

GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES  
RAJYA SABHA  
UNSTARRED QUESTION NO. 1077  
ANSWERED ON 10.02.2023

**SUBSIDY FOR TWO WHEELER EVs**

**1077. SHRI JAWHAR SIRCAR:**

**Will the Minister of Heavy Industries be pleased to state:**

- (a) whether it is a fact that the Parliamentary Standing Committee of Industry has recommended to Government to release the subsidies withheld also to indigenous electric vehicle manufacturers;
- (b) whether it is also a fact that there has been misuse of Government funds, if so, the details thereof; and
- (c) the steps taken by Government to resolve the issues and improve production of electric vehicles in the country?

**ANSWER**  
**THE MINISTER OF STATE FOR HEAVY INDUSTRIES**  
**(SHRI KRISHAN PAL GURJAR)**

**(a):** No Sir. No such recommendation has been received in the Ministry of Heavy Industries from Parliamentary Standing Committee of Industry.

**(b) & (c):** Yes, Sir. The Ministry has received complaints regarding misappropriation of subsidies under the Government's FAME India Phase II scheme by some electric vehicles manufacturers. The complaints are mainly related to the violation of Phased Manufacturing Programme (PMP) guidelines under FAME India Scheme Phase-II. All the complaint cases have been referred to the testing agencies for re-verification. After examination of reports in respect of two OEMs, the models of these two OEMs have been suspended from the FAME scheme. Further, the processing of their pending claims has been stopped till they submit sufficient evidence to show their compliance to PMP timelines.

Further, following steps have been taken by the Government to improve production of electric vehicles in the country: -

- i. The demand incentive for electric two wheelers has been increased to Rs. 15,000/KWh from Rs. 10,000/KWh along with an increase in cap from 20% to 40% of the cost of electric vehicle with effect from 11<sup>th</sup> June, 2021.
- ii. The Government on 12<sup>th</sup> May, 2021 approved a Production Linked Incentive (PLI) scheme for manufacturing of Advanced Chemistry Cell (ACC) in the country which will lead to lowering the prices of battery in the country along with a consequent drop in the cost of electric vehicles. Further, the PLI Scheme for Automobile and Auto Component was notified on 23<sup>rd</sup> September, 2021 also has the provision for incentivizing Electric Vehicles.
- iii. GST on electric vehicles has been reduced from 12% to 5%; GST on chargers/ charging stations for electric vehicles has been reduced from 18% to 5%.
- iv. Keeping in view the need for promoting electric mobility and alternate fuels, the Ministry of Road Transport and Highways, vide notification issued on October 18, 2018, has exempted Battery Operated Vehicles, from the requirement of permit for carrying passengers or goods.

\*\*\*\*\*