

Funding crunch stalls Maharashtra's EV push as subsidy dues top ₹3,000 cr

NOT IN SYNC. Lack of coordination between Transport and Finance departments poses a challenge

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Maharashtra's initiative to promote electric vehicles (EVs) is facing hurdles due to nearly ₹3,000 crore in unpaid subsidy dues since FY22, said top industry sources.

Both established automakers and smaller vehicle manufacturers are feeling the impact. For instance, Bajaj Auto is awaiting payment of close to ₹100 crore in subsidies for its electric cargo and passenger three-wheelers, the sources said.

Chairman Rajiv Bajaj has warned the ongoing delays could undermine confidence in the State's EV programmes. When *businessline* reached out to Bajaj Auto, company officials declined to comment on the issue.

Additionally, Mahindra Last Mile Mobility is expecting approximately ₹25-30 crore in incentives, with sources indicating that payments that have trickled in are mostly related to dues from earlier tenures. Subsidy payments over the last two



DOMINO EFFECT. The delays in subsidy disbursement have complicated Maharashtra's broader electric bus rollout plans

to three years are completely stalled, they informed.

COORDINATION ISSUES

Officials and industry insiders attribute the backlog to prolonged coordination and Budget allocation challenges between the Transport and Finance Departments.

Late Ajit Pawar, former Deputy Chief Minister who also held the Finance portfolio, was unable to address the needs of the Transport Department, led by Minister Pratap Sarnaik, and implement the new EV Policy 2025-2030. Maharashtra offers demand incentives of ₹5,000 per kWh of battery

capacity, capped at ₹10,000 for electric two-wheelers, ₹30,000 for three-wheelers, ₹1.5 lakh for passenger vehicles, and up to ₹20 lakh for electric buses.

Following Pawar's tragic demise on January 28, Chief Minister Devendra Fadnavis took control of the Finance department last month, but clarity on the pending dues is awaited.

To gain further insights, *businessline* spoke with Maharashtra's Transport Commissioner Rajesh Narvekar.

"I have just taken charge of the department and have requested officials to brief me on the pending dues owed to various auto-

makers," Narvekar stated.

The extent of the funding shortfall became apparent in January 2026 when the government approved only ₹60 crore for disbursement, ₹30 crore for outstanding claims under the 2021 policy, and approximately ₹26 crore for new incentives under the 2025-26 policy, addressing only a small fraction of the total outstanding amount.

EV BUS INCENTIVES

Public electric bus deployments constitute a significant portion of the unpaid subsidies. Evey Trans Private Ltd, a subsidiary of Olectra Greentech, is awaiting around ₹860 crore in incentives for supplying electric buses, according to industry insiders.

The delays in subsidy disbursement have complicated Maharashtra's broader electric bus rollout plans. The State previously cancelled a ₹10,000 crore electric bus order awarded to Olectra Greentech before reinstating it, highlighting the execution and funding constraints surrounding one of India's

largest e-bus procurement programmes.

Transport Minister Sarnaik has acknowledged that slow subsidy disbursement complicates contract execution. Company representatives note that delayed incentive payments have affected production schedules and vehicle deliveries.

Industry sources also indicate that, due to the ongoing subsidy issues, Olectra is facing difficulty servicing the Maharashtra bus order.

MSRTC'S LOSSES

The financial difficulties facing the Transport department are evident in the Maharashtra State Road Transport Corporation (MSRTC).

A recent white paper by MSRTC revealed that accumulated losses reached ₹10,324 crore in FY24, up from ₹4,603 crore in FY19.

The State-run transporter has recorded profits in only eight of the past 45 years, limiting its ability to fund largescale electrification efforts without consistent budgetary support.