

FAME-II: Centre pushes states to place more e-bus orders

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The ministry of heavy industries (MHI) is pushing state governments to place more orders for electric buses to meet the target of 7,090 under the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) scheme. The scheme ends in a year, but the deployment of e-buses by states under the plan stands at 31 per cent (2,232) of the target.

“The ministry has set a target of deploying around 3,000 buses by the end of this calendar year,” a senior ministry official said.

To achieve this year’s target, the ministry is reaching out to states like Maharashtra, Uttar Pradesh, and Karnataka, and has so far managed to get orders for 1,506 more buses.

Since the FAME-II’s launch in April 2019, the ministry has sanctioned 6,315 electric buses to 65 cities/state transport undertakings/state government entities for intra-city operations. However, it has been able to secure state tenders for just 3,738 buses, Union Minister of State for Heavy Industries Krishan Pal Gurjar told Lok Sabha last week.

FAME-II was launched with an outlay of ₹10,000 crore for a three-year period, but was extended till March 2024. “Our targets are not being achieved because we have to depend on state governments’ orders. They show little interest in buying electric buses. Some states like Tamil Nadu, Rajasthan, Madhya Pradesh and Punjab have shown little interest in buying electric buses,” the official said.

The MHI takes applications from state governments and issues tenders to electric bus manufacturers. States are reluctant because of the high cost. Each electric bus costs more than Rs 1.2 crore, about five times that of a diesel one.

The Centre has been pushing for more electric vehicles as the transport sector is responsible for 13.5 per cent of India’s energy-related carbon dioxide emissions, with road transport accounting for 90 per cent of the sector’s total final energy consumption, according to an International Energy Agency report published in 2020.

The FAME scheme provides subsidy of ₹20,000 per kWh for e-buses with a cap of 40 per cent of the vehicle’s cost and a maximum ex-factory price limit of ₹2 crore. According to the FAME-II guidelines, the approximate size of battery in a e-bus is 250 kWh.

A majority of the buses that are sold in the country avail of FAME subsidy. Under the FAME-II, the total fund support for buses is ₹3,545 crore. FAME-II primarily focuses on supporting electrification of public and shared transportation, and aims to support through demand incentive 7,090 buses, half a million three-wheelers, 55,000 passenger cars and one million two-wheelers.

Government data shows that under FAME-I, about 278,000 pure EVs were supported with total demand incentives of ₹343 crore. Under the first phase, 425 electric and hybrid buses were deployed across various cities with government incentives of about ₹280 crore. The government almost doubled the allocation for FAME-II in the FY24 Budget to ₹5,172 crore. Under the scheme, it has so far spent ₹3,889.94 crore.



GREEN RIDE

7,090 buses: Deployment target under FAME-II

6,315 buses: Sanctioned

3,738 buses: Tenders issued

2,232 buses: Deployed as of February 7

TN offers sops to firms, users

Tamil Nadu will encourage electric vehicles (EVs) by offering incentives to manufacturers, customers and charging-infrastructure providers, announcing a new policy after seeing investment interest of around ₹24,000 crore in the past five years. Incentives for manufacturers under the Tamil Nadu Electric Vehicles Policy 2023 include 100 per cent reimbursement on state goods and



services tax (SGST), investment- or turnover-based subsidy, and advanced chemistry cell subsidy. The state for five years will fully exempt tax on electricity purchased from its discom, exempt stamp duty and subsidise

land cost. In the past five years, the state has seen EV projects with employment potential of 48,000 jobs. Tamil Nadu will gradually make a substantial share of its public transport EV based. State transport utilities will be encouraged to electrify fleets through loan programmes from multilateral agencies. The state may increase the share of electric buses to 30 per cent of the fleet by 2030.

For people using EV, there will be exemptions and waivers on road tax, registration charges and permit fees. This is in addition to purchase incentives ranging between ₹5,000 and ₹10 lakh. The state will develop bus-charging infrastructure through budgetary allocations and exploring the option of providing the infrastructure as a service for private operators. Private buses, school and college vehicles will be encouraged to switch to EV.

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