

# FAME II subsidy cut to impact small, new EV players most

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Small and new players will bear the brunt of the Centre's move to reduce the subsidy on electric two-wheelers from 40 per cent to 15 per cent under the Faster Adoption and Manufacturing of Electric Vehicles in India (FAME) II scheme.

According to analysts, while major EV players will not see a big impact, electric-only two-wheeler players could see a change in volumes.

"OEMs manufacturing both internal combustion engine and electric two-wheelers will be better placed to manage the impact of lowered subsidy. Electric-only players may see pressure on volumes in the near term, should they increase prices to offset the impact. It will mostly be felt by regional



**THE SOP SHOCK.** e2-W players may see pressure on volumes in the near term

players, who operate at low margins," said Anuj Sethi, Senior Director, Crisil Ratings.

## **E2-W PENETRATION**

With the cut in subsidy and companies increasing prices, EV penetration in the country could be impacted. "Depending on the battery capacity, the price increase could range from ₹10,000 to 20,000, that is, a 6-15 per cent hike," said Anmol Bo-

hre, co-founder and Managing Director, Enigma EV. "Even assuming that OEMs absorb a part of the additional cost of lower subsidy, this may temporarily slow the sale of electric two-wheelers. However, battery costs, too, are set to decline in line with lithium prices, and if this is passed on, it could help sales," Sethi added.

EV players do not expect any further reduction in the subsidy. "FAME II provided subsidies of over ₹10,000 crore to the industry since its launch in 2019 and has helped make EVs more affordable and accessible to consumers. I urge the government to continue its support for the EV industry, as it has the potential to create a more sustainable and prosperous future for India," said Pritesh Mahajan, co-founder and CEO, Revamp Moto.

Record e2W registrations P2