FAME-II NEARS END

Govt rolls out ₹500 cr plan to promote e-mobility

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The Centre on Wednesday announced a new scheme, the Electric Mobility Promotion Scheme (EMPS), 2024, to promote the sale of electric two-wheelers (e2W) and three-wheelers (e3W) in the country.

Heavy Industries Minister Mahendra Nath Pandey said that the Centre has allocated ₹500 crore for the new scheme, which will be valid for four months from now.

The upcoming scheme is set to debut on April 1, supplanting the current Faster Adoption and Manufacturing Electric Vehicles- Phase-II initiative. "The new scheme stands as a testament to the government's endeavours to promote electric mobility and achieve Net Zero targets. The allocated ₹500 crore will be utilised to support around 400,000 e2W and e3W over a span of four months," Pandey said. To address the increasing demand and alleviate the burden on EV makers, the government has lowered the maximum subsidy cap for e2W to ₹10,000 per vehicle from the previous ₹22,500, and for e3W to ₹50,000 from ₹111,505. Both categories of vehicles will receive an incentive of ₹5,000 per kilowatt-hour (kWh).

ELECTRIC PUSH

	Support target	Max cap (per vehicle)	Outlay (₹ Cr)
e2W	333,389	₹10,000	333
e3W (e-rickshaw)	13,590	₹25,000	34
e3W (L3-e-rickshaw with larger battery)	13,590	₹50,000	126

Note: ₹7 crore will go for administration expenses

Source: Ministry of Heavy Industries

"The reduction in subsidy amount is a response to high demand. The objective is to bolster the industry while preparing it for a post-subsidy environment. Subsidies cannot be sustained indefinitely," the minister said.

All players intending to receive incentives under the upcoming scheme will have to undergo re-registration. The ministry is planning to unveil guidelines for the EMPS in the coming days.

Despite the government offering incentives for the e2W and e3W categories, no such incentives will be granted to e4W and e-buses under the new scheme.

This decision comes despite appeals from several e4W players, including the industry leader Tata Motors, who have advocated for extending FAME-II for the category by another three years.

Government officials stated that the reason for excluding e4W and e-buses categories from the upcoming scheme is due to the presence of existing schemes such as Auto PLI and PM-eBus Sewa Scheme.

"The Auto PLI and PM-eBus Sewa Scheme are already in place for e4W and buses. Currently, the EMPS will exclusively concentrate on e2W and e3W categories," the minister said. Government data shows that under FAME I, about 2,78,000 pure EVs were supported with total demand incentives of ₹343 crore. FAME II started in April 2019 with an outlay of ₹10,000 crore for a three-year period, but then extended to March 2024.

Electric vehicle (EV) sales this year have witnessed a robust increase of over 45 per cent so far, notwithstanding the subsidy cuts and regulatory shifts. Total EV registration figure in 2023 is just shy of 1.5 million units, significantly higher than last year's score of a little over 1 million.