

Govt subsidy halt pushes OEMs to drive EV prices up

Large players, like Hero Electric, claim they are still selling EVs at reduced prices

NITIN KUMAR

New Delhi, 26 January

The halt on Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles (FAME) subsidies by the Centre has pushed defaulter original equipment manufacturers (OEMs) to increase the price of electric vehicles (EVs).

A majority of EV players have increased the prices of their line-up in proportion to the subsidies they had received earlier, or by at least 20 per cent of the subsidy amount.

However, large players, such as Hero Electric, claim they are still selling EVs at subsidised prices.

“We are selling all our products with subsidy benefits despite not getting it from the government for the past 16 months,” said Manu Sharma, spokesperson, Hero Electric.

Although the company has increased the price of its models by ₹8,000-10,000, Sharma said the price changes were due to “enhancement in technologies, not due to subsidy halt”.

Okinawa Scooters, the country’s second-largest electric two-wheeler manufacturer, has also increased prices by ₹10,000-40,000.

Okinawa Scooters did not respond to *Business Standard’s* queries seeking clarification on the subsidy issue.

Both Okinawa Scooters and Hero Electric were on the first list of OEMs to have their subsidies arrested in September.


Of the 64 OEMs registered under FAME II so far, at least 17 have been debarred from seeking subsidies under the scheme, according to data available on the website of the Ministry of Heavy Industries.

The government’s move came in the wake of allegations related to the misuse of subsidy allocation and non-compliance with the standards required to be eligible for these subsidies.

“The prices of Okinawa’s electric scooters, such as the OKHI-90, the iPraise+, and the Praisepro, have increased by ₹40,000, ₹37,000, and ₹13,000, respectively. We are not giving any subsidy from our end,” said an Okinawa dealer in Gurugram.

EV dealers sell at a subsidised price and then apply for subsidy on the

OEMs WITH EXPIRED SUBSIDIES




₹17,000 to ₹66,000
SUBSIDY RANGE

TWO-WHEELERS

- Okinawa
- Hero Electric
- Li-ions Elektrik
- Tunwal E-motors
- Microcon I2i

₹32,200 to ₹108,000
SUBSIDY RANGE

<ul style="list-style-type: none"> ■ Atul Auto ■ Victory Electric ■ Best Way ■ Energy Electric 	<ul style="list-style-type: none"> ■ Thukral Electric ■ Dilli Electric ■ Speego Vehicles ■ Scooters India
--	---



Ministry of Heavy Industries portal.

However, an Okinawa Scooters dealer in South Delhi said it has stopped applying for the FAME subsidy on the government’s website.

“We do not apply for reimbursement of subsidies. The price at which we buy our products has increased. We are selling them at those prices only,” said the dealer.

The subsidy for EV makers ranges between ₹17,000 and ₹66,000 per electric two-wheeler.

It is between ₹32,200 and ₹1.08 lakh for an electric three-wheeler.

According to data on the VAHAN portal of the Ministry of Road Transport and Highways, Okinawa Scooters and Hero Electric contribute to 90 per cent of the total vehicles sold by the 17 excluded OEMs and 20 per cent of the overall 1 million vehicles sold in the country in 2022.

Emails and calls to other ineligible OEMs, such as Atul Auto, Victory Electric, and Thukral Electric Bikes, remained unanswered until the time of going to press.

Speego Vehicles, a three-wheeler manufacturer, whose subsidy was halted in October, has increased the price of its electric rickshaw (e-rick-

shaw) by ₹35,000 — equivalent to the subsidy amount it was getting earlier. Speego Vehicles now sells its e-rickshaw for ₹1.8 lakh.

Dilli Electric Auto, another three-wheeler manufacturer, whose subsidies were cut short, has increased its e-rickshaw price by ₹25,000.

It was earlier receiving a subsidy of ₹36,000 on its e-rickshaw.

“We are now selling without subsidy, but have diluted our profits by decreasing the base cost of our product due to market competition,” said Amit Jhamb, director, Dilli Electric Auto.

According to the EV industry lobby group — the Society of Manufacturers of Electric Vehicles — the total amount of subsidy withheld has breached ₹1,100 crore.

Although the government is investigating the issue, industry players question why OEMs are being forced to swallow the losses if a five-month investigation has come to naught.

“We are paying for a government-sponsored scheme out of our pocket. Why is the government not completing its investigation? If it does not come up with a solution soon, it will become untenable for OEMs to stay in business,” rued an OEM player.