

# Alternative fuel vehicles may get subsidy thrust

**NITIN KUMAR**

New Delhi, 6 October

The government has initiated work on the third phase of the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME-III) financial support scheme, which is likely to encompass alternative fuel vehicles, *Business Standard* has learnt.

According to a senior government official, there is a proposal to incorporate vehicles powered by alternative sources such as hydrogen and biofuels in the upcoming phase of FAME.

“The objective is to shift away from conventional polluting vehicles, and the incentive for alternative fuels aims to encourage the transition from internal combustion engine (ICE) to cleaner technology,” government officials observed.

The Society of Indian Automobile Manufacturers has identified nine global powertrain alternatives to the traditional ICE. These alternatives encompass gas-based combustion engines like natural gas, liquefied petroleum gas, and hydrogen; the bio-fuel category featuring ethanol, flex-fuel, and other sustainable synthetic and biofuels; as well as hybrid electric vehicles, including plug-in hybrid electric vehicles.

Furthermore, the zero-emission vehicle category is represented by battery electric vehicles (BEVs) and fuel-cell electric vehicles. These diverse powertrain options underline the automotive industry’s commitment to pursuing sustainable and eco-friendly transportation solutions.

Currently, the government provides subsidies under the



## FUELLING UP

- Vehicles powered by alternative sources like hydrogen and biofuels will get incentives
- The government currently provides subsidies under the FAME scheme for BEVs and strong hybrids
- Proposal to add trucks to the list of beneficiary vehicles

FAME scheme for BEVs and strong hybrids.

The initial two phases of the FAME scheme played a significant role in promoting the growth of electric vehicles (EVs) within the country, helping to achieve a 6 per cent market share for EVs. By extending the programme to include alternative fuels, the goal is to accelerate the pace of this transition even further.

During the scheme’s initial phase in 2015, the government allocated an outlay of approximately ₹900 crore, and this allocation was later boosted to around ₹10,000 crore in its second phase in 2019. To date, the scheme has provided support to more than 1 million vehicles. Turn to Page 7 ▶

▶ FROM PAGE 1

# Alternative fuel vehicles may get subsidy thrust

While the government is actively developing the next phase of the FAME scheme, it remains uncertain whether the programme will retain the same name or undergo a name change.

However, similar to the current scheme, incentives will be extended to vehicles sold in all categories, including two-wheelers, three-wheelers, four-wheelers, and buses, a senior official said.

The proposal also includes adding trucks to the list of vehicles.

Soon, the draft proposals for the FAME-III scheme will be subject to evaluation by the Ministry of Finance and the Prime Minister's Office.

As the March 2024 expiry deadline for FAME-II approaches, the Ministry of Heavy Industries is expected to promptly submit the draft proposal to both departments for evaluation.