Government Initiatives

The Government of India encourages foreign investment in the automobile sector and has allowed **100% FDI** under the automatic route. Some of the recent initiatives taken by the Government of India are:

- On **February 1, 2026**, the Government of India doubled the allocation for the **auto PLI scheme** to **Rs. 5,940 crore** (**US$ 672 million**) in the Union Budget 2026-27 despite low utilisation in the previous year. The move signaled expectations of higher production and investment as the scheme enters its growth phase.
- On **December 10, 2025**, the Government of India disbursed **Rs. 1,350 crore** (**US$ 152 million**) under the **PLI scheme** to boost domestic automotive and EV manufacturing. The initiative supported approved OEMs and component makers while promoting localisation and advanced technology production.
- On **August 26, 2025**, India's EV push included **14,028 e buses**, **9,332 public charging stations**, and over **Rs. 54,000 crore** (**US$ 6.32 billion**) in investments through **PM E DRIVE** and **PLI scheme**s to boost domestic manufacturing and green mobility.
- **PM E DRIVE**, started in **October 2024**, is India's umbrella scheme to accelerate EV adoption and ecosystem support with a **Rs. 10,900 crore** (**US$ 1.31 billion**) outlay, encompassing e 2Ws, e 3Ws, e buses, heavy EVs, public charging infrastructure, vehicle testing, and localisation, with its tenure extended to **March 31, 2028**.
- Under the upcoming **CAFE 3 norms**, effective from **April 2027**, India will place electric vehicles and flex-fuel vehicles which use ethanol-petrol blends on equal regulatory footing.
- As of **July 31, 2025**, India has advanced EV adoption through **FAME-II**, **PM E-DRIVE**, and **PM-eBus Sewa**, committing over **Rs. 42,000 crore** (**US$ 4.91 billion**) towards incentives, infrastructure, and localisation across vehicle segments and regions.
- The Ministry of Heavy Industries has launched **FAME- III Scheme**, with a budget of **Rs. 10,900 crore** (**US$ 1.29 billion**) to promote electric mobility and reduce reliance on fossil fuels over a two-year period from **April 1, 2024**, to **March 31, 2026**.
- Under **Electric Mobility Promotion Scheme 2024** government aims to support **3,72,215 EVs** including e-2W (**3,33,387**) and e-3W (**38,828** including **13,590** rickshaws & e-carts and **25,238** e-3W in L5 category).
- Ministry of Heavy Industries, Government of India with the approval of Department of Expenditure has launched **Electric Mobility Promotion Scheme 2024** to further accelerate the adoption of EVs in the country which is a fund limited scheme with a total outlay of **Rs. 500 crore** for the period of 4 months, from 1st April 2024 to 31st July 2024.
- In **January 2024**, the Ministry of Heavy Industries extended the tenure of the **Production Linked Incentive (PLI) Scheme for Automobile and Auto Components** by one year. The incentive will now be applicable for a total of five consecutive financial years, until **March 31, 2028**.
- Ministry of Heavy Industries (MHI) officials revealed that India plans to launch a new scheme to incentivise electric vehicle purchases and improve charging infrastructure, aligning with the interim budget's focus on eco-friendly transportation. Also, the allocation of **US$ 321.5 million** (**Rs. 2,671.33 crore**) for 2024-25 is expected to be utilized by March 31, 2024.
- Under phase-II of **FAME India Scheme**, subsidy amounting to **US$ 696.8 million** (**Rs. 5790 crores**) has been awarded to EV manufacturers on sale of **13,41,459** number of electric vehicles till **January 31, 2024**.
- The FAME Scheme was extended for a further period of 2 years up to **31st March, 2024**.
- In **January 2023**, under the **FAME-II** scheme, the Centre approves **US$ 97.77 million** (**Rs. 800 crore**) for **7,432 public fast charging stations**.