

Govt cuts FAME-II subsidy for e-2Ws to ₹10,000/kWh

Maximum subsidy cap of 40% of the ex-factory price also decreased to 15%

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The Centre has decided to slash the Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles (FAME-II) subsidy of electric two-wheelers to ₹10,000 per kWh, from the existing ₹15,000 per kWh. The existing maximum subsidy cap of 40 per cent of the ex-factory price of the vehicle has also been brought down to 15 per cent, senior government officials said.

The move came as the ₹2,000-crore outlay for supporting electric two-wheelers was about to get exhausted months before the March 2024 deadline of the scheme. The government has already disbursed subsidies for around 80 per cent electric two-wheelers of the targeted 1 million.

Union Minister of Heavy Industries Mahendra Nath Pandey called the move “a positive step towards sustainable transportation solutions in India”.

“As demand for electric two-wheelers continues to grow, the government is committed to providing necessary support to the industry to ensure sustainable growth and reduce carbon emissions. The consensus reached during the stakeholder consultation signals a positive step towards sustainable transportation solutions in India,” Pandey said.

According to the data from the Ministry of Heavy Industries (MHI), 792,529 vehicles were sold under the scheme until February 15, 2023. The ministry took the decision after having industry consultations.

“Manufacturers present at the consultation expressed their concerns about this subsidy being nearly utilised and proposed that the scheme outlay of ₹2,000 crore may be enhanced while correspondingly reducing the subsidy per vehicle,” an official said.

The proposed increase in the scheme outlay and reduction in subsidy per vehicle may enable longer government support for the e-2W segment.

At present, the subsidy for EV makers ranges between ₹17,000 and ₹66,000 per electric two-wheeler. After the new notification, the subsidy for each E2W would come down to ₹15,000-₹20,000 per electric vehicle.

When launched, FAME II had a provisioning of ₹10,000 per kWh. It was



SUBSIDY AT PRESENT

₹15,000 per kWh with a maximum cap of **40 per cent** of the ex-factory price of the vehicle

₹60,000: Maximum subsidy that can be claimed

SUBSIDY AFTER REVISION

₹10,000 per kWh with a maximum cap of **15 per cent** of the ex-factory price of the vehicle

₹22,500: Maximum subsidy that can be claimed

Note: *Maximum ex-factory price is ₹1.5 lakh

Govt to issue notices to more companies

The government will issue notices to more companies that have been found violating localisation norms under the FAME-II scheme, seeking to debar them and recover incentives claimed by them since FY 2019-20, an official said on Wednesday. Also, the Heavy Industries Ministry will resume disbursement of subsidies under the scheme shortly as reports of most of the firms under the ambit of the audits being conducted by the vehicle testing and validation agencies have been received, the official said. The government recently sent notices to Okinawa Autotech and Hero Electric for debarment from the FAME-II Scheme. **PTI**

increased to ₹15,000 per kWh as there was low demand for electric two-wheelers then.

“As E2W demand has picked up, reducing the subsidy will save money and prepare consumers and manufacturers to adjust to the non-subsidised future,” said a person privy to the government’s decision.

Electric two-wheelers constituted more than 60 per cent of the over 1 million EVs sold in FY23.

Since the launch of FAME II in April

2019, around 975,000 E2Ws have been sold (until March 4, 2023). Of this, around 65 per cent vehicles were sold in the current financial year. The scheme is in effect for five years with a total budgetary support of ₹10,000 crore.

The government nearly doubled the allocation for FAME II in the Budget for FY24 to ₹5,172 crore. Under FAME II, the Centre has, so far, spent ₹3,889.94 crore.

FAME II primarily focuses on supporting the electrification of public and shared transportation.