

# Governments can give free electric vehicles to consumers, how?

(To Fight Ongoing Energy Crisis and To Fulfill PARIS agreement goals on Climate Change)

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**Transition to electric vehicles is the "Need of Hour", as the world is fighting climate change and high energy prices.** The world is in a climate emergency – “a code red for humanity” according to the UN Secretary-General.<sup>1</sup> Countries across the globe have signed the historic “Paris Agreement”<sup>2</sup> 2016 with a goal to keep global warming well below 2 degree Celsius preferably below 1.5 degree Celsius compared to pre-industrial levels. Recent Energy Crisis<sup>3</sup> (High energy prices) has affected most of the economies at a time when they were fighting the covid-19 and were finding ways to come out of covid-19 recession<sup>4</sup>.

Transport sector, which is one of the main contributors to greenhouse gas emissions and accounts for nearly 25%-30% of GHG emissions<sup>5</sup>, **is important to target**. Oil-related fuels account for 90-95% of the energy used by the transport sector.<sup>6</sup>

Shift to electric vehicles has many benefits for the governments, as it will reduce the fuel bill significantly, will help countries meet their climate goals; will help them in controlling the inflation equation. Etc. Governments around the globe are already giving incentives<sup>7</sup> in the form of tax exemptions, subsidies, direct incentives, purchase rebates etc to encourage the purchase of electric vehicles. Many countries have set timeframe targets to phase out internal combustion engine vehicle sales; for example, Norway’s parliament set a national goal that all new car sales by 2025 should be electric or hydrogen (zero emission).<sup>8</sup>

**“New Financial Model” will help in speedy transition to Electric Vehicles by incentivizing the consumers and offering free electric vehicles (in net)** As proposed by NFM, consumers will get [Future Money](#) as a monetary incentive on the consumption of final goods/services. This “Future Money”<sup>9</sup> will not be available to consumers immediately but after N number of years or at retirement as decided by the authorities (Governments, Central Banks etc).

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<sup>1</sup> <https://www.unep.org/explore-topics/climate-action/what-we-do/climate-action-note/state-of-climate.html>

<sup>2</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>3</sup> [https://en.wikipedia.org/wiki/2021-present\\_global\\_energy\\_crisis](https://en.wikipedia.org/wiki/2021-present_global_energy_crisis)

<sup>4</sup> [https://en.wikipedia.org/wiki/COVID-19\\_recession](https://en.wikipedia.org/wiki/COVID-19_recession)

<sup>5</sup> <https://www.unep.org/explore-topics/energy/what-we-do/transport>

<sup>6</sup> <https://transportgeography.org/contents/chapter4/transportation-and-energy/final-energy-consumption-by-fuel-type-by-transport-sector/>

<sup>7</sup> [https://en.wikipedia.org/wiki/Government\\_incentives\\_for\\_plug-in\\_electric\\_vehicles](https://en.wikipedia.org/wiki/Government_incentives_for_plug-in_electric_vehicles)

<sup>8</sup> <https://elbil.no/english/norwegian-ev-policy/>

<sup>9</sup> <https://newfinancialmodel.com/blog/concept-of-future-money.html>

Governments/Entrepreneurs will deposit the present value of future money in consumers' future money accounts which will grow at prevailing long term interest rates for N number of years and become the same amount as of original price of electric vehicle.

Read the model for detail working<sup>10</sup>. Below is an example of how consumers can be incentivized

| <b>Free electric vehicles (in net) to consumers</b><br>(Suppose Cost of Electric Vehicle is Rs. \$10,000) |                      |                                       |                             |         |   |   |
|---|----------------------|---------------------------------------|-----------------------------|---------|---|---|
| Price (in \$)   | Future Money (in \$) | N: Number of Years (after retirement) | If Long Term Interest Rates | FM Rate | Present Value of FM to be deposited in FM account (in \$) | Who will deposit Present Value of Future Money  |
| \$10,000  | \$10,000             | 30                                    | 10%                         | 5.7%    | 573.09  | Government.   |
| \$10,000  | \$10,000             | 35                                    | 10%                         | 3.6%    | 355.84  | Government.   |
| \$10,000  | \$10,000             | 30                                    | 8%                          | 9.9%    | 993.77  | Government.   |
| \$10,000  | \$10,000             | 35                                    | 8%                          | 6.8%    | 676.35  | Government.   |
| \$10,000  | \$10,000             | 30                                    | 7%                          | 13.1%   | 1313.67   | Government and Entrepreneurs (sharing together in ratio: in 50-50% or in other ratio) |
| \$10,000  | \$10,000             | 35                                    | 7%                          | 9.4%    | 936.63  | Government.   |
| \$10,000  | \$10,000             | 30                                    | 6%                          | 17.4%   | 1741.10   | G & E. (sharing in ratio)   |
| \$10,000  | \$10,000             | 35                                    | 6%                          | 13.0%   | 1301.05   | G & E. as above   |
| \$10,000  | \$10,000             | 30                                    | 5%                          | 23.1%   | 2313.77   | G & E. as above   |
| \$10,000  | \$10,000             | 35                                    | 5%                          | 18.1%   | 1812.90   | G & E. as above   |
| \$10,000  | \$10,000             | 40                                    | 5%                          | 14.2%   | 1420.46   | G & E. as above   |
| \$10,000  | \$10,000             | 30                                    | 4%                          | 30.8%   | 3083.19   | G & E. as above   |
| \$10,000  | \$10,000             | 35                                    | 4%                          | 25.3%   | 2534.15   | G & E. as above   |
| \$10,000  | \$10,000             | 40                                    | 4%                          | 20.8%   | 2082.89   | G & E. as above   |
| \$10,000  | \$10,000             | 35                                    | 3%                          | 35.5%   | 3553.83   | G & E. as above   |
| \$10,000  | \$10,000             | 40                                    | 3%                          | 30.7%   | 3065.57   | G & E. as above   |

In the above table we have supposed, Price of Electric Vehicle: \$10000. Consumers will get the same amount (\$10000) of future money in their future money accounts on the purchase of electric vehicles. As NFM has proposed “[New & Universal Pension System](#)”, This Future Money vehicle will become part of FM corpus and will be available to consumers after retirement in the form of pension or after N number of years as decided by the authorities.

### Who will deposit the Present value of Future Money?

1. **First Option:** As we have discussed, Governments around the globe are already giving incentives<sup>11</sup> in the form of tax exemptions, subsidies, direct incentives, purchase rebates etc to encourage purchase of electric vehicles. Governments can use the current budget for incentives/collected tax to deposit the present value of Future Money.

<sup>10</sup> <https://newfinancialmodel.com/paper2.html>

<sup>11</sup> [https://en.wikipedia.org/wiki/Government\\_incentives\\_for\\_plug-in\\_electric\\_vehicles](https://en.wikipedia.org/wiki/Government_incentives_for_plug-in_electric_vehicles)

2. **Second Option:** Governments and Entrepreneurs together. Entrepreneurs can convert their immediate discounts (sellers generally give 1-5%) to the present value of future money. Governments & Entrepreneurs can decide the ratio of sharing the present value of future money which can be 50-50% or other.

Promoting electric vehicles through “[New Financial Model](#)” will not only help Governments meet their climate goals, reduce fuel bills, control inflation and incentivize the consumer **but will also ensure another important thing that is “Old Age Security”<sup>12</sup> for its citizens.** Another example is below:

| <b>Electric vehicles at Half Price (in net) to consumers</b><br>(Suppose Cost of Electric Vehicle is Rs. \$10,000) |                      |         |                                       |                             |   |                        |  |
|--|----------------------|---------|---------------------------------------|-----------------------------|---|------------------------|--|
| Price (in \$)  | Future Money (in \$) | FM Rate | N: Number of Years (after retirement) | If Long Term Interest Rates | Present Value of FM to be deposited in FM account (in \$) | Discount Rate on Price | Who will deposit Present Value of Future Money                               |
| \$10,000   | \$5,000              | 50%     | 30                                    | 10%                         | 286.54  | 2.9%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 35                                    | 10%                         | 177.92  | 1.8%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 30                                    | 8%                          | 496.88  | 5.0%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 35                                    | 8%                          | 338.17  | 3.4%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 30                                    | 7%                          | 656.83  | 6.6%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 35                                    | 7%                          | 468.31  | 4.7%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 30                                    | 6%                          | 870.55  | 8.7%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 35                                    | 6%                          | 650.52  | 6.5%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 30                                    | 5%                          | 1156.88   | 11.6%                  | Government.  |
| \$10,000   | \$5,000              | 50%     | 35                                    | 5%                          | 906.45  | 9.1%                   | Government.  |
| \$10,000   | \$5,000              | 50%     | 30                                    | 4%                          | 1541.59   | 15.4%                  | Government and Entrepreneurs (sharing in ratio: in 50-50% or in other ratio) |
| \$10,000   | \$5,000              | 50%     | 35                                    | 4%                          | 1267.07   | 12.7%                  | G & E  |
| \$10,000   | \$5,000              | 50%     | 30                                    | 3%                          | 2059.93   | 20.6%                  | G & E  |
| \$10,000   | \$5,000              | 50%     | 35                                    | 3%                          | 1776.91   | 17.8%                  | G & E  |
| \$10,000   | \$5,000              | 50%     | 30                                    | 2%                          | 2760.35   | 27.6%                  | G & E  |
| \$10,000   | \$5,000              | 50%     | 35                                    | 2%                          | 2500.13   | 25.0%                  | G & E  |

In the above table we have supposed, Price of Electric Vehicle: \$10000. Consumers will get the half amount of electric vehicle (\$5,000) of future money in their future money accounts on the purchase of electric vehicles.

**As specific sectors/industries/products can be targeted in the “New Financial Model” compared to present fiscal and monetary tools,** Governments/Entrepreneurs can also incentivize solar energy for its push towards renewable energy and ensure sustainable long-term growth.

<sup>12</sup> <https://newfinancialmodel.com/blog/new-pension-system.html>

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