

Govt holds back ₹1K-cr subsidies to EV makers

Some firms accused of flouting rules to claim FAME-II benefits

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Mumbai, November 24

FOLLOWING INCREASED SCRUTINY by the Centre on electric vehicles (EVs) to ascertain their eligibility to qualify for subsidies, the process of getting FAME-II approval has stretched for all EV players. The government has held back subsidy disbursements totalling more than ₹1,000 crore for most part of the year, claim EV makers. The disbursements are yet to resume.

A few weeks ago, the ministry of heavy industries sent notices to a few electric two-wheeler makers, including top-sellers like Hero Electric, Okinawa and Ampere Vehicles to check if the components they use in their models are made in India or not.

The entire electric two-wheeler industry has come under the government scanner after accusations surfaced of alleged violations of localisation rules under the Faster Adoption and Manufacturing of Electric and Hybrid Vehicles (FAME-II) scheme. Some companies have been accused of claiming government benefits without meeting the mandatory 50% local sourcing rule.

Amit Kalyani, deputy managing director, Bharat Forge, said: "I am very happy to report that we have finally got the FAME approval for Tork (Motors). We were actually waiting for this to happen. And because of a lot of technical issues and some maleficence at some of the other two-wheeler manufacturers claiming FAME without actually having indigenous content, the whole scrutiny process was much longer."

Tork Motors is a Pune-based electric motorcycle startup, which is 60% owned by Bharat Forge.

The Centre has set an outlay of ₹10,000 crore for a period of three years starting April 1, 2019. This includes demand incentives to support a number of EVs, including 100,000 electric two-wheelers. An incentive of ₹15,000 per kWh is



IN FOR A ROUGH RIDE

■ A few electric two-wheeler makers, including Hero Electric, Okinawa and Ampere Vehicles, have got notices from the heavy industries ministry

■ There are reports of alleged violations of localisation rules under the FAME-II scheme

■ Hero Electric, one of India's

largest electric two-wheeler makers, is on the radar of the Directorate of Revenue intelligence over alleged violation of norms

given on two-wheelers, capped at 40% of the total cost subject to their fulfilment of stipulated conditions.

"Scrutiny by the government has been stepped up and that's why the pace of demand for electric two-wheelers has become milder in the recent months. We are hoping that the scrutiny process is not long-drawn and the temporary trough in component shipments is eased quickly," a component supplier to a few large EV makers said.

Naveen Munjal-led Hero Electric, one of India's largest electric two-wheeler makers, is on the radar of the Directorate of Revenue Intelligence (DRI) over alleged violation of norms for availing FAME-II subsidies. Several of Hero's models are cleared to avail the Centre's subsidy benefit. The Delhi-based firm has blamed the difference in interpretation of component classification for the issue.

"We are compliant as required by the law. The issue being referred to here is related to the difference of interpretation on the classification of components under a particular

head while computing the duties and is a routine matter that has a structured process of redressing such differences," a Hero Electric spokesperson said.

Hero Electric had received a show-cause notice in late 2020 for evasion of customs duty by misdeclaring the e-scooter/e-bike imported in CKD condition amounting to ₹311 crore on the total assessable value of ₹511 crore. It filed a writ plea against the show-cause notice in the high court. "In the sector of engineering and consumer goods, hundreds of firms have got reprieve from the court in similar cases. DRI continues to seek information across sectors on such issues and we are sharing the same," the firm spokesperson added.

Jeetender Sharma, founder and MD, Okinawa Autotech, said: "We have adhered to all the government-notified guidelines. We have shared all documentation with the testing agencies. We are meeting 50% DVA criteria as per the government norms. Currently, we are continuing the subsidy for dealers and customers."