Press Release

PM EDRIVE delivers 1.13 million EVs with half the subsidy per vehicle compared to FAME II: CEEW

New Delhi, 16 December 2025: India's electric vehicle (EV) policy has entered a new phase of scale. The PM EDRIVE scheme delivered 1.13 million EVs in its first year while offering half the per-vehicle subsidy compared to FAME II, signalling a decisive shift from market activation to system-wide consolidation, according to a new, independent study released by the Council on Energy, Environment and Water (CEEW)'s Green Finance Centre today. Despite halving the per-unit demand incentive to INR 5,000/kWh, PM EDRIVE enabled 3.4 times higher annual EV volumes than FAME II. This rapid growth with fewer subsidies also shows that India's EV space is maturing, resilient and ready for long-term integration into the economy.

India's automotive sector—contributing 7.1 per cent to GDP and supporting over 30 million jobs—is undergoing rapid transformation. EV sales have grown fifteen-fold since FY20, rising from just over 2,000 units in FY15 to around 1.96 million units in FY25, taking overall EV penetration to 7.49 per cent. The CEEW-GFC study '***Navigating India's Electric Mobility Transition: Market Dynamics to Policy Shifts***' assesses national EV adoption trends and compares the performance of FAME II (FY20–FY24) with PM EDRIVE (FY25–FY28). FAME II was critical in establishing India's EV market, while PM EDRIVE builds on that foundation to scale adoption more efficiently and sustainably.

The CEEW-GFC analysis also shows that India's EV market has structurally evolved. While early EV adoption (FY20–FY21) was dominated by e-rickshaws, the growth engine has since shifted: Electric two-wheelers (E2Ws) surged from FY22 onwards and became the largest EV segment by FY25, with over 1.15 million units sold. This transition signals a move from informal and commercial use towards broader household and enterprise uptake. The EV mix is also broadening—commercial electric four-wheelers saw a clear uptick by FY25, pointing to growing fleet electrification in urban logistics and shared mobility. Further, electric buses, though still a small share, show steady growth, signalling early institutional adoption.

Karthik Ganesan, Fellow and Director – Strategic Partnerships, CEEW, said: "The shift from FAME II to PM EDRIVE marks an important inflexion in India's EV policy. Delivering 1.13 million electric vehicles with lower per-unit incentives suggests that parts of the market are beginning to stand on their own. At the same time, the variation in outcomes across vehicle categories and states underscores why the next phase must focus on policy coherence, infrastructure readiness, and targeted interventions—rather than assuming uniform EV adoption across the country."

PM EDRIVE doubles the outlay for charging infrastructure to INR 20 billion, expands coverage to e-trucks and e-ambulances, strengthens localisation through Aadhaar-enabled e-vouchers, and introduces scrappage-linked incentives for electric buses and trucks.

Uneven uptake across states and vehicle categories

Despite strong national performance, adoption remains uneven. Higher-income states and UTs such as Delhi, Goa, and Karnataka show diversified EV adoption across E2Ws, E4Ws, and e-buses, with E2W penetration nearly five times higher than in lower-income states. Lower-income states, including Bihar and Tripura, remain heavily reliant on electric three-wheelers (E3Ws), which account for over 52 per cent of EV penetration in these regions.

Further, PM EDRIVE's outcomes reveal a clear category-level skew, according to the CEEW-GFC study. Commercial E3Ws (L5 category - not including e-rickshaws and e-carts) overshot FY25 targets at 153 per cent, E2Ws met 95 per cent, while electric rickshaws and e-carts reached just 5 per cent of their target.

Apoorv Minocha, Research Analyst, CEEW, said: "With demand firmly established, India's EV transition now depends on the clarity and consistency of policy signals to sustain and broaden adoption. Formalising the 2030 EV target, aligning state-level ambitions, improving data transparency, and recalibrating incentives based on real-world uptake will be critical to ensure that electrification spreads beyond a few segments and states to reach MSMEs, public fleets, rural markets, and informal transport operators."

To sustain momentum and ensure an equitable transition, the CEEW-GFC study recommends formally embedding India's **30 per cent EV adoption target for 2030** in a national policy framework with clear, category-wise sub-targets, supported by a joint roadmap from the Ministry of Heavy Industries and the Ministry of Road Transport and Highways to strengthen long-term market signals. It also calls for **clearer and better-aligned state-level EV targets** to reduce regional disparities, alongside **greater transparency in EV and charging infrastructure data** through an expanded PM EDRIVE dashboard and a unified national dataset to enable monitoring and mid-course corrections. Finally, the study highlights the need to **dynamically recalibrate PM EDRIVE budgets**—redirecting resources towards high-demand segments while revisiting incentive structures where adoption lags—so that India's EV transition is not only fast, but also fair, reaching MSMEs, public fleets, rural markets, and informal transport operators.

Read the full study, **Navigating India's Electric Mobility Transition: Market Dynamics to Policy Shifts** by Apoorv Minocha and Riddhi Mukherjee **here.**

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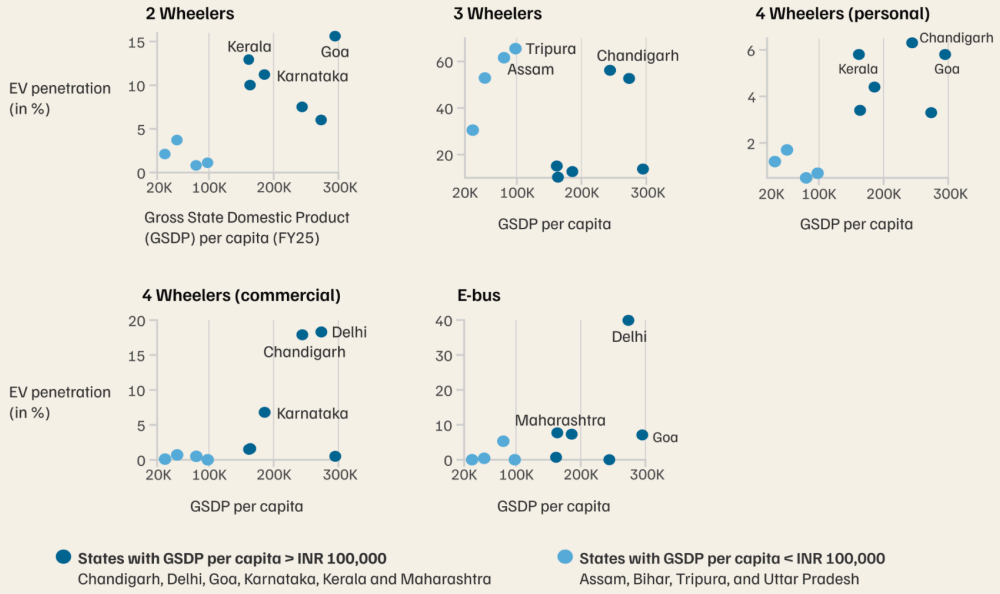
About CEEW
The Council on Energy, Environment and Water (CEEW) — a homegrown institution with headquarters in New Delhi — is among the **world's leading climate think tanks**. The Council is also often ranked among the **world's best-managed and independent think tanks**. It uses data, integrated analysis, and strategic outreach to explain — and change — the use, reuse, and misuse of resources. It prides itself on the independence of its high-quality research and strives to **impact sustainable development at scale** in India and the Global South. In over 14 years of operation, CEEW has impacted over 400 million lives and engaged with over 20 state governments. Follow us on X (formerly Twitter) @CEEWIndia or on LinkedIn for the latest updates.

India's EV policy enters a consolidation phase as PM EDRIVE looks to exceed FAME II volumes with half the incentives

Parameter	FAME II	PM EDRIVE
Total outlay	INR 115 billion	INR 109 billion
Time period	5 years (FY19-FY24)	1.5 years, later extended to 3.5 years (October '24-March '28)
Vehicle categories	E2W, E3W, E4W, E-buses	E2W, E3W, E-buses, E-ambulances, E-trucks
Vehicles supported	1.56 million	2.85 million
Volume achieved (annualised)	0.33 million	1.13 million
Incentive per kWh (INR)	10,000	5,000

Source: Navigating India's Electric Mobility Transition: Market Dynamics to Policy Shifts (2025)
Note: Incentives under FAME II apply to E2W, E3W, and E4W; incentives under PM EDRIVE apply to E2W and E3W.

One in 13 vehicles sold today in India are electric, but uptake differs across states and categories



Source: Navigating India's Electric Mobility Transition: Market Dynamics to Policy Shifts (2025)
Note: The chart includes only the top 10 states by EV penetration which also make for over half of EVs sold in FY25. GSDP/capita for Goa and Chandigarh is available only for FY24