

FAME benefit sparks missing in PM E-DRIVE incentives

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The newly announced PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) scheme has brought relief to the electric mobility industry, but the incentives are lower than what the Faster

Adoption and Manufacturing of Electric (And Hybrid) Vehicles (FAME) scheme offered.

The incentives across several electric vehicles (EVs) have dropped from a high of 85 per cent to 30 per cent.

The electric car (e-car) segment, which used to receive a subsidy of up to ₹1.5 lakh, has been excluded from the scheme.

The move is part of the Centre's efforts to gradually reduce subsidies for the electric mobility industry, which, it believes, has matured.

Officials said while the subsidy cut was significant, it was in the similar range of the last concluded incentive scheme. Turn to Page 7 ▶

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A NEW DRIVE

SPOT THE DIFFERENCE

Maximum subsidy offered to each category under different schemes (In ₹)

Vehicle segments	FAME-II	FAME-II after June 1, 2023	EMPS	PM E-DRIVE	
				1st year	2nd year
e2W	66,000	22,500	10,000	10,000	5,000
e3W	111,505	111,505	50,000	50,000	25,000
e4W	150,000	150,000	NA	NA	NA
4W strong Hybrid	NA	NA	NA	NA	NA
e-bus	50,00,000	50,00,000	NA	35,00,000	35,00,000

Source: MHI documents



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Scheme reset may not shake Centre's FY25 fiscal maths

The host of schemes okayed by the Union Cabinet on Wednesday across health, electric mobility, rural infrastructure, and renewable energy are unlikely to disturb the Centre's FY25 fiscal maths, write RUCHIKA CHITRAVANSHI, SANKET KOUL & NITIN KUMAR

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Subsidy reduced as it can't be sustained indefinitely: MHI

The maximum subsidy for electric two-wheelers (e2W) has been slashed by approximately 85 per cent, dropping to ₹10,000 from ₹66,000 under FAME-II. For electric three-wheelers (e3W), the subsidy has been reduced by around 55 per cent, now standing at ₹50,000 compared to more than ₹1.11 lakh previously.

Electric buses (e-bus) also see a cut of 30 per cent, with the cap lowered to ₹35 lakh from ₹50 lakh in FAME-II.

In the second year of the scheme, maximum incentives will see further reduction, dropping to ₹5,000 for e2Ws and ₹25,000 for e3Ws.

This reduction follows the incentive cuts by the Centre over the last three EV subsidy schemes.

Previously, the maximum incentive under FAME-II was cut to ₹22,500 from ₹66,000 effective June 1, 2023.

After FAME-II expired on April 30, the ministry introduced the Electric Mobility Promotion Scheme (EMPS) 2024 with ₹500

crore as a bridging measure, further reducing incentives to ₹10,000 for electric two-wheelers and ₹50,000 for electric three-wheelers. As the incentives under PM E-DRIVE are similar to those offered in the EMPS, the hit for the customer is not expected to be much, officials said.

The government's decision to further reduce incentives reflects the increasing penetration of EVs in the country and aligns with a global trend of tapering subsidies as markets become more EV-ready, the Ministry of Heavy Industries said.

"Subsidies are being reduced because they cannot be sustained indefinitely. Governments worldwide are gradually scaling back subsidies," Union Minister for Heavy Industries H D Kumaraswamy told this paper on Thursday.

Earlier this week, Union Minister of Road Transport and Highways Nitin Gadkari said while he had no issue with the Ministries of Finance and Heavy Industries providing subsidies for EVs, he

felt subsidies might not be necessary.

He anticipates within two years, the cost of petrol and diesel vehicles would be comparable to that of electric vehicles.

The government is aiming, through the scheme, to increase the penetration of e2Ws to 10 per cent and e3Ws to 15 per cent of new sales.

The scheme will adhere to strict guidelines, including a localisation requirement at over 50 per cent. The Ministry of Heavy Industries plans to roll out the scheme on October 1.

Players enrolled in the EMPS will not require new certifications because the government is subsuming the EMPS in PM E-DRIVE.

However, beneficiaries of the new scheme will need an e-voucher, which they will receive after completing a facial authentication process through the Unique Identification Authority of India.

The dealer must then upload a signed copy of the voucher to register the vehicle.