

FAME-III may encourage charging, cut subsidies

The scheme may set aside up to ₹2,000 crore to encourage charging networks

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NEW DELHI: The upcoming FAME-III scheme to encourage clean transport may give a lift to charging networks, even as the Centre looks to slowly reduce the hefty vehicle subsidies that fuelled an EV revolution in India. According to two officials with direct knowledge of the matter, the scheme may set aside up to ₹2,000 crore to encourage charging networks, critical for wider adoption of electric vehicles.

Alongside, the next edition of FAME will hack subsidies for all EV categories, as part of a plan to taper all federal subsidies on EVs. FAME is short for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India. The second edition of FAME ended in March this year.

"Subsidies have to come down now across the board. They will be lower than in



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FAME-II," one of the two people said, adding, "Not everyone in the government is in agreement on whether electric four-wheelers should be offered incentives under FAME-III."

Meanwhile, officials at the heavy industries ministry are discussing a national charging policy, though its scope and methodology are not clear, since power is a state subject. The ministry has also held talks with government and industry officials as well as the prime minister's office to chalk out a comprehensive action plan for building a charging infrastructure, seeking feedback on

whether they need to be installed along highways or in cities, the standards they need to follow, and the type of output required. "In our base case scenario, we have built in the continuation of current reduced incentives till the end of FY25 and progressively nil incentives in FY26. We have seen historically that once subsidy reduces, volumes get impacted for a couple of months and then come back," Jay Kale, senior vice-president at equity research firm Elara Capital said.

After FAME-II concluded, the government rolled out Electric Mobility Promotion Scheme

(EMPS), a ₹500 crore scheme solely for electric two- and three-wheelers that will run till July 2025. According to the people cited above, FAME-III may offer subsidies at the same levels as EMPS, or lower.

Queries emailed to ministries of heavy industry and finance remained unanswered.

Industry bodies such as SIAM have pushed for battery swapping incentives under FAME-III, but there is no decision in this respect. Additionally, the government is also likely to consider harmonizing standards for FAME & PLI in the new iteration of the scheme.

The Union cabinet is yet to clear FAME-III, and hence, it may not feature in the Union budget on 23 July, the people cited above said on the condition of anonymity. The final contours of the scheme are still being worked out.

A top executive with an electric two-wheeler maker said the "industry will not be disappointed" with the limited incentives under consideration. Under EMPS, the maximum incentive available for an e-two-wheeler is ₹10,000 per, down from ₹60,000 earlier.