

# FAME may get subsumed into PLI

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**THE GOVERNMENT IS** weighing a proposal to consolidate the subsidies provided to the electric vehicle industry under the two ongoing production-linked incentive (PLI) schemes for the auto sector and batteries. If this is done, there won't be any need to continue with the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme.

However, a final decision will be taken after holding

## THE SOP STORY

■ Centre is holding stakeholder consultations before a final call on FAME-III

detailed consultations with the industry.

The thinking within the government to consolidate the subsidies under the PLI schemes assumes significance

Govt wants balanced view as other schemes – auto and ACC PLIs – have similar objectives



■ FAME is meant to create demand for EVs and has a total outlay of ₹10,000 cr till 2024

as deliberations are taking place on whether to come up with a new FAME-III scheme after the ongoing FAME-II expires in March 2024. The allocation for FAME-II is

₹10,000 crore and if the government comes out with FAME-III, the outlay will need to be enhanced. "Why continue with three subsidy schemes when outlays can be consolidated under the PLI schemes," officials said.

Currently, there are two PLI schemes for the auto sector. One relates to automobiles and auto components with an outlay of ₹25,938 crore and the other for advanced chemistry cell (ACC) batteries with an outlay of ₹18,100 crore.

**Continued on Page 7**

ASX200 shedding 1.3%.

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OFFICIALS SAID THAT instead of coming out with FAME-III and enhancing its outlay, the same can be added in these PLI schemes.

Batteries constitute around 35-45% of cost of EVs. Under FAME-II, ₹1,000 crore has been allocated to support EV charging infrastructure. According to officials, therefore the subsidy towards batteries and charging infrastructure can be easily met through the PLI schemes.

The deliberations within the government regarding change in approach towards providing subsidies for EVs also got necessitated because there are allegations that several two-wheeler EV manufacturers have wrongfully claimed FAME subsidies. Under the scheme, companies are required to claim subsidies only if they have used made-in-India components under the phased manufacturing programme. However, around seven companies are alleged to have claimed subsidies despite assembling vehicles with imported com-

ponents. The government has demanded a refund of around ₹469 crore, which was wrongfully claimed, from the industry.

Mahendra Nath Pandey, Union minister for heavy industries, had recently told FE that the government will come out with standard operating procedures for the implementation of the auto PLI schemes to ensure that the kind of malpractices, which came to light in the implementation of FAME-II scheme, does not get repeated.