

FAME-II subsidy block: SMEV reaches out to govt for ₹3K-crore rehab fund

NITIN KUMAR

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The Society of Manufacturers of Electric Vehicles (SMEV) on Thursday reached out to the Ministry of Finance, proposing a ₹3,000-crore rehabilitation fund to revive and sustain the operations of original equipment manufacturers (OEMs), which have been affected by the blocking of money supposed to be disbursed under the Faster Adoption and Manufacturing (and Hybrid) Electric Vehicles (FAME).

The industry body has maintained the subsidies due to various electric two-wheeler (E2W) manufacturers amount to over ₹1,200 crore.

“The industry has been awaiting the funds for over 18 months exclusive of the interest,” the SMEV said.

It is to be noted that due to a series of exacerbating circumstances, the ministry of heavy industries has, on the one hand, asked some OEMs to refund money to customers and, on the other hand, demanded the return of earlier subsidies from others, irrespective of the nature of their dispute.

Sohinder Gill, director general, SMEV, commenting on the proposition, said, “The cumulative effect of the subsidy blockade, the claim on older subsidies and the refusal to allow future sales have been devastating for start-

ups and first movers in the EV 2W segment. Many of these companies will not be able to come out of the financial stress caused by these actions. In fact, their post-resolution existence is also a matter of time. It is therefore our considered, 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.”

The EV industry body in its letter said the collapse of the subsidy scheme had not only caused operations to stall and sales to dry up, but acute pressure had been caused to dealerships and even customers whose bookings had to be cancelled.

“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,” the SMEV said.

Banks too have been unwilling to extend credit and are suffering collateral damage since companies are unable to service loans, it added.

The SMEV has proposed to work closely with the finance ministry to determine the nature 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.

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