

Suspend PM E-DRIVE truck-scrapping rule for a yr: Auto industry

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The automobile industry in India has asked the Ministry of Heavy Industries (MHI) to suspend for one year the rule governing financial incentives for buying an electric truck (e-truck) under the PM E-DRIVE scheme, *Business Standard* has learnt.

For buyers to get the incentives, the rule requires them to submit a certificate showing that a truck running on the old internal combustion engine (ICE) has been scrapped.

As very few commercial vehicles are being scrapped at present, the Society of Indian Automobile Manufacturers (Siam) has said that even when the scrapping mandate comes into force after one year, it should be implemented with relaxed weight-related requirements to improve “administrative simplicity” while maintaining “environmental integrity”.

The scheme requires buyers to scrap an old ICE truck that is of the same weight or heavier than the electric truck they want to buy.

After scrapping is done, a certificate of deposit (CD) is issued, and it must be submitted when purchasing the e-truck to claim incentives.

Buyers who do not own an old ICE truck must buy a CD from the government's Digienv website. However, very few CDs for medium and heavy trucks are available. Siam called the strict rule of matching CDs to e-truck weight “impractical”. The e-truck incentive guidelines were issued in July last year. As of now, it is not clear if anyone has applied.

In its letter dated December 10, Siam stated this entire mandate for CDs under the guidelines was “encountering operational bottlenecks due to the very limited availability of valid CDs within the formal scrappage system (Digienv portal)”.

“The current volume of scrapped commercial vehicles, particularly in the medium and heavy categories, remains inadequate to meet the demand expected under the PM E-DRIVE scheme. This shortfall poses a

What Siam said

- Very few commercial vehicles currently being scrapped
- Limited certificate availability creating ‘operational bottlenecks’
- Matching scrappage certificates with e-truck weight is ‘impractical’
- Any certificate within the same truck category (N2, N3) should suffice
- VAHAN, Digienv systems must allow seamless certificate verification



significant constraint for both large fleet operators and small logistics service providers seeking to transition to e-trucks,” it added.

Therefore, to ensure that the budgetary outlay of ₹500 crore for the scheme till 2027-28 is utilised well, the industry body has requested the one-year suspension of the rule.

“This interim measure would remain in effect until the availability of CDs improves through wider operationalisation of registered vehicle scrapping facilities (RVSFs) and higher scrappage volumes. Such a temporary waiver would facilitate the immediate rollout and adoption of e-trucks without diluting the long-term policy intent of linking incentives with the scrappage ecosystem,” it added.

Siam has recommended a rationalisation of the CD linkage criteria after one year is over. It suggested that for N2 category vehicles — medium commercial vehicles with a gross vehicle weight (GVW) of more than 3.5 tonnes and up to 12 tonnes — that are taking the PM E-DRIVE subsidy, the buyer may furnish a CD of any vehicle within the same N2 category, irrespective of GVW.

Similarly, for N3 category vehicles — heavy commercial vehicles with a GVW of more than 12 tonnes — taking the PM E-DRIVE subsidy, the buyer may furnish a CD of any vehicle within the same N3 category, irrespective of GVW. “This rationalisation will eliminate the impractical requirement of matching CDs with identical GVW ratings, thereby aligning the scheme with the principles of ease of doing business and administrative efficiency,” it added.

Siam also requested the ministry to coordinate with the Ministry of Road Transport and Highways to ensure mutual recognition and interoperability of CDs used under PM E-DRIVE with those issued for benefits for automakers and those under road tax under the national vehicle scrapping policy. It also asked for seamless integration within the Vahan and Digienv portals so that each CD can be verified and used under PM E-DRIVE without duplication or conflict.

Siam said these measures would ensure consistency across government systems while maintaining transparency and accountability in the disbursement of incentives.