

EVs may soon face random checks

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New Delhi, 10 May

The government is considering random checks on electric vehicles (EVs) after recent lapses under the Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles (FAME) II scheme, according to government officials.

The checks will be conducted by the Automotive Research Association of India (ARAI). This follows the recent government action against two key players in the EV market — Hero Electric and Okinawa Autotech.

“The ARAI will select a vehicle at random from the market and test it to check if the manufacturer is following the guidelines. If there is any violation, the ministry (of heavy industry) will take the same action it took against localisation and ex-factory price defaulters,” a government official said.

The ARAI, established in 1966, is the leading automotive R&D organisation of the country set up by the automotive industry with the Government of India. It is an autonomous body affiliated to the Ministry of Heavy Industries.

The ministry sent recovery notices to Hero Electric and Okinawa Autotech over a supposed breach of localisation norms.

Both companies have been “deregistered” from the government’s subsidy scheme to promote electric vehicles.

The FAME scheme was introduced to facilitate India’s transition to EVs. While FAME II has been successful in encouraging the adoption of EVs, allegations relating

to the misappropriation of funds by bypassing localisation and ex-factory price norms have dampened sentiment.

Currently, inspection is done on a yearly basis to reduce the compliance burden on companies and promote ease of doing business. The testing agencies — ARAI and International Centre for Automotive Technology (ICAT) — do their inspection annually before issuing a certificate of FAME India Phase II eligibility fulfilment.

“Because of recent events we would have to start random checks,” a senior official said.

Under the FAME scheme, in order to be eligible for the subsidy, 50 per cent of the components in an EV should be domestically manufactured and sourced.

Based on a complaint that companies were not following localisation norms, the ministry halted

the claims of a dozen original equipment manufacturers in September until the ongoing audit is completed.

Though the ministry in its report on the Phased Manufacturing Programme (PMP) guideline violation concluded that there had been rampant use of imported parts by Hero Electric and Okinawa, it gave a clean chit to Okaya EV and Kinetic Green.

According to the industry body — Society of Manufacturers of Electric Vehicles (SMEV) — claims worth ₹1,200 crore have been withheld since September last year.

The government in February started investigating four electric two-wheeler companies — Ola Electric, Ather Energy, TVS, and Hero MotoCorp’s Vida — after an ex-factory violation.

Okinawa, Hero Electric say no violation; Centre to vet claim

NITIN KUMAR
New Delhi, 10 May

Hero Electric and Okinawa Scooters, the two firms that allegedly didn’t comply with localisation norms to claim subsidy under the FAME II scheme, have told the Centre that they have not breached any guidelines, government sources said. The electric vehicle (EV) manufacturers submitted their representations after the Ministry of Heavy Industries (MHI) sent subsidy recovery notices to alleged defaulters of the FAME (faster adoption and manufacturing of hybrid and electric vehicles) scheme.

“We have asked the testing agencies to go through their documentation. As the defaulters have submitted their responses within the seven-day deadline, the ministry is doing due diligence before taking further actions,” government officials said.

The ministry had sent notices to Hero and Okinawa in April, instructing the alleged defaulters to repay subsidy claims within 21 days. The notice said that if any representation was not submitted to the ministry within seven days, “further action, according to law, will be taken”. Under the FAME scheme, in order to be eligible for the subsidy, 50 per cent of the components in the EV should be domestically manufactured and resourced. “Though the OEMs (original equipment manufacturers) have submitted the same response that they did when the ministry started the investigation in September, we are verifying their claims as the matter is likely to go to courts,” a govern-



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ment official said.

Both EV manufacturers confirmed that they had submitted representations to the ministry.

An Okinawa spokesperson said the firm was actively engaged in ongoing dialogues and discussions with the ministry, and added: “Our intention is to resolve this matter amicably and in compliance with all regulations. As a responsible company, we value our relationship with the government and adhere to the guidelines set forth by the MHI. We are committed to working transparently and cooperatively to ensure a satisfactory resolution.”

“We are confident that through constructive dialogue, we will be able to resolve the issue at the earliest and continue our contribution to the growth of electric mobility in India,”

the spokesperson added.

Hero Electric, on the other hand, said that their case was being settled in a manner similar to that of Ola, Ather, TVS, and other companies.

“Although we faced challenges common to all OEMs, the other brands were also dealing with under-invoicing irregularities. In contrast, Hero Electric only needs to resolve issues related to localisation delays, particularly during the 2019-2020 period,” said Sohinder Gill, chief executive officer, Hero Electric.

While highlighting the hurdles faced during the 2019-20 period, Gill said, “At that time, there was a negligible supply chain for high-quality powertrain and lithium batteries, and the Covid pandemic further disrupted the efforts of OEMs and vendors to develop local components.”



The Automotive Research Association of India will conduct these checks