

# FAME gets ₹1.5K cr boost, bigger targets

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The Centre has sanctioned an additional ₹1,500 crore for the second phase of the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India (FAME-II) programme. This infusion addresses the fears that the allocated funds could run out before the scheme's deadline in March 2024 due to robust electric vehicle (EV) sales.

The proposal for enhancement of the outlay for FAME-II from ₹10,000 crore to ₹11,500 crore has been examined by the department of expenditure (DoE). It was approved considering the objectives of the scheme, according to a ministry of heavy industries (MHI) statement.

The MHI was allocated ₹5,127 crore for the current financial year — the highest since the ₹10,000-crore scheme was launched in 2019.

Anticipating a surge in EV sales, particularly electric two-wheelers (e2Ws), the ministry expedited the allocation for the current financial year.

In order to sustain the scheme until its deadline, the ministry initiated two steps. One is to reduce the maximum subsidy for an e2W from about ₹60,000 to approximately ₹22,500 starting from June 1. And secondly, requesting an additional ₹1,500 crore from the finance ministry.

## Revised objectives

By injecting supplementary funds, the government has raised its vehicle support objectives for all categories except buses.

The vehicle support target has been raised from 1.14 million to 1.74 million, indicating a 56 per cent surge. The target for e2Ws was raised by 60 per cent to 1.55 million, while for e3Ws and e4Ws, it was hiked by 23 per cent and 177 per cent to 155,536 and 30,461, respectively.

According to MHI's updated objectives, the scheme aims to support 1.5 million e2Ws, 155,536 e3Ws, and 30,461 e4Ws. The target for buses has been reduced from 9,458 to 7,062 units.

EV industry players said the recent government move demonstrates commitment to innovation and sustainability. They are apprehensive regarding the sector's sustainability



## CHARGED UP

Electric vehicle support target under FAME-II

■ Target ■ Revised target

	No. of vehicles	
2W	968,000	1,550,225
3W	126,000	155,536
4W	11,000	30,461
Bus	9,458	7,062

Source: MHI

beyond FY24. "In the realm of EVs, each financial allocation represents a spark that propels our industry. This substantial investment reaffirms our collective mission to revolutionise transportation and reduce carbon footprint, said Hyder Khan, chief executive officer (CEO), Godawari Electric Motors, an e2W and e3W manufacturer.

However, other industry participants expressed concerns about the adequacy of the allocated funds. One industry player said that the infusion of ₹1,500 crore may not be sufficient to meet the burgeoning demand in the EV market.

The country has seen electric vehicle sales exceed one million for two consecutive calendar years. This year, the industry anticipates that sales of e2Ws alone will surpass the one-million mark.

"Despite the fraudulent activities carried out by a few companies, FAME-II successfully propelled EV penetration. The ex-factory and localisation scams involved players with substantial resources. Penalising small players by discontinuing the scheme shouldn't be the government's approach," a FAME beneficiary said.

The government is engaged in developing the forthcoming phase of the scheme.