

E-TRUCKS: ENVIRONMENT

NEWS: Centre earmarks ₹500 crore for e-truck purchases under PM E-Drive scheme

WHAT'S IN THE NEWS?

I. India's First Financial Incentive Scheme for Electric Trucks (Under PM E-DRIVE Initiative)

- **Scheme Name:** Electric Truck Incentive Scheme
- **Objective:** To provide financial incentives for the purchase of electric trucks, supporting India's green freight transition.
- **Vision Alignment:**
 - Supports sustainable freight mobility.
 - Aims to significantly cut transport-related greenhouse gas emissions.
 - Aligns with India's net-zero emissions target by 2070.
 - Contributes to the "Viksit Bharat by 2047" vision.
- **Eligible Vehicle Categories:**
 - **N2 Category:** Trucks with a Gross Vehicle Weight (GVW) ranging from 3.5 tonnes to 12 tonnes.
 - **N3 Category:** Trucks with a GVW exceeding 12 tonnes, up to 55 tonnes.
 - **Note:** Within the N3 category, only puller tractors are eligible in articulated vehicle configurations.
- **Mandatory Warranty Norms:**
 - **Battery:** 5 years or 5 lakh kilometers, whichever criterion is met earlier.
 - **Vehicle and Motor:** 5 years or 2.5 lakh kilometers, whichever criterion is met earlier.
- **Scrappage Condition:** To avail the incentives, it is mandatory to scrap old, polluting trucks. This aims to modernize existing fleets and further curb emissions.
- **Financials:**
 - **Budget Allocation:** A total sum of ₹500 crore (approximately 5 billion Indian Rupees) has been earmarked for this scheme.
 - **Target:** This budget is set to support the purchase of 5,600 electric trucks.

- **Incentive Amount:** Up to ₹9.6 lakh (approximately 960,000 Indian Rupees) per vehicle, with the specific amount determined by the Gross Vehicle Weight (GVW).
- **Disbursement Mode:** The incentive is provided as an upfront price reduction to the buyer. Original Equipment Manufacturers (OEMs) are then reimbursed for this amount via the PM E-DRIVE portal on a first-come, first-served basis.
- **Significance of the Scheme:**
 - **Boost to Indigenous Industry:** Provides a significant impetus to Indian manufacturers already involved in electric truck production, such as Tata Motors, Ashok Leyland, and Volvo Eicher.
 - **Public Sector Commitment:** Steel Authority of India Limited (SAIL) has set an internal target to ensure that at least 15% of all vehicles hired across its various units are electric, demonstrating public sector adoption.
 - **Wider Goals:**
 - Enhances overall air quality.
 - Reduces logistics costs for businesses.
 - Supports the "Atmanirbhar Bharat" (Self-Reliant India) initiative through a green mobility transition.

II. About PM E-DRIVE Scheme

- **Introduction:** Launched in 2024, PM E-DRIVE is a comprehensive national scheme designed to accelerate the adoption of electric vehicles (EVs) across a wide range of vehicle categories in India.
- **Nodal Ministry & Budget:**
 - **Implementing Ministry:** Ministry of Heavy Industries.
 - **Total Outlay:** A substantial sum of ₹10,900 crore (approximately 109 billion Indian Rupees) has been allocated for the scheme over a two-year period.
- **Focus Areas & Demand Incentives:**
 - A significant portion of the budget, ₹3,679 crore (approximately 36.79 billion Indian Rupees), is dedicated to providing demand incentives for:
 - Electric two-wheelers (e-2Ws)
 - Electric three-wheelers (e-3Ws)
 - Electric trucks (e-trucks)
 - Electric ambulances (e-ambulances)
 - Other emerging electric vehicle categories.

- **Vehicle Support Targets:** The scheme aims to support the adoption of a large number of electric vehicles across different segments:
 - 24.79 lakh (2.479 million) electric two-wheelers.
 - 3.16 lakh (316,000) electric three-wheelers.
 - 14,028 electric buses.
- **Achievements So Far (Subsidies Extended):**
 - Subsidies have already been extended for 12 lakh (1.2 million) electric two-wheelers.
 - Subsidies have been extended for 1.6 lakh (160,000) electric three-wheelers.
 - Subsidies have been extended for 10,400 electric buses.
- **Upcoming Component:** A dedicated electric ambulance (e-ambulance) scheme is slated for launch between December 2025 and January 2026. Here's a more elaborated breakdown of the provided information, presented in detailed pointers:

I. India's First Financial Incentive Scheme for Electric Trucks (Under PM E-DRIVE Initiative)

- **Scheme Title:** e-Truck Incentive Scheme
- **Core Purpose:** To provide financial incentives for the procurement of electric trucks, thereby accelerating India's transition towards a greener freight transportation sector.
- **Strategic Alignment and Vision:**
 - **Sustainable Freight Mobility:** Directly supports the national vision of fostering sustainable and environmentally friendly freight movement across the country.
 - **Greenhouse Gas (GHG) Emission Reduction:** Aims to significantly curtail transport-related greenhouse gas emissions, a critical step given that diesel trucks, despite being only 3% of the total vehicle population, contribute a staggering 42% of transport-related GHG emissions.
 - **Net-Zero Goal:** Integrally aligns with India's ambitious target of achieving net-zero emissions by the year 2070.
 - **Viksit Bharat by 2047:** Contributes to the broader national goal of creating a developed India by 2047 by promoting clean and efficient transportation.
- **Eligible Vehicle Categories (as per Central Motor Vehicle Rules - CMVR):**
 - **N2 Category:** Encompasses trucks with a Gross Vehicle Weight (GVW) ranging from 3.5 tonnes to 12 tonnes.
 - **N3 Category:** Includes trucks with a GVW exceeding 12 tonnes and extending up to 55 tonnes.

- **Specific Condition for Articulated Vehicles:** For articulated vehicles (those with a separate tractor and trailer), only the "puller tractor" component of the N3 category is eligible for the incentives.
- **Mandatory Warranty Norms (to ensure reliability and performance):**
 - **Battery:** Manufacturers are required to provide a comprehensive warranty of 5 years or 5 lakh (500,000) kilometers, whichever condition is met earlier.
 - **Vehicle and Motor:** A comprehensive warranty of 5 years or 2.5 lakh (250,000) kilometers is mandatory for the entire vehicle and its electric motor, whichever condition is met earlier.
- **Scrappage Condition (Environmental Mandate):** To qualify for the financial incentives, the mandatory scrapping of an old, polluting internal combustion engine (ICE) truck is required. This stipulation serves a dual purpose: fleet modernization and a direct reduction in vehicular emissions. Scrapping certificates, issued by Ministry of Road Transport and Highways (MoRTH) approved centers, are tradeable.
- **Financial Allocation and Incentives:**
 - **Scheme Budget:** A dedicated sum of ₹500 crore (approximately 5 billion Indian Rupees) has been allocated specifically for electric truck incentives. This is part of the larger ₹10,900 crore PM E-DRIVE scheme outlay.
 - **Target Deployment:** The scheme aims to support the deployment and purchase of approximately 5,600 electric trucks across the country.
 - **Incentive Amount:** Up to ₹9.6 lakh (approximately 960,000 Indian Rupees) per vehicle. The precise incentive amount is determined based on the Gross Vehicle Weight (GVW) of the electric truck. It's also based on ₹5,000 per kilowatt-hour (kWh) of battery capacity, with the ₹9.6 lakh being the maximum cap.
 - **Disbursement Mechanism:** The incentive is provided as an upfront price reduction to the buyer at the point of sale. Original Equipment Manufacturers (OEMs) are subsequently reimbursed for this incentive amount via the dedicated PM E-DRIVE portal, operating on a first-come, first-served basis.
 - **Special Allocation for Delhi:** Approximately ₹100 crore (1 billion Indian Rupees) has been specifically earmarked to support around 1,100 electric trucks to be registered in Delhi, directly addressing the critical air quality concerns of the National Capital Region.
- **Significance and Broader Impact of the Scheme:**
 - **Boost to Indigenous Manufacturing ("Make in India"):** Provides a substantial impetus to domestic manufacturers already involved in the electric truck segment, such as Tata Motors, Ashok Leyland, and Volvo Eicher, fostering local capabilities and reducing import reliance through a phased manufacturing program (PMP).

- **Leadership by Public Sector Enterprises (CPSEs):** Steel Authority of India Limited (SAIL) has demonstrated strong commitment by setting an internal target to procure 150 e-trucks over the next two years and to ensure that at least 15% of all vehicles hired across its units are electric. This sets an example for other CPSEs.
- **Reduced Logistics Costs:** The shift to electric trucks is expected to significantly lower operational costs for transporters due to reduced fuel expenses and potentially lower maintenance requirements.
- **Improved Air Quality:** Directly contributes to cleaner air, particularly in urban and industrial corridors, by replacing polluting diesel trucks with zero-emission electric alternatives.
- **Support for "Atmanirbhar Bharat":** Advances the vision of a self-reliant India by promoting green mobility and building a robust domestic electric vehicle and battery ecosystem, creating green jobs.

II. About PM E-DRIVE Scheme (Prime Minister's Electric Drive Revolution in Innovative Vehicle Enhancement)

- **Launch and Scope:** Launched in 2024 (specifically, notified on September 29, 2024, and implemented from October 1, 2024), PM E-DRIVE is a comprehensive national scheme designed to accelerate the adoption of electric vehicles (EVs) across a broad spectrum of vehicle categories in India. It subsumes the earlier Electric Mobility Promotion Scheme (EMPS) 2024.
- **Nodal Ministry & Overall Budget:**
 - **Implementing Authority:** Ministry of Heavy Industries.
 - **Total Outlay:** The scheme has a significant total outlay of ₹10,900 crore (approximately 109 billion Indian Rupees) spread over a period of two years (up to March 31, 2026).
- **Key Components and Focus Areas:** The scheme is structured with distinct components to promote EV adoption and ecosystem development:
 - **Demand Incentives (₹3,679 crore allocation):** Provides financial incentives to buyers across various EV categories to stimulate demand. These categories include:
 - Electric two-wheelers (e-2Ws)
 - Electric three-wheelers (e-3Ws), including registered e-rickshaws, e-carts, and L5 category vehicles (cargo three-wheelers).
 - Electric trucks (e-trucks)
 - Electric ambulances (e-ambulances)
 - Other new and emerging EV categories.
 - **Grants for Creation of Capital Assets (₹7,171 crore allocation):** This component focuses on building essential infrastructure for the EV ecosystem, including:

- Deployment of electric buses (e-buses).
 - Establishment of a robust network of public charging stations for various vehicle categories (including over 22,000 EV chargers for e-4Ws and 1,800 chargers for e-buses).
 - Upgradation and modernization of vehicle testing agencies under the Ministry of Heavy Industries to equip them with new and emerging technologies for green mobility.
- **Vehicle Support Targets (Ambitious Goals):** The scheme aims to significantly increase EV penetration by supporting the purchase of:
 - 24.79 lakh (2.479 million) electric two-wheelers.
 - 3.16 lakh (316,000) electric three-wheelers (across various sub-categories).
 - 14,028 electric buses.
 - **Achievements So Far (Progressive Adoption):** The scheme has already demonstrated considerable success in driving EV adoption:
 - Subsidies have been extended for approximately 12 lakh (1.2 million) electric two-wheelers.
 - Subsidies have been extended for approximately 1.6 lakh (160,000) electric three-wheelers.
 - Support has been sanctioned for 10,400 electric buses, with significant allocations for major cities like Bengaluru (4,500 buses), Delhi (2,800 buses), Hyderabad (2,000 buses), Ahmedabad (1,000 buses), and Surat (600 buses).
 - **Upcoming Components and Future Initiatives:**
 - **Dedicated E-Ambulance Scheme:** A specific scheme for electric ambulances is planned for launch by December 2025 or January 2026. This will involve consultations with the Ministry of Health and Family Welfare (MoHFW) to develop eligibility criteria and safety/patient care guidelines.
 - **Nationwide E-Bus Tender:** A large-scale nationwide tender for 10,900 electric buses, floated by CESL (Convergence Energy Services Limited), is anticipated to attract strong industry participation, further boosting public transport electrification.

Source: <https://www.thehindu.com/business/centre-earmarks-500-crore-for-e-truck-purchases-under-pm-e-drive-scheme/article69801546.ece#:~:text=The%20Centre%20on%20Friday%20unveiled,for%20vehicles%20registered%20in%20Delhi.>