal risks stalling a fragile transition, so bold targets and generous subsidies are justified.

Argument for a market-led taper (https://ujiyari.com/vocab/taper/): Subsidies are fiscally costly, erode fuel tax revenue, and can front-run adoption. As battery costs fall toward parity, mature segments like two-wheelers need less support, and funds are better redirected to charging and hard-to-abate transport rather than sweeping mandates.

Balanced verdict: The dispute is not whether to electrify but how to sequence it. Incentives should be generous where adoption lags and infrastructure is thin, and taper where the market is maturing, with mandates timed to what charging and affordability can actually support.

HOW TO THINK ABOUT THIS (TRANSFERABLE SKILL)

> *A headline number impresses; a good analyst asks where it starts from and what has to change to reach it. Set the 95 per cent target beside the 12 per cent reality and the missed 25 per cent, and the real question surfaces: is the enabling ecosystem moving as fast as the ambition. This "target versus trajectory (https://ujiyari.com/vocab/trajectory/)" check works for every scheme with a deadline.*

DIAGRAM-IN-WORDS

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Clean-air goal -> bold EV mandate (95 per cent by 2027) -> checked against 12 per cent base and thin charging -> align scrappage, subsidy, charging and affordability -> credible, adoption-matched transition
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THE WAY FORWARD

1. **Build charging ahead of demand.** Close the gap toward the 36,000-point requirement, prioritising public and shared charging for buyers without home access.
2. **Protect affordability at the bottom.** Extend support and scrappage benefits to used and lower-income segments, not only the premium car buyer.
3. **Phase mandates realistically.** Keep timelines credible and prospective so restrictions follow adoption rather than provoking backlash.
4. **Plan the fiscal transition.** Model the revenue loss from falling fuel taxes and taper subsidies for maturing segments while sustaining them for laggards.

THE TAKEAWAY BOX

Argue that EV incentives succeed only when charging, affordability, scrappage and fiscal design are aligned to real adoption, using Delhi's ambitious new target as the test case.

"The measure of an EV policy is not the boldness of its target but whether charging, affordability and fiscal design move as fast as the ambition."

Delhi EV Policy 2026; 95 per cent by 2027 target; scrappage incentive; PM E-DRIVE (10,900 crore rupees); PM-eBus Sewa; FAME-II.

How should a government balance an urgent public-health objective (clean air) against the livelihoods and affordability of those least able to switch quickly.

UPSC has asked about urban air pollution, clean mobility and the design of subsidies; this connects those to a live, dated policy.

urban air quality; energy transition; subsidy design; fiscal federalism (https://ujiyari.com/terms/fiscal-federalism/); sustainable transport.

Sources: Business Standard (https://www.business-standard.com/opinion), Press Information Bureau (https://www.pib.gov.in/)

Source: Improving Incentives: Delhi's EV Policy — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

KEY ARGUMENTS AT A GLANCE

Cleaner mobility is a sound objective for cutting transport pollution, but EV incentives deliver only when matched to adoption realities, so subsidies, scrappage support, charging infrastructure, fiscal cost and affordability must be aligned for Delhi's new policy to succeed.

✓ SUPPORTING

- Delhi's 2020 policy target of 25 per cent EV registrations by 2024 was missed, with actual penetration near 12 to 13 per cent, so the new 95 per cent by 2027 goal must be read against a modest base.
- The 2026 policy is now scrappage-led, waiving road tax on e-cars up to 30 lakh rupees and offering up to one lakh rupees for scrapping old vehicles.
- Charging infrastructure, at over 10,000 points against a need near 36,000, remains the binding constraint on adoption.

⚠ COUNTER

Aggressive mandates and generous subsidies are fiscally costly, erode fuel tax revenue and can front-run the market, so a gentler, market-led taper may suit maturing segments better.

→ WAY FORWARD

Match incentives to adoption: keep support for lagging segments, build charging density ahead of demand, phase mandates realistically, protect affordability at the used-vehicle end, and plan for the fiscal transition.

MAINS ANSWER FRAMEWORK

QUESTION

"Electric mobility incentives succeed only when they are aligned with the ground realities of adoption." In the light of Delhi's new EV policy, examine the design elements that determine whether such incentives deliver. (250 words)

INTRODUCTION

Delhi's air makes the case for electric mobility self-evident. The harder question is one of policy design: whether the incentives on offer are matched to how, and how fast, people actually switch.

BODY

The Delhi EV Policy 2026, notified with effect from July 2026, is bold. It waives road tax and registration fees on electric cars priced up to 30 lakh rupees, offers purchase subsidies for two and three-wheelers, and, notably, reorients the design around scrappage, up to one lakh rupees for scrapping an old vehicle toward a new electric car.

From January 2027 only electric autos and small goods carriers may be newly registered, and from April 2028 no new petrol or CNG two-wheelers, though existing vehicles are not forced off the road. The ambition is real, but so is the gap.

The 2020 policy's 25 per cent target for 2024 was missed; actual penetration sits near 12 to 13 per cent of new sales. Against that base, the new 95 per cent by 2027 goal is stretching.

Delivery hinges on three alignments. First, infrastructure: Delhi has over 10,000 charging points against a requirement closer to 36,000, and adoption stalls where the plug does not follow the vehicle.

Second, affordability: scrappage helps, but the used and lower-income segments need support, not just the 30 lakh rupee car buyer. Third, fiscal realism: subsidies and tax waivers cost the exchequer and erode fuel revenue, so the taper and the mandate timeline must be credible.

Incentives that outrun these realities produce backlash, as the withdrawn 2025 two-wheeler ban showed, not adoption.

CONCLUSION

The objective is right and the mandate is ambitious. Whether Delhi's policy delivers depends less on the boldness of its targets than on whether charging, affordability and fiscal design are aligned to the pace at which people actually switch.

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