

# Electric 2-wheelers may see end of subsidy soon

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**New Delhi:** The subsidy for electric two-wheelers is expected to end in a few weeks as the government is not keen on introducing the third phase of Faster Adoption and Manufacturing of Electric Vehicles or FAME III, a scheme being pushed by the heavy industries ministry in the wake of demand from domestic producers.

While the finance ministry had opposed the plan, other wings of the government also see merit in North Block's reluctance. As the government had reduced the subsidy earlier this year, the demand for electric two-wheelers had come down but now it seems to be stabilising, resulting in government officials arguing that the transition to the cleaner-fuel vehicles will happen in natural course also because of the economics behind running them despite the higher capital cost.

By the time FAME II, which is available to two-, three- and four-wheelers used for public transport, ends in the next few weeks, the government is hoping to see around 10 lakh two-wheelers get the subsidy, following

## FAME III UNLIKELY

### FAME II Details

**₹10,000 Cr**

Three-year outlay for phase-II of FAME scheme, commencing from April 1, 2019

➤ Aimed to generate demand by supporting 7,000 e-buses, 5 lakh e-3 wheelers, 55,000 e-4 wheeler passenger cars (including strong hybrid) and 10 lakh e-2 wheelers



### What's the outcome?

➤ Electric two-wheeler demand has picked up in southern and western India. It is still low in North and East

### Why no phase III?

➤ Govt officials feel that the transition to cleaner-fuel vehicles will happen in natural course due to the economics behind running them

➤ Irregularities under FAME by some companies may have forced a decision against any fresh support

reallocation of funds in the wake of demand from local players. The scheme had an allocation of Rs 10,000 crore.

The heavy industries ministry had gone with a more ambitious plan, which has so far not found support. The unwillingness to have a third phase comes at a time when the government is looking at a new scheme to encourage high-end electric car makers such as Tesla and the others to manufacture in India for the domestic and export markets. The scheme is currently being discussed within the government and could be like a production-linked incentive

mechanism or phased manufacturing plan. Besides, the irregularities under FAME by some of the companies may have also forced a decision against any fresh support.

While electric two-wheeler demand has picked up in the southern and western parts of the country, there is low demand in the North and East and manufacturers of these companies are hoping that a fresh lease of life will make these vehicles have a bigger pan-India footprint at a time when large investment is going into creating a charging infrastructure and there is greater awareness.