



# PM e-Drive Scheme: Accelerating India's Shift to Electric Mobility

The PM Electric Drive (e-Drive) Scheme launched last week by the government marks a significant step in India's transition towards cleaner, more sustainable transportation. With a focus on two-wheelers, three-wheelers, and electric buses, the scheme aims to drive rapid electrification in urban transport and commercial logistics. In our first take on the scheme, we examine its key features and possible impact on the sector.

## Key Features of the Scheme:

1

**Focus on two-wheelers, three-wheelers and electric buses:** Overall Electric Vehicle (EV) penetration in FY24 was approximately five percent<sup>1</sup>, driven by e2Ws (5-6 percent), e3W L5s (15-16 percent) and e-Buses (6-7 percent). The government's focus aligns with the segments showing highest potential for rapid electrification due to their affordability and prevalence in the urban transport and commercial logistics space.

2

**Key vehicle segments inclusions/exclusions:** The scheme excludes cars, unlike under the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME II Scheme), where 4Ws registered for commercial purposes were eligible for subsidy. However, it proposes incentives for installation of fast chargers for cars. Trucks and ambulances are new additions, with an outlay of INR 500 crore respectively. E-buses shall be procured by the states and will be used for inter- and intra-city transport across nine identified cities. Interstate buses shall also be supported under the scheme

3

**Strengthening EV charging infrastructure:** A critical component of the scheme is addressing a key barrier to EV adoption, i.e. range anxiety by setting up fast-charging infrastructure in selected key cities and highways. Enhanced charging networks are essential to making EVs a viable option for more consumers and businesses, especially in urban areas.

4

**Digital process for accessing demand incentives:** The government has introduced the use of e-vouchers. This will make the process to access incentives under the scheme for the buyer more transparent, as well as for original equipment manufacturers to claim reimbursement of incentives under the scheme.

## Likely Impact of the PM e-Drive Scheme:

### Certainty for manufacturers and investors:

Providing a clear framework and specific targets under the scheme is expected to help foster long-term investments in the EV sector and encourage manufacturers to scale up production and innovation in alignment with government goals.

### Boost for the auto component industry:

The growth of EVs is likely to benefit auto component players, including manufacturers of batteries, motors, and other critical parts used in the focus segments.

### Promoting sustainable growth:

Growth in the domestic EV market will help reduce dependency on fossil fuels, leading to lower pollution levels, and promoting cleaner, more efficient transportation options.

### Policy fine print still pending:

Specifics around vehicle segments (type of trucks), nature of incentives, timelines, and implementation guidelines will be critical to understanding the complete impact of the policy.

## Outlay and number of EVs/chargers in the last three government schemes:

All numbers in INR Cr.

Scheme	FAME II	EMPS	PM e-Drive
I. Period	5 years i.e. Apr'19 to Mar'24	6 months i.e. Apr'24 to Sep'24	2 years i.e. 2024 to 2026
II. Overall outlay	11,500 <sup>2</sup>	778 <sup>4</sup>	10,900
a. Vehicles	10,257	770	8,070
e-2Ws	5,311	770	2,679 <sup>5</sup>
e-3Ws	987		
e-Bus	3,209	-	4,391
e-Ambulances	-	-	500
e-Trucks	-	-	500
e-4Ws (including hybrids)	750	-	-
b. Charging infrastructure	839	-	2,000
c. Others	404	8	830 <sup>6</sup>

Scheme	FAME II	EMPS	PM e-Drive
a. No. of vehicles	17,43,484 <sup>3</sup>	5,60,789	28,09,028
e-2Ws	15,50,225	5,00,080	24,79,000
e-3Ws	1,55,536	60,709	3,16,000
e-Bus	7,262	-	14,028
e-4Ws	30,461	-	-
b. No. of chargers	- <sup>7</sup>	-	72,300
Fast chargers for e-2W/3Ws	-	-	48,400
Fast chargers for e-4Ws	-	-	22,100
Fast chargers for e-buses	-	-	1,800

1. Excluding e-rickshaws

2. Press Release: Press Information Bureau (pib.gov.in)

3. Electric vehicle demand incentives in India: The FAME II scheme and considerations for a potential next phase - International Council on Clean Transportation (theicct.org)

4. Good news for electric 2-wheeler buyers as govt extends EMPS scheme | Autocar Professional

5. Includes other emerging EVs

6. Press Release Ifrrma Page: Press Information Bureau (pib.gov.in).Includes INR 780 Cr. towards upgradation of testing agencies

7. No. of chargers to be installed was not specified in the policy



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