

FAME 2 subsidy on electric vehicles could be slashed to Rs 10,000 per KW, max cap at 15% of vehicle cost

The Ministry seeks to bring down the subsidy offered on electric two-wheelers from the existing Rs 15,000 per KW to Rs 10,000 per KW.

The extension of FAME 2 scheme which has been in the news for a while, and subsequently its impact on adoption and sales of electric vehicles has been perplexing.

In fact, there have been various rumours varying from the government focussing more on the electric bus segment to the complete halt of subsidies, but no final decision has yet been officially announced.

But in a recent development, it is learnt that the Department of Heavy Industry ministry has proposed a new formula to determine the subsidy for electric vehicles supported in India.

The Ministry seeks to bring down the subsidy offered on electric two-wheelers from the existing Rs 15,000 per KW to Rs 10,000 per KW.

The maximum cap on subsidy is also expected to be brought down to 15 percent of the MRP from the current 40 percent.

| FAME 2 SUBSIDY | | | |
|----------------------------|--------------------------|---|--|
| Electric two-wheeler price | Average battery capacity | Current subsidy @ 40% / Rs 15,000 per KW (whichever is lower) | Proposed subsidy @ 15% of vehicle cost / Rs 10,000 per KW (whichever is lower) |
| Rs 150,000 | 3.5 KW | Rs 52,500 | Rs 22,500 |
| Rs 130,000 | 3 KW | Rs 45,000 | Rs 19,500 |
| Rs 100,000 | 2.2 KW | Rs 33,000 | Rs 15,000 |

This in turn could bring in more models that could get FAME 2 subsidy, but each vehicle would get less amount of subsidy. The government targets to see the FAME 2 scheme supporting sales of over a million electric vehicles by next year.

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Express mobility

