

The 8-point Policy Recommendations

derived from the SMEP workshops

Three-wheeler vehicles and their batteries are vital for a country's growth and need support. To maximize their potential, formalization and technological advancements are recommended. Given the significant toxicity and quantity of materials in batteries, strict regulations are necessary, especially with the introduction of Lithium batteries, to ensure quality and safety from the beginning.

1 Formalizing Electric Three-Wheeler Sector

All Electric Three-Wheeler vehicles and batteries must be registered, and the sector must be formalized. This will unveil more tax revenues, private sector investments, technological advancements, improved battery durability, and energy efficiency.

2 Implementing a Battery Tagging System

All batteries in the market must have a tag that confirms payment of a fixed fee/tax per battery. Relief from VAT for manufacturers who pay the fixed fee/tax. Informal manufacturers currently evade VAT, so ensuring that every battery bears a fixed fee/tax will level the competitive playing field.

3 Tracking Technology for Effective Enforcement

The tag can be tracked using readily available technology. Enforcement at stands to scan batteries and vehicles to ensure they are registered. Heavy penalties for noncompliance. Reward passengers for detecting and reporting non-compliant batteries and vehicles.

4 Establishing a National Registry for Accountability

A national registry with information on the vehicles and batteries can be created. The tag and national registry can contain manufacturer information, manufacturing date, sale date, and date at which the battery reaches a qualified formal recycling facility. This also provides information on the durability of the batteries and recognizes manufacturers that recycle their batteries responsibly.

5

Developing Formal Recycling Protocol and Providing Incentives

Protocols for identifying and certifying the most environmentally responsible recycling facilities should be developed, ensuring that they achieve world-class best practices of recovery of over 95% of the lead in the batteries they recycle (equivalently, emitting less than 5% of the lead into the environment) and monitoring of the number of batteries that they recycle with those best practices. Those select, best recyclers must be rewarded for their responsible practices, to ensure that they out-compete cheap, irresponsible recyclers who currently release 30% or more of the lead in batteries to the environment. Incentives can be extended towards reducing the cost of collecting and holding inventory on used batteries for these selected best recyclers.

6

Reducing Import Tax for Quality-Assured Lithium Batteries

The high import tax on Li impedes a local Li battery assembling industry. Consider reducing the import tax on qualified Li cells for selected responsible battery assemblers that ensure quality and safety and pay appropriate VAT. We need to prevent the import of unsafe, unqualified Li cells and batteries. Using readily available technology, the cells can be tracked and registered at the point of import, assembly, sale, end of life, and refurbishment/ resale as is being implemented in India and other countries with strong Extended Producer Responsibility.

7

Facilitating Financial Inclusion in the E-Mobility Sector

Microfinance, large banks, and development banks are eager to enter this e-mobility market to provide microfinance loans to end users and operate lease financing for manufacturers toward long-term lease and swap models. The informality of the sector and the lack of quality standards and assurance remain a barrier to large capital investments that need to be addressed.

8

Combatting Electricity Pilferage

Tackling electricity pilferage is important to create a market for energy-efficient batteries. Using smart meters, data tracking, etc. can be avenues for increasing collection.