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PM E-DRIVE Scheme: Rs 10,900 Crore EV Subsidy Scheme Explained

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PM E-DRIVE (PM Electric Drive Revolution in Innovative Vehicle Enhancement) is the Ministry of Heavy Industries' Rs 10,900 crore scheme, in force from 1 October 2024 to 31 March 2026, that subsidises electric two-wheelers, three-wheelers, ambulances, trucks and buses and funds public charging stations, replacing FAME-II as India's main electric-vehicle demand-incentive scheme.

Context

- The Cabinet approved PM E-DRIVE on **11 September 2024**; it took effect on 1 October 2024 for two years.
- It succeeds **FAME-II** (2019-2024, Rs 11,500 crore) and the stop-gap **Electric Mobility Promotion Scheme (EMPS) 2024** that ran from April to September 2024.
- Its aims: faster EV adoption, a charging network people can rely on, and a domestic EV manufacturing ecosystem.

How the Rs 10,900 Crore Is Divided

- **Rs 3,679 crore** for demand incentives on about 24.79 lakh electric two-wheelers, 3.16 lakh electric three-wheelers and other categories.
- **Rs 4,391 crore** for **14,028 electric buses** for nine cities with a population above 40 lakh (Delhi, Mumbai, Kolkata, Chennai, Ahmedabad, Surat, Bengaluru, Pune and Hyderabad), procured through CESL.
- **Rs 500 crore** each for **electric ambulances** and **electric trucks**.
- **Rs 2,000 crore** for public charging: **72,300 fast chargers** – 22,100 for electric cars, 1,800 for e-buses and 48,400 for two- and three-wheelers – in cities with high EV penetration and along highways.
- **Rs 780 crore** to upgrade the testing agencies of the Ministry of Heavy Industries.

Subsidy Design

- Two-wheeler incentive: **Rs 5,000 per kWh** of battery, capped at Rs 10,000 in the first year, halved (Rs 2,500 per kWh, cap Rs 5,000) in the second year.
- The incentive is delivered through **Aadhaar-authenticated e-vouchers** generated at the time of purchase and signed by the buyer and the dealer, which tightens subsidy disbursement.
- Only vehicles with advanced batteries and a minimum domestic value addition (phased manufacturing programme) qualify.
- Hybrid vehicles and private electric cars are not covered; the focus is mass mobility and commercial use.

Why the Scheme Matters

- Electric vehicles were about 7.5% of new vehicle sales in 2024-25; the scheme targets faster growth in two- and three-wheelers, which dominate India's EV market.
- Charging remains the biggest hurdle; the Rs 2,000 crore charging component targets 40 identified

"If it has a number in it, it can be a question."

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cities and 40 highway corridors.

- Electric buses and trucks address urban pollution and logistics emissions, which diesel vehicles dominate.

Important Facts for Exams

- PM E-DRIVE: Cabinet approval 11 September 2024; outlay Rs 10,900 crore; period 1 October 2024 to 31 March 2026; Ministry of Heavy Industries.
- Replaced FAME-II and EMPS 2024.
- 14,028 e-buses for nine cities (Rs 4,391 crore); 72,300 public chargers (Rs 2,000 crore); Rs 500 crore each for e-ambulances and e-trucks.
- Two-wheeler subsidy Rs 5,000 per kWh (cap Rs 10,000) in year one; e-vouchers with Aadhaar authentication.
- Companion scheme: PM e-Bus Sewa Payment Security Mechanism (Rs 3,435 crore) for assured payments to bus operators.

FAQs

Does PM E-DRIVE subsidise electric cars?

No. Private electric cars are excluded; the scheme covers two-wheelers, three-wheelers, ambulances, trucks and buses, plus charging infrastructure.

What is an e-voucher under PM E-DRIVE?

An Aadhaar-authenticated voucher generated on the scheme portal when a buyer purchases an eligible vehicle; the dealer claims the subsidy against it, which prevents fake claims.

Why is PM E-DRIVE relevant for NABARD and RBI exams?

It is a current-affairs topic under economy, environment and government schemes; the outlay, the ministry, the start date and the bus and charger numbers are the standard questions.

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