



PM E-DRIVE Excludes Electric Cars

[Source: IE](#)

Why in News?

The **PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme** excludes **electric cars** from any direct subsidies.

- The government believes other measures, such as **lower GST** for electric cars are **adequate** to support the sector.

What is the PM E-DRIVE Scheme?

- **About PM E-DRIVE Scheme:** It is aimed at promoting **electric mobility** in India having a financial outlay of **Rs 10,900 crore** over two years.
 - It has been launched to replace **FAME II**.
- **Scope:** It offers fiscal incentives to around **25 lakh electric two-wheelers, 3 lakh electric three-wheelers, and 14,000 electric buses** through demand incentives.
 - **Automakers** can claim reimbursements for eligible **electric vehicle (EV)** sales, similar to the previous FAME-II scheme.
 - However, **electric cars** are notably **excluded** from the subsidy.
- **Other Provisions:** Installation of **Electric vehicle public charging stations (EVPCS)** in selected cities and on selected highways.
 - Test agencies to be modernised to deal with the **new and emerging technologies** to promote **green mobility**.

What was the FAME Scheme?

- The **FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles)** policy aimed to reduce vehicular emissions, decrease fuel consumption, and encourage **sustainable transportation**.
 - It was introduced in **2015** under the **National Electric Mobility Mission Plan (NEMMP)**.
- **Key Phases:**
 - **FAME I (2015-2019):** Focused on providing incentives for the **purchase of electric and hybrid vehicles** and supported the development of **charging infrastructure**.
 - It aimed to promote **cleaner mobility** in public and private sectors.
 - **FAME II (2019-2024):** Expanded the scope, providing USD 1.19 billion to encourage the adoption of electric vehicles, particularly in **public transport (e-buses, 2-wheelers, and 3-wheelers)**.
 - It also emphasised building a robust **charging infrastructure** and targeted reducing emissions from **commercial fleets**.

What are Key Facts About Promotion of Electric Cars?

- **Impact of Exclusion of Electric Cars in PM E-DRIVE:** The absence of fiscal incentives following the end of FAME-II has led to a **decline in electric car sales**.
 - Between April and August 2024, registrations of electric cars **dropped by 9%** compared to the **preceding months** when **FAME-II** was active.
- **Inadequate Charging Infrastructure:** According to the [Bureau of Energy Efficiency](#), India has approximately **25,000 public charging stations** for its **46 lakh registered EVs**.
 - The current ratio of **184 EVs per charging station** is much higher than in other countries actively promoting e-mobility.
- **Supporting Measures Beyond Subsidies:**
 - **Production Linked Incentive (PLI) Schemes:** The government is supporting the EV sector through [PLI schemes](#) for auto components and [advanced cell chemistry \(ACC\) batteries](#).
 - These incentives could help lower production costs by fostering economies of scale, especially in the EV supply chain.
 - **Lower GST and State-Level Exemptions:** Electric cars continue to benefit from a **lower Goods and Services Tax (GST)** rate of 5%, compared to **28% on hybrid and CNG vehicles**, and **49% on internal combustion engine vehicles**.

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