

# Ather looks to withhold claims under PM E-Drive

## PMP compliance hits roadblock as China curbs magnet supply



**SURAJEET DAS GUPTA**

New Delhi, 15 August

Indian electric scooter maker Ather Energy has become the first company to inform the Ministry of Heavy Industries it will withhold subsidy claims under the PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-Drive) scheme if manufacturing changes are required in approved models for reasons beyond its control. The issue stems from difficulties in meeting the phased manufacturing programme's (PMP's) localisation requirements for traction motors.

Under the scheme, the government offers companies ₹5,000 per vehicle if they meet the PMP requirements for PM E-Drive. Customers will continue to receive the subsidy upfront from Ather. Based on the company's projected August sales of over 13,000 units, not claiming the subsidy could cost it more than ₹6.5 crore a month.

With China halting exports of heavy rare earth magnets used in motors assembled in India, Ather has been sending motor subassemblies from India to China, where suppliers fit the magnets before shipping them back.

However, PMP norms require both the motor and magnet to be assembled in India for a company to qualify for the subsidy — a condition Ather currently cannot meet.

Ather has said it remains committed to PMP compliance, but the magnet supply disruption affects a specific requirement that is beyond its control. The company clarified it will withhold demand incentive claims for vehicles produced during this period until the ministry grants approval.

Several of Ather's competitors have approached the Ministry of Heavy Industries seeking temporary exemptions from the requirement that motors and magnets be assembled in India for subsidy eligibility until Chinese supplies resume or alternatives are tested.