

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY
LOK SABHA
STARRED QUESTION NO. 398
ANSWERED ON 23.03.2021

PROMOTION OF ELECTRIC VEHICLES

**398. SHRI SANGAM LAL GUPTA:
SHRI CHANDRA PRAKASH JOSHI:**

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES **भारी उद्योग एवं लोक उद्यम मंत्री** be pleased to state:

- (a) whether the Government has taken/proposes to take steps to promote manufacturing and usage of Electric and battery eco friendly vehicles in the country and if so, the details thereof;
- (b) whether any time limit has been or proposed to be fixed for converting all the vehicles in the country into electric and battery eco friendly vehicles and if so, the details thereof;
- (c) whether the Government offices were directed to take action in this regard during 2018- 2020;
- (d) if so, the details thereof along with the number of vehicles for use in such Government offices which have been replaced during the said period; and
- (e) whether there is any proposal to provide incentives to the common people for purchasing electric or battery operated vehicles so as to check pollution in the cities and if so, the details thereof?

ANSWER

THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
(SHRI PRAKASH JAVADEKAR)

(a): Yes, Sir. Department of Heavy Industry (DHI) has formulated a scheme namely Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme in 2015 to promote adoption and manufacturing of electric/hybrid vehicles (xEVs) in India. Phase-II of FAME India Scheme is being implemented w.e.f. 01st April, 2019 for a period of 3 years with a total budgetary support of Rs. 10,000 crores. This phase focusses on supporting electrification of public & shared transportation and aims to support, through subsidies, 7090 e-Buses, 5 lakh e-3 Wheelers, 55000 e-4 Wheeler Passenger Cars and 10 lakh e-2 Wheelers. In addition, creation of charging infrastructure is also supported to address range anxiety among users of electric vehicles. The details of the scheme as notified is at ANNEXURE-I.

(b): No, Sir.

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(c) & (d): Ministries/ Departments and their attached offices, located in Delhi are encouraged to switch over to electrical mobility. Energy Efficiency Services Limited (EESL) under the Ministry of Power have completed the procurement process of 10,250 electric cars, out of which 1,131 e-cars have been deployed at pan India level to various government departments, Ministries at Central and State level, PSUs, shared mobility operators etc. These e-cars are being given on lease/ outright purchase basis to replace the existing petrol and diesel vehicles taken on lease earlier.

(e): Yes, Sir. Under FAME-India Scheme Phase-II, incentives are being provided to purchasers of electric vehicles in the form of an upfront reduction in the purchase price of Electric Vehicles used for public transport or those registered for commercial purposes for e-2W, e-3W and e-4W. Further, privately owned registered e-2W is also covered under the scheme. The demand incentive provided to the purchasers of these electric vehicles is linked to the battery capacity. An incentive of Rs. 10,000/KWH is given subject to capping at 20% of the cost of these vehicles.

MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

(Department of Heavy Industry)

NOTIFICATION

New Delhi, the 8th March 2019

S.O. 1300(E).—Scheme for Faster Adoption and Manufacturing of Electric Vehicles in India Phase II (FAME India Phase II).

Background:

1. Department of Heavy Industry had launched a scheme, namely Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India), for promotion of electric and hybrid vehicles with an outlay of Rs.795 Crore vide S.O. 830 (E) dated 13 th March 2015.
2. Phase I of the FAME India Scheme was initially approved for a period of 2 years, commencing from 1st April 2015. The scheme has been extended from time to time, with the present extension being up to 31st March 2019 and with an enhancement in outlay from Rs. 795 Crore to Rs. 895 Crore.
3. Para 11 of the Notification of Phase-I of FAME Scheme provides for review of Phase-I based on outcome and experience gained during this phase as well as with inputs from stakeholders for implementation with appropriate allocation of funds in the future.
4. Accordingly, after review of the phase I, Department of Heavy Industry formulated the Scheme for Faster Adoption and Manufacturing of Electric Vehicles in India Phase II (FAME India Phase II) with the approval of Union Cabinet as per the scheme parameters given in subsequent paragraphs.

Scheme Parameters: General:

5. The scheme is proposed to be implemented over a period of 3 years, w.e.f 1st April 2019, for faster adoption of electric mobility and development of its manufacturing eco-system in the country.
6. An Inter-Ministerial Empowered Committee “Project Implementation and Sanctioning Committee (PISC)” headed by Secretary (Heavy Industry) shall be constituted for overall monitoring, sanctioning and implementation of the scheme as per the composition given in Annexure 1.
7. This committee will have the power to sanction assistance for projects under the scheme and modify parameters for various components and sub components of the scheme including their outlay depending on emerging requirements with the overall objective of enhancing the coverage of e-mobility. This committee will also be the competent authority to decide other scheme parameters for smooth implementation of the scheme as well as to resolve issues as may come during implementation.
8. The scheme is proposed to be implemented through the following verticals:
 - a) Demand Incentives
 - b) Establishment of network of Charging Stations
 - c) Administration of Scheme including Publicity, IEC (Information, Education & Communication) activities.
9. The breakup of fund allocation year wise, component-wise, for the scheme’s duration is given below –
(All amounts are in Rs. Crore)

Sr. No.	Component	2019-20	2020-21	2021-22	Total Fund requirement in crores
1	Demand Incentives	822	4587	3187	8596
2	Charging Infrastructure	300	400	300	1000
3	Administrative Expenditure including Publicity, ICE activities	12	13	13	38
Total for FAME-II		1134	5000	3500	9634
4	Committed expenditure of Phase –I	366	0	0	366
Total		1500	5000	3500	10000

10. To retain flexibility in the implementation of the scheme there shall be flexibility in changing inter se allocation among various components and sub-components and year wise fund allocation. PISC shall be the competent authority to modify fund allocations among different segments and different types of vehicles. This flexibility in the budget will be exercised depending upon the offtake in the different components as well as within different sub components of the scheme.
11. The efforts of the central government to promote e-mobility need supplemental support from State Governments. States need to offer bouquet of fiscal and non-fiscal incentives to be notified separately in order for entities dependent on State support to be eligible for central assistance under this scheme. Some such non fiscal incentives include waiver / concessional road tax, exemption from permit, waiver / concessional toll tax, waiver / concessional parking fees, concessional registration charges etc. States would be encouraged to expand these incentives.
12. Department of Heavy Industry (DHI) shall be the nodal Department in Government of India and shall be responsible for planning, implementation and review of the scheme. DHI shall be the nodal agency for addressing issues related to the guidelines and for removal of difficulties in the implementation of the scheme. DHI shall issue guidelines as and when necessary in order to meet such objectives of the scheme.

Scheme Parameters: Demand Incentives:

13. Demand incentives are an important component of the scheme which directly help in demand generation of electric vehicles by way of reducing the cost of acquisition of such vehicles.
14. Demand incentive shall be available for consumers (buyers/end users) in the form of an upfront reduced purchase price of hybrid and electric vehicles to enable wider adoption, which will be reimbursed to the OEM by Government of India.
15. Following categories of vehicles shall be eligible for demand incentives.
 - a. Buses (only Electric Vehicle technology)
 - b. Four Wheelers {Electric (EV), Plug in Hybrid (PHEV) and Strong Hybrid (SHEV)}
 - c. Three-wheeler (Electric) including Registered E-Rickshaws
 - d. Two Wheelers (Electric) Technology Definition of each of these categories to be notified separately.
16. Keeping in view the fact that cost of batteries is one of the main factors of difference in acquisition price of xEVs and ICE vehicles, the demand incentive would be based on battery capacity (i.e. energy content measured in Kw-Hr) used in the such vehicles. Keeping in view market and technology trends in batteries, PISC may revise the Demand Incentive and target number of vehicles from time to time.
17. With greater emphasis on providing affordable and environmentally friendly public transportation options for the masses, scheme will be applicable mainly to vehicles used for public transport or those registered for commercial purposes in 3W, 4W and Bus segments. However, privately owned registered 2Ws will also be covered under the scheme as a mass segment.
18. Vehicles, which are registered as “Motor Vehicle” as per the Central Motor Vehicle Rules (CMVR) shall only be eligible for the incentives.
19. Vehicles fitted with only advanced batteries satisfying certain performance criteria will only be eligible for the demand incentives under this scheme, and for this purpose ‘Advanced Batteries’ will be defined separately under the scheme.

Quantum of Demand Incentives:

20. In order to rationalize the incentives across segments and across vehicle technologies, it is initially proposed to extend uniform demand incentive @ Rs. 10000/- per KWh for all vehicles (including PHEV and Strong Hybrid) except Buses. This will be subject to review and revision by PISC.
21. To encourage public transport, for buses, initial uniform maximum demand incentives @ 20000/- per KWh is proposed subject again to review and revision by PISC. The amount of incentives for buses may further be subject to competitive bidding among the Original Equipment Manufacturers (OEMs) conducted by public sector transport undertakings for intra-city, inter-city or inter-State buses based on OPEX model.
22. The proposed incentives as stated above would be reviewed annually or earlier by the PISC based on price trends for various components and assemblies and market parameters such as offtake of vehicles. It shall allow the scheme to leverage limited budgetary funds for larger number of vehicles, within the overall outlay so as to provide economies of scale to the industry for sustainable manufacturing.

23. Demand Incentives for electric buses will be provided only on operational expenditure model adopted by State/city transport corporation (STUs) and other public entities working in the transport sector to augment the fleet of electric vehicles.
24. Vehicle segment wise approximate amount of incentives, initial target number of vehicles and other details are given in Annexure 2.

Conditions to avail Demand Incentives:

25. In order to restrict high-end vehicles from availing Government funded demand incentives, it is proposed to restrict incentives to vehicles with ex-factory price less than a particular threshold value as stated in Annexure 2.
26. Depending upon the offtake of vehicles under the scheme, maximum incentive per vehicle is proposed to be capped at certain percentage of cost of vehicle to be reviewed by PISC annually and as often as required. To begin with, the cap on incentives for buses will be 40% of the cost of vehicles and for all other categories it will be 20%.
27. In order to avail scheme incentive for any of the model manufactured by OEM, each such OEM, needs to be registered with DHI/NAB.
28. Each vehicle model needs to satisfy minimum technical eligibility criteria with regard to performance and efficiency of vehicles to be notified separately and get it type approved as per prescribed / standard test procedure at the recognised testing agencies as notified under the Rule 126 of Central Motor Vehicle Rules by the Ministry of Road Transport and Highways. These testing agencies
29. To meet the qualifying criteria for the demand incentives, the hybrid/electric vehicle (xEVs) including its variants and versions, should
 - (a) be manufactured in the country and have such percentage of localisation as may be notified from time to time;
 - (b) meet provisions contained in Central Motor Vehicle Rules (CMVR) in terms of type approval, classification, categorization, definition, road worthiness, registration etc. as per the provisions contained in CMVR;
 - (c) obtain certificate of FAME India Phase II eligibility fulfilment from recognised testing agencies;
 - (d) be accompanied by at least three-year comprehensive warranty including that of battery from the manufacturer and to have adequate facilities for after sales service for the life of vehicle;
 - (e) be fitted with suitable monitoring devices to know the mileage of vehicles to determine the total fuel savings on a real time basis; and
 - (f) should appropriately display a sticker indicating that it has been purchased under the scheme. Format of the sticker will be provided by the Department of Heavy Industry.

Disbursement of Demand Incentives:

30. The demand incentive for all segments, except buses shall be disbursed through an e-enabled framework and mechanism set-up under DHI. The manufacturers of vehicles (OEMs or Original Equipment Manufacturers) will submit their claims for reimbursement of demand incentive on monthly basis to the Department of Heavy Industry for settlement. Detailed guidelines for reimbursement of claim through Demand Incentive Delivery Mechanism (DIDM) will be issued separately.
31. Detailed guidelines/ mechanism for deployment of electric buses and disbursement of demand incentives through State Transport Undertakings shall be notified separately.

Scheme Parameters: Charging Infrastructure:

32. The Scheme envisages support for setting up of adequate public charging infrastructure to instill confidence amongst EV users, through active participation and involvement of various stakeholders including Government agencies, industries, and Public Sector Enterprises (PSEs).

33. All these charging infrastructures will be established as per Ministry of Power Notification vide No. 12/2/2018-EV dated 14th Dec 2018 on the subject “Charging Infrastructure for Electrical Vehicles - Guidelines and Standards” and as amended from time to time.
34. In addition, for charging of electric buses, it is proposed to provide to the buyer one slow charger per ebus and one fast charger for every 10 electric buses to be funded under the scheme.
35. Flexibility of funding for establishment of charging infrastructure to the extent of 100% of cost depending upon the project proposal shall be available for promoting electric mobility.
36. Projects for charging infrastructure will also include infrastructure projects required for extending electrification for running of vehicles like pantograph charging, flash charging etc.
37. Inter-linking of renewable energy sources with charging infrastructure, smart grid, use of ICT etc. shall be encouraged.

Scheme operationalization

38. For smooth operation and implementation of the scheme, knowledge partners / technical expertise and other logistic support shall be put in place.
39. A suitable IEC program shall be undertaken for creating consumer awareness and promotion of the scheme, on a need basis, through education and training, publicity, organization of business meets/seminars/conferences/symposia etc. by Department of Heavy Industry, Industry Association, Voluntary Organizations, etc.
40. Projects sanctioned under FAME India Scheme Phase I shall continue to be in operation as per terms and conditions issued at the time of sanction. Similarly, Electric Buses sanctioned to different state/city transport corporation under FAME India Phase I shall continue to be in operation as per terms and conditions at the time of sanction.
41. Department of Heavy Industry will be responsible for overall implementation of scheme and removing any obstacle if arises during the implementation of scheme.

[F. No. 1(1)/2019-AEI]
PRAVIN L. AGRAWAL, Jt. Secy.
Annexure I

Composition of Project Implementation and Sanctioning Committee (PISC)

(a) Secretary, Heavy Industry	Chairman
(b) CEO, NITI Aayog	Member
(c) Financial Advisor, Heavy Industry	Member
(d) Secretary, D/o DPIIT	Member
(e) Secretary, M/o RTH	Member
(f) Secretary, D/o EA	Member
(g) Secretary, M/o Power	Member
(h) Secretary, M/o NRE	Member
(i) Director ARAI	Member
(j) Joint Secretary, Heavy Industry	Member Secretary

Committee may co-opt any other member as and when required.

Annexure 2

Vehicle segment-wise incentives, Maximum Number of vehicles to be supported and other details.

Sr. No.	Vehicle Segment	## Maximum Number of vehicles to be supported	Approximate Size of battery in KWH	##Total Approximate Incentive@ 10000/KWh for all vehicles and 20000/KWh for Buses and Trucks	Maximum Ex-factory price to avail incentive	Total fund support from DHI
1	Registered e-2 Wheelers	1000000	2 KWH	Rs.20000/-	Rs.1.5 Lakhs/	Rs.2000 Cr
2	Registered e-3 Wheelers (including eRikshaws)	500000	5 KWH	Rs.50000/-	Rs.5 Lakhs/	Rs.2500 Cr
3	e- 4 Wheelers	35000	15 KWH	Rs.150000/-	Rs.15 Lakhs/	Rs.525 Cr
4	4W Strong Hybrid Vehicle	20000	1.3 KWH	Rs.13000/-	Rs.15 Lakhs/	Rs.26 Cr
5	e-Bus	7090	250 KWH	Rs.50 Lakhs/-	Rs.2 Crores	Rs.3545 Cr
						Rs.8596 Crore

The proposed amount of incentives per KWH are, however, subject to review as per the reduction in battery costs & thereby reduction in vehicle cost and would be notified accordingly from time to time. It is to be noted that the number of vehicles and fund support among the sub components as above is fungible with the approval of PISC.
