

It revenue has doubled, then clearly the

EV Players May Challenge Move to Withhold Subsidy

Cos seeking legal opinion on govt move amid allegations of non-compliance of rules

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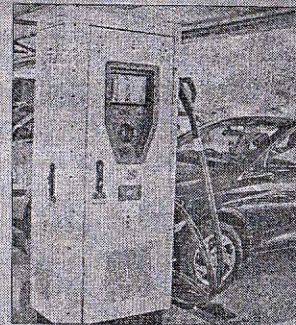
Mumbai: A section of electric vehicle (EV) makers whose subsidies under a ₹10,000-crore government scheme to promote clean vehicles have been withheld over allegations of non-compliance are likely to challenge the government move in courts and are seeking legal opinion on the matter, people in the know

told ET. According to them at least one such company is in the final stages of filing a petition in the matter while several others are likely to follow suit in quick succession.

The matter pertains to the Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India Phase-II (FAME-II) scheme, which comes with several riders such as localisation of parts used in the vehicles and adhering to certain caps on the retail price of beneficia-

ry models. Under the scheme, manufacturers were expected to discount the prices of the vehicles by the amount of subsidy due and the government would later reimburse this amount to the companies.

However, allegations of widespread manipulation by EV makers have been rife, wherein vehicles with largely imported components are said to have been passed off as locally sourced to claim subsidy. Taking note of the issue, the government has withheld the subsidies of around 13 companies to the tune of ₹1,100 crore so far. These



include market leaders like Hero Electric and Okinawa Autotech, among others.

EV makers have, however, argued that the localisation timeline set down by the government was difficult to achieve due to the impact of the Covid-19 pandemic. "We are contemplating how we can go to court and request for the formation of a high-level committee to analyze the issue," said Abhishek A Rastogi, founder at Rastogi Chambers, who is representing one such company. "Certain parts which were imported for use in the vehicles are

not available locally, and hence the government could look at "pragmatically" allowing the import of such parts, Rastogi said.

To be sure, the FAME-II scheme came with a detailed phase-wise localisation plan that gave the runway up to two years for localisation of some parts like motors. Another lawyer who has advised companies whose subsidies have been withheld said that companies can also argue that there was no mention in the scheme of a minimum amount of value-addition to a part for it to be considered locally sourced.