FAME 3.0 likely only if funds in surplus

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TAKING STOCK

(In ₹ crore)

	Budget allocation	Fund utilisation
FY20	500	500
FY21	318.36	318.36
FY22	800	800
FY23	2,903.08	1,217*
FY24	5,171.97	NA

*Fund utilised till February 28

Source: Reply by Ministry of Heavy Industries in Rajya Sabha

The Centre will take a call on the third leg of the faster adoption and manufacturing of (hybrid &) electric vehicles (FAME) if funds are left at the end of the current fiscal year, senior government officials told *Business Standard*.

"The aim is to exhaust all the remaining funds by the end of this fiscal year. However, if not spent, the Cabinet will have to take a call on extension," a senior official said.

This came after electric vehicle (EV) makers told the heavy industries ministry that they would be devoid of incentives once the FAME II lapsed.

"There is a sentiment that there are incentives only for newcomers and large companies in production-linked incentive (PLI) Auto. The mid-sized EV makers who have benefitted through FAME are asking for extensions," the official said.

As the FAME deadline ends on March 31, 2024, the government is banking on PLI for automobile and auto manufacturers to boost electric mobility in India. FAME II commenced in April 2019 with an outlay of ₹10,000 crore for a period of three years but was extended to March 2014. However, as of February 28, only ₹2,835 crore was spent. "We plan to send the remaining more than ₹5,000 crore," the official said.

A few weeks ago, a Parliamentary Standing Committee on Industry and Estimates asked for a resolution and revival of the e-mobility revolution in India and recommended continued patronage of the FAME II policy.

While the FAME II has been successful in encouraging the adoption of EVs in the country, allegations relating to the misappropriation of funds by bypassing the localisation and ex-factory price norms have dampened the sentiments. More than a dozen original equipment manufacturers are under the ministry's scanner for misappropriation.

SOP for auto PLI

The Union government on Thursday also issued a standard operating procedure (SOP) for availing of benefits under the ₹25,938-crore PLI scheme for the automobile and auto component industry.

Concerns regarding strict domestic value addition (DVA) clauses in the scheme have been addressed in the SOPs.

Union Minister for Heavy Industries Mahendra Nath Pandey said these SOPs would not only help increase the manufacturing foothold.

"These SOPs will ensure that all the processes are streamlined and followed uniformly. With this, any errors or discrepancies will be quickly identified and rectified. It will ultimately lead to better governance and accountability," Pandey said.

A committee headed by ARAI Pune director was constituted with members comprising all testing agencies iCAT Manesar, NATRAX, Pune, GARC Chennai, and IFCI to make an SOP for calculating DVA. IFCI, which manages PLI, will also monitor the implementation of the scheme and compliance with commitments that beneficiaries have made.

To keep a check on claims of beneficiaries, the ministry will also do random verification of claims made by manufacturers through goods and service tax and Customs data.