

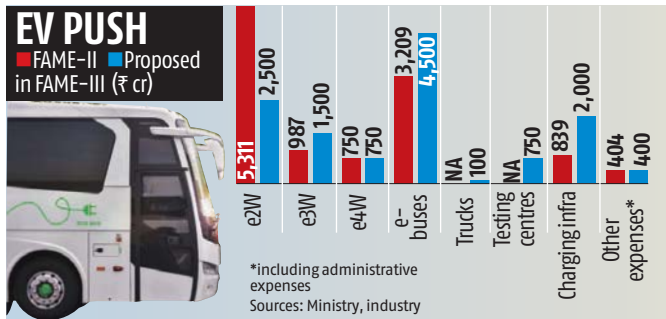
FAME-III set to power e-buses this Budget

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New Delhi, 23 January

The third phase of the FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles) scheme, expected to be proposed in the upcoming Union Budget, is likely to give a boost to electric buses. From ₹3,209 crore in FAME-II, the allocation for e-buses is likely to rise to ₹4,500 crore under FAME-III, sources in the government have indicated.

The primary emphasis of the third phase will be on enhancing the public mass transportation



sector, bolstering charging and adoption of alternative fuel vehicles like hydrogen-powered ones, *Business Standard* has learnt.

FAME-III has got in-principle approval from the government with a budgetary allocation of ₹12,500 crore for a two-year

period, an official at the heavy industries ministry said on condition of anonymity.

Plans are also being drawn up to reduce the allocation for electric two-wheelers to ₹2,500 crore from ₹5,311 crore.



are confident regarding the future viability of the company. Based on legal opinion, the management is of the view that the Term Loan B will unlikely be required to be paid in the foreseeable future. Accordingly, these financial statements for FY22 have been prepared on a going-concern basis.

The documents also detailed the status of the search conducted, various notices, and summons received by the holding company and its officials from the Directorate of Enforcement (ED).

The management claimed to have submitted all information to the ED.

FAME-III...

The government is considering a reduction in funds for electric two-wheelers (e2Ws) due to a surge in electric vehicle penetration in this segment, unlike buses which experienced a decline. The penetration of the electric variant in the two-wheeler category has risen to 5 per cent in 2023 from 4 per cent in 2022. In contrast, the penetration of electric buses has decreased to 3.3 per cent in 2023 from 4.6 per cent in 2022.

In addition to the e-bus segment, another focus area for FAME-III is charging infrastructure. The scheme aims to earmark ₹2,000 crore for the development of EV-ready highways. "The aim of the scheme is to create EV-ready highways, which could facilitate the expansion of intercity transportation," the official quoted above said.

The government plans to allocate ₹750 crore to enhance EV testing infra at facilities such as the International Centre for Automotive Technology in Manesar, Automotive Research Association of India as well as National Automotive Test Tracks in Pune, and Global Automotive Research Centre in Chennai.

"The fund aims to

transform India into a global hub for EV testing. The overhaul is expected to substantially reduce vehicle testing times as well," another person privy to the developments said.

With FAME-II's deadline ending on March 31, the government is gearing up to declare an extension shortly. While there is a possibility of the scheme being included in the Interim Budget, sources hinted that the intent so far was to feature it in the Budget after the formation of the new government.

"Until the full Budget is presented after the general election, the scheme is expected to be financed from the contingency fund," said a source.

The scheme is also set to undergo a structural change in its funding approach for buses. The government is considering the introduction of a capex (capital expense) model to fund

buses in hilly and treacherous terrains with shorter routes. Buses are supported under the existing scheme through an opex (operating costs) model for a period of 12 years. All advanced technologies such as hydrogen will also be covered under the scheme.

A sum of ₹1,500 crore has been proposed for the e3Ws, and the e4W category is likely to receive ₹750 crore. Additionally, there is a possibility of an inclusion of e-trucks with a budgetary outlay of ₹100 crore in the scheme.

Government data shows that FAME-I supported around 278,000 pure EVs 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 it was extended to March 2024.

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