Here's why India's electric vehicle market to double in 2027

June 6, 2023, 3:45 PM IST / Darshan Rana in Voices, India, Tech, TOI

Darshan Rana
Chairman & Managing
Director. Erisha E Mobility
Private Limited

India's electric vehicle (EV) market has been growing rapidly, with sales doubling in 2027. This surge in demand can be attributed to a variety of factors, including government initiatives, increased awareness about sustainable transportation, decreasing battery costs, infrastructure development, and innovation and collaborations. The latest report of the Indian Private Equity and Venture Capital Association (IVCA) states that the EV industry is predicted to cross 9 million units per annum by the year 2027.

The Indian government's focus on reducing carbon emissions and increasing the use of EVs has led to the implementation of various schemes and tax incentives, encouraging manufacturers and consumers to shift towards EVs. Furthermore, the need for sustainable transportation and the decreasing cost of batteries has made EVs more accessible to consumers. In this context, let's take a closer look at the key factors driving the growth of the Indian EV market.

Government initiatives:

Government initiatives have played a crucial role in driving the growth of the electric vehicle market in India. The Indian government has implemented various policies and schemes to promote the adoption of EVs, such as the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME) scheme. This scheme provides financial incentives to manufacturers, buyers, and suppliers of EVs, making them more affordable and accessible to consumers.

The Indian government has set an ambitious target of achieving 30% EV penetration by 2030 and has implemented various policies and incentives to promote the adoption of EVs in the country. These include tax exemptions, subsidies for EV buyers, and support for charging infrastructure development.

Increased demand for sustainable transportation:

The increased demand for sustainable transportation is another crucial factor driving the growth of the electric vehicle market in India. As more people become aware of the environmental impact of traditional vehicles, they are increasingly seeking cleaner and greener alternatives. Electric vehicles offer a sustainable transportation option that produces zero emissions and reduces the carbon footprint of the transportation sector. As a result, there has been a surge in demand for EVs in India.

India has been facing severe air pollution issues in its cities, which has led to a growing awareness and concern for the environment. This could drive up demand for cleaner and more sustainable transportation options like EVs.

Decreasing battery costs:

The decreasing cost of batteries is another important factor driving the growth of the electric vehicle market in India. The cost of batteries is a significant barrier to the adoption of EVs, as it accounts for a significant portion of the vehicle's total cost. However, the cost of batteries has been decreasing rapidly in recent years due to advancements in technology and increased production. With advancements in battery technology and economies of scale in EV production, the cost of EVs is expected to decrease significantly in the coming years. This could make EVs more affordable and accessible to a wider range of consumers in India.

Infrastructure development:

Infrastructure development is another key factor driving the growth of the electric vehicle market in India. One of the biggest barriers to the adoption of EVs is the lack of charging infrastructure. EV owners need access to charging stations to charge their vehicles, and a lack of infrastructure can limit the range and convenience of EVs. To address this issue, the Indian government has been actively working to develop the necessary infrastructure for EVs. The National Electric Mobility Mission Plan (NEMMP) aims to set up charging stations across the country, with a goal of establishing one charging station every three kilometers in cities and every 25 kilometers on highways.

With the government's push for local manufacturing under the Make in India initiative, several global automakers have announced plans to set up EV production facilities in India. This could lead to increased domestic production and supply of EVs, further boosting the market

Innovation and collaborations

Innovation and collaborations are also important factors driving the growth of the electric vehicle market in India. The Indian EV industry is witnessing a significant increase in innovation, with companies developing new and advanced technologies to improve the performance and efficiency of EVs.

Overall, the Indian EV market has witnessed significant growth in recent years, and these factors are likely to continue to drive the growth of the market in the coming years.