



FAME India Phase-II Scheme

For Prelims: [Parliamentary Committee](#), [FAME India Scheme Phase-II](#), [Electric Mobility](#), [National Electric Mobility Mission Plan](#), [Vehicle Scrappage Policy](#).

For Mains: Government policies, EVs: Advantages, Challenges

Source: DTE

Why in News?

The [Parliamentary Standing Committee on Industry](#) has recently put forth crucial recommendations regarding the extension and enhancement of the [Faster Adoption and Manufacturing of \(Hybrid & Electric Vehicles in India \(FAME India\) Scheme Phase-II](#).

- The committee suggests extending the FAME India Phase-II Scheme's deadline by at least three more years to facilitate the **transition momentum to electric mobility**.
- The current deadline is March 31, 2024, with a budget allocation of Rs 10,000 crore.

What are the Committee Recommendations for Improvement?

- **Restoration of Subsidy on Electric Two-Wheelers:**
 - The committee suggests **restoring the subsidy on electric two-wheelers**, which was reduced in June 2023.
 - Government reduced the FAME-II subsidy for electric two-wheelers after June 1, 2023.
 - The initial 40% incentive on ex-factory price was cut to 15%. Reduction in subsidies negatively impacted electric two-wheeler sales. Budget constraints cited as a reason for subsidy reallocation.
 - It also recommends projecting enhanced budget allocations, if required, to maintain the momentum and pace of electric vehicle penetration.
- **Inclusion of Private Electric Four-Wheelers:**
 - The ministry should increase the number of electric vehicles supported in the four-wheelers category and include **private electric four-wheelers** in the FAME-II Scheme, with a cap based on the cost and battery capacity of the vehicle.
- **Supportive Government Frameworks:**
 - The committee emphasizes the need for supportive, transparent, and consistent government frameworks at national, state, and local levels to make India a global EV hub.
 - It also recommends focusing on establishing dedicated manufacturing **hubs and industrial parks for batteries, cells, and EV auto components**.
- **Funding for BHEL and Charging Stations:**
 - More funds should be allocated to **Bharat Heavy Electricals Limited (BHEL)** to facilitate popularizing EV mobility.
 - BHEL provided Engineering, Procurement, and Construction (EPC) solutions for EV charging stations. These include solar-based charging stations and [battery energy](#)

storage systems.

- Additionally, public sector undertakings and government institutions should participate in installing charging stations on their premises.
- **Incentivizing Charging Station Installation:**
 - FAME-II should incentivise individual investors in charging stations. **Women's self-help groups and cooperative societies** should be assisted in opening and operating charging stations, with assured returns provided by the government from its funds.

What is the FAME India Scheme?

- **Background:**
 - **FAME India** is a part of the [National Electric Mobility Mission Plan](#).
 - The scheme's main objective is to encourage the adoption of electric and hybrid vehicles by **offering upfront incentives on purchase**.
 - The scheme covers [Hybrid and electric](#) technologies like **Mild Hybrid, Strong Hybrid, Plug-in Hybrid and battery Electric Vehicles**.
- **Phase I:**
 - Started in 2015 and was completed on 31st March 2019, with an outlay of Rs 895 crore.
 - The 1st phase of FAME The scheme had four focus areas namely, technology development, demand creation, pilot project, and charging infrastructure.
 - **Achievements:**
 - In the **1st phase of the scheme, about 2.78 lakh xEVs** were supported with total demand incentives. In addition, 465 buses were sanctioned to various cities/states under this scheme.
- **FAME India Phase-II:**
 - The **Ministry of Heavy Industries** is implementing the scheme for five years, starting April 1, 2019, with a total budget of Rs. 10,000 crore.
 - This phase mainly focuses on supporting the **electrification of public & shared transportation** and aims to support through demand incentive **eBuses, e-3 Wheelers, e-4 Wheeler Passenger Cars and e-2 Wheelers**.
 - In addition, the creation of charging infrastructure is also supported under the Scheme.
 - **Achievements:**

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| Category | Number of Vehicles | | | Amount (in Rs. Crores) | | |
|--------------|--------------------|---------------------------------------|------------|------------------------|-----------------------------------|------------|
| | Revised Targets | Achievement | % | Revised Targets | Achievement | % |
| e-2W | 9,68,000 | 6,89,016 | 71% | 3,500 | 3,160 | 90% |
| e-3W | 1,26,000 | 80,341 | 64% | 700 | 456 | 65% |
| e-4W | 11,000 | 8,115 | 74% | 250 | 189 | 76% |
| e-Buses | 7,090 | 2,838 – supplied 6,862 – committed | 97% | 4,307 | 1,181 – paid 3,151 – committed | 73% |
| Total | 11,12,090 | 7,80,310 | 70% | 8,757 | 4,986 | 57% |

What are the Other Government Initiatives to Promote EV Adoption?

- [National Electric Mobility Mission Plan \(NEMMP\)](#).
- [National Mission on Transformative Mobility and Battery Storage](#).
- [Production Linked Incentive \(PLI\) scheme](#).
- [Vehicle Scrapage Policy](#).
- [Go Electric campaign](#).
- [EV30@30 campaign](#).

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Mains

Q. How is efficient and affordable urban mass transport key to the rapid economic development in India? **(2019)**

PDF Refernece URL: <https://www.drishtiias.com/printpdf/fame-india-phase-ii-scheme>

