

2 years on, automakers await clearance of FAME-II dues

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Several major automobile makers, such as TVS Motor, Ather Energy, and Tata Motors, are still waiting for the government to clear their dues under the FAME-II scheme, even though the scheme ended two years ago, *Business Standard* has learnt.

Under FAME-II, automakers provided subsidies to electric vehicle (EV) customers at the time of purchase, with the understanding that the government would reimburse the firms later.

Officials of the Society of Indian Automobile Manufacturers (Siam) recently met Ministry of Heavy Industries (MHI) officials and raised the matter about pending dues again, especially as the financial year is ending.

“Tata Motors, TVS Motor, Ather Energy and OPG Mobility (formerly Okaya EV) are among those awaiting payments from the MHI. The pending dues run into tens of crores,” an industry executive said.

The executive also expressed concern that funds earmarked for clearing FAME-II dues could lapse if not utilised before March 31, as unspent allocations are typically returned by ministries to the Finance Ministry at the end of a financial year. This has created uncertainty over whether the funds would be reallocated if approvals come after March 31. Ideally, the amount set aside should be used to clear pending dues within the current financial year, the executive said.

A second industry execu-

Bumpy ride

- Pending dues run into tens of crores, say executives
- Risk of funds to lapse as financial year ends
- Delay impacts balance sheets, financial reporting of listed OEMs
- Portal glitches, 120-day rule blocked valid subsidy claims



tive said that clarity from the MHI on the timeline for payments is critical, particularly because many of the affected original equipment manufacturers (OEMs) are listed and need visibility on receivables for accurate balance sheet preparation and financial reporting.

“Auditors may ask companies to make provisions for dues if there is uncertainty over recovery, as per accounting norms. These provisions are treated as expenses and can reduce net profit, though this depends more on the likelihood of recovery than just how long the dues have been pending,” the second executive said.

The delay is worrying for two-wheeler and three-wheeler makers, which were among the largest beneficiaries of the scheme, the second executive said. The issue is not new. In a letter dated April 30 last year, Siam had written to the MHI seeking intervention for the release of pending FAME-II dues.

In the letter, Siam flagged that several member companies had not received “pre-receipts” for their claims. These are acknowledgements generated by the government system before the final subsidy payment is released to manufacturers.

Siam also noted that some companies had submitted clarifications for rejected claims, but those cases were still pending. A key concern raised related to the 120-day submission rule under the scheme. According to policy, dealers were required to submit sales claims to OEMs within 120 days of the invoice date, after which OEMs would upload them on the government portal for reimbursement. Siam said technical glitches in the FAME-II portal prevented timely submission in several cases, resulting in valid claims being excluded once the system automatically locked entries after the deadline.

The industry group also

sought reconsideration of claims rejected for being submitted beyond the 120-day limit, arguing that OEMs had approved cases within the stipulated period but were unable to complete submission due to portal-related issues. It further clarified that the “claim creation date” should not be treated as the actual submission date, as the portal distinguishes between the two.

Despite repeated follow-ups, Siam had noted in its letter that dues remained unsettled, and had urged the MHI to provide clarity on the timeline for disbursement, warning that the lack of communication was creating uncertainty for companies.

MHI, Siam and the four aforementioned automakers did not respond to *Business Standard*'s emails.

Launched in April 2019 with a budget outlay of ₹11,500 crore, FAME-II aimed to accelerate electric vehicle adoption by making EVs more affordable. The scheme targeted support for 1 million electric two-wheelers, 500,000 three-wheelers, 55,000 passenger vehicles and 7,000 buses. It ended on March 2024.

Under the scheme, manufacturers provided upfront discounts to buyers at the time of purchase, effectively reducing EV prices. The government later reimbursed these discounts to the companies. To qualify for the subsidy, manufacturers had to meet localisation requirements under the Phased Manufacturing Programme, which mandated that at least 50 per cent of the vehicle's value be sourced domestically.