

## India's EV ambition rides on three wheels

### What is the issue?

Sales of three wheel Electric Vehicles (EVs) fare well than the sales of two wheel and four wheel EVs

### What is FAME 2 Scheme?

- Phase-II of the Faster Adoption and Manufacturing of (Hybrid and) Electric (FAME) Vehicles scheme was approved in 2019 with an outlay of Rs10000 crore.
- This renewed push for EVs is significant considering phase-I launched in 2015 with an outlay of Rs 895 crore.
- It aims to support 10 lakh e-two-wheelers, 5 lakh e-three-wheelers, 55,000 e-four-wheeler passenger cars and 7,000 e-buses.

### How successful is FAME 2 scheme?

- **Response from companies** -As a part of FAME-II, the government has also made a push for indigenous manufacturing.
- As a result Legacy auto manufacturers such as Tata Motors, Mahindra & Mahindra, Hero Electric, and TVS have unveiled their EV offerings.
- New EV players like Ola and Bounce have also emerged on the scene.
- **Adoption of EVs** - 3 years into FAME-II the adoption lags far behind the target due to various factors including the pandemic. As a result FAME-II got a two-year extension in June 2021.
- Three wheeler EVs are dominating the EV market while two wheelers and four wheeler EVs have received only a considerable coverage.
- The sales of two wheeler EVs comes at a distant second with over 30% of registrations and passenger four wheeler EVs stands at a meagre 2.5% of the total sales of EVs.
- Three wheelers EV sales have crossed over 4 lakh vehicles of the 5-lakh target since 2019.
- The numbers are expected to be higher given the prevalence of unregistered vehicles in India.
- At the current rate, e-three-wheelers are expected to breach the 5-lakh target by 2023.

### Which states fare well in e-three-wheeler sales?

- Assam, Bihar, Delhi, Uttar Pradesh and West Bengal account for close to 80% of all e-three-wheeler registrations, with U.P. accounting for close to 40% of all registrations.
- Of these five States, Assam, Delhi, U.P., and West Bengal have formalised EV policies while Bihar has a draft policy with a final policy due to be introduced later in 2022.
- These five States are characterised by high population density and shortage of affordable public transport.

### What are the incentives provided for promoting e-vehicles?

- All five States provide road tax exemption of 100% and on registration fees.
- Assam, Delhi and West Bengal have linked incentives to the battery size (in kWh) with

additional benefits on interest rate on loans and scrappage incentives in some cases.

- U.P. has offered 100% interest-free loans to State government employees for purchasing EVs in the State and 30% subsidy on the road price of EVs to families with a single girl child. It has also exempted SGST on all such vehicles.
- UP has outlined incentives to promote EV manufacturing in the State.
- Bihar's draft EV policy too has been drafted along similar lines, focusing on both adoption and manufacturing.

## How well local manufactures fare up against legacy brands?

- With financial assistance from FAME-II, local manufacturers have built a truly Indian EV with its unique design catering to Indian commuter needs.
- Costing between Rs1 lakh and Rs1.5 lakh, these vehicles are produced by scores of local workshops and small enterprises and have come to dominate the e-three-wheeler market.
- Legacy automakers with their own e-three-wheeler offerings have been struggling to compete with these local producers.

## What are the issues to be addressed?

- **Low rate of adoption** - e-two-wheeler and e-four-wheeler have problems both on the demand and supply side.
- Consumers are justifiably apprehensive in adopting such vehicles given the host of issues which come with it.
- The recent incidents of fires in e-scooters have added to the apprehension.
- Reliable manufacturers with proven track are also hard to come by.
- **Adequate passenger safety** - Local manufacturing enterprises often lack motivation to invest in design developments focusing on safety.
- Fragmented manufacturing industry with non-uniform standards have made legacy automakers struggle to compete with local manufacturers.
- Future policies must therefore incorporate appropriate design and passenger safety standards.

### Reference

1. <https://www.thehindu.com/opinion/op-ed/indias-ev-ambition-rides-on-three-wheels/article65480119.ece>

