

ELECTRIC MOBILITY PROMOTION SCHEME

e2W makers fear ₹300 crore blow from new scheme

OEMs meet ministry officials, flag four key concerns

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Electric two-wheeler makers are learnt to have raised serious concerns about the new Electric Mobility Promotion Scheme (EMPS) 2024 for subsidies, which they estimate could result in a hit of over ₹300 crore.

The Ministry of Heavy Industries (MHI) notified the operational guidelines for EMPS 2024 late on Wednesday, with an outlay of ₹500 crore for the four months beginning April 1, replacing the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME-II) scheme.

Under the new scheme, the subsidy for electric two-wheelers has been halved to ₹5,000 per kilowatt hour, with a cap of only ₹10,000 per vehicle (down from over ₹22,500 previously).

The scheme also includes



electric three-wheelers, which face similar issues. Major players affected include Mahindra & Mahindra (M&M), Kinetic Motors, Bajaj Auto, TVS Motor Company, Ola Electric, Ather Energy, Piaggio, and Hop Electric.

In a meeting between the companies and top officials of MHI, certifying agencies, and IFCI — the project management agency — on Thursday,

ROADBLOCKS

■ Unregistered vehicles on which FAME subsidy has been passed to customers will not be eligible under the new scheme, say OEMs

■ Vehicles manufactured before EMPS validity period not eligible for subsidy under the scheme

■ e2W firms will bear loss due to subsidy not being given on such vehicles

original equipment manufacturers (OEMs) raised four key areas of concern, sources said.

Firstly, vehicles retailed but not registered under FAME-II will not be eligible under the EMPS, resulting in a loss for the OEMs. Those attending the meeting included Bajaj Auto, M&M, Kinetic Motors, Ola Electric, Ather, TVS, and Piaggio, among others. Turn to Page 7

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Secondly, thousands of vehicles currently with OEM dealers across the country were manufactured before the EMPS validity period, making them ineligible for subsidy under the new scheme, imposing a huge financial burden on OEMs.

Thirdly, there are several vehicles at OEM factories across the country that will not qualify for subsidies under either FAME-II or the new scheme, leading to a punitive financial impact on OEMs. Ministry officials clarified that all vehicle inventories, whether with dealers, in factories, or in warehouses, will not be eligible for subsidy under the new EMPS from April 1.

Fourthly, OEMs expressed concern that EMPS certificate issuance and approval by the Ministry of Heavy Industries will take considerable time, with recertification under the new scheme taking anywhere between 30 days and 45 days. This delay means companies might not receive their subsidy in the first one and a half months of the four-month scheme.

A top executive of an electric two-wheeler manufacturer said: “The terms of EMPS are ridiculous — OEMs have to first re-register through a new application form, re-register all their dealers, as well as all their vehicles if they want a subsidy. The rules state that only vehicles manufactured after EMPS certificate approval will be covered under the new subsidy scheme.”

Electric two-wheeler company executives note that the industry typically maintains an inventory of over a month, around 100,000 vehicles, making it challenging to liquidate these stocks without offering major discounts.

However, sources at the meeting suggested a seamless transfer of vehicles from the FAME-II portal through back-end management, as the same project management plan, efficiency, eligibility criteria, and warranty terms would apply in the new scheme.

They also proposed that OEMs could provide an undertaking letter confirming the details submitted earlier for FAME-II.

According to sources, MHI officials said they would consider the proposal, although a new EMPS portal is still a work in progress. They reiterated that a vehicle would only be eligible for subsidy after registration, not after sale.

Under the scheme, each OEM wishing to test its electric vehicles (EVs) for EMPS 2024 eligibility must send them to testing agencies along with documents. The testing agency will then randomly select EVs and batteries from the manufacturing plant before issuing EMPS certification.

