

Unpaid subsidies: EV body seeks ₹3,000-cr rehab fund

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The Society of Manufacturers of Electric Vehicles (SMEV), an association representing Indian manufacturers of electric vehicles, has said it has requested the Finance Ministry to create a ₹3,000-crore rehabilitation fund to revive and sustain operations of OEMs that have been affected by unpaid FAME subsidies.

The total amount of subsidies withheld and still due to several E2W OEMs is more than ₹1,200 crore. It said the industry has been awaiting the funds for over



18 months. SMEV stated that due to a series of exacerbating circumstances, the department has on the one hand, asked some OEMs to refund the amounts to customers and on the other, demanded the return of earlier subsidies from others, irre-

spective of the nature of their dispute.

“The cumulative effect of the subsidy blockade, the claim on older subsidies and the refusal to allow future sales have been devastating on start-ups and first movers in the E2W segment,” said Sohinder Gill, Director General — SMEV.

“Many of these companies will not be able to come out of the financial stress caused by these actions. Their post-resolution existence is also a matter of time. It is therefore, our sincere suggestion that the Ministry of Finance may consider the rehabilitation fund to help the affected companies sustain for the

next year or two at least,” he added. SMEV has proposed to work closely with the Finance Ministry to determine the contours of such a fund, which could be in the shape of a grant or a subvention scheme that could work as a guarantee mechanism for lenders and could be monitored by a committee.

ACUTE PRESSURE

The collapse of the subsidy scheme has not only caused operations to stall and sales to dry up, but acute pressure had been caused on dealerships, even customers whose bookings had to be cancelled, said the SMEV statement. “If we add the man-days lost,

opportunity loss, market share depletion and the reputational damage collectively the figure would cross the ₹30,000 crore mark on a conservative estimate up to now, said Gill.

The worst impact has been on the investor community, which has become extremely averse to the sector, owing to the frequent inimical actions against OEMs. Banks too, have been unwilling to extend credit.

SMEV stated that the creation of rehabilitation fund would help both bail out highly stressed companies in the EV sector and send a positive signal to the global investor community.