

India

Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE)

OBJECTIVE

The PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) policy seeks to accelerate the adoption, and affordability, of electric mobility by offering purchase incentives for electric two-wheelers, three-wheelers, and other categories of electric vehicles.

COUNTRY

India,
2024 – 2026

SECTOR AND APPROACH

Transport; Incentive

SOURCE

[Ministry of Heavy Industries](#)

DESCRIPTION

With a budget allocation of USD 1.3 billion, the scheme is set to run from October 2024 to March 2026. It focuses on three key components: providing purchase incentives for electric two-wheelers, three-wheelers, buses, ambulances, and trucks; offering grants for charging infrastructure and testing agencies; and promoting awareness through information, education, and communication activities. The scheme aims to facilitate the deployment of approximately 2.5 million electric two-wheelers, over 300 000 electric three-wheelers, and 14 000 electric buses.

UNIQUE ASPECTS OF THE INCENTIVE

By primarily targeting subsidies toward electric two- and three-wheelers, the scheme emphasises the promotion of affordable and accessible electric mobility. The incentives are largely focused on commercial and public transport segments, with electric two-wheelers being the only private mode of transport eligible for incentives. In addition to vehicle subsidies, the scheme also aims to facilitate the development of charging infrastructure and strengthen the domestic manufacturing ecosystem.

The PM E-DRIVE policy emphasises capacity-building through partnerships with state governments and local bodies to ensure effective last-mile implementation. It encourages innovation by supporting startups and micro-, small and medium-sized enterprises in the electric vehicle ecosystem, with the intention of creating sustainable jobs and fostering a resilient supply chain for electric mobility in India.

RESULTS

Since the inception of the PM E-DRIVE scheme in September 2024, more than [1 million](#) electric vehicle sales have been registered in India, contributing to an estimated reduction of approximately 2 million tonnes of CO₂ emissions. During the scheme's inaugural year, electric two-wheeler sales increased by [20%](#) year-on-year, while electric three-wheeler sales grew [57%](#), indicating a significant shift in consumer adoption of electric mobility solutions.

LESSONS LEARNED

As a successor to the FAME scheme, the new policy incorporates lessons learned from previous challenges, particularly the wrongful claim of subsidies, by introducing secure, digitally authenticated e-vouchers for buyers. These e-vouchers leverage national identity verification systems to enhance transparency and prevent fraudulent claims.

ALIGNMENT WITH REGULATORY AND POLICY FRAMEWORKS

The PM E-DRIVE scheme follows the [Faster Adoption and Manufacturing of Electric Vehicles \(FAME\)](#) programme, which ran in two phases between 2015 and March 2024. While FAME offered broad support across vehicle segments, PM E-DRIVE places a sharper focus on affordability.

IMPLEMENTATION AND ENFORCEMENT

An inter-ministerial committee, headed by the Ministry of Heavy Industries, was constituted to monitor and implement the scheme. To be eligible, the electric vehicles should be manufactured in India and meet minimum technical eligibility criteria related to vehicle performance and efficiency. Incentives are provided to end users as an upfront reduction in the purchase price, with the corresponding amount reimbursed to the Original Equipment Manufacturer by the Government of India.