

India's EV transition and import substitution strategy yield positive results, says Goldman Sachs

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India's electric vehicle (EV) transition is gaining substantial momentum. The government's push for electric mobility and the country's increasing focus on sustainable transportation has resulted in a flourishing EV industry. With the introduction of various incentives and policy reforms, India has witnessed a significant surge in the adoption of electric vehicles across the nation.

In an interview with CNBC-TV18, Sunil Koul, Asia Pacific Strategist at Goldman Sachs said that with the EV industry gaining momentum and import substitution driving economic growth, India is well-positioned to achieve its sustainability and self-reliance goals.

He said, "There are sectors where you need large capex investments as well as some technology transfer, whether it's semiconductor space, energy transition, EV bucket - that we think is a strong, compelling secular theme, but that will take time to play out. So, it's a function of where can you get the results quickly, in next 2-3 years, versus where the theme looks compelling, but it may take a bit of a time for results to show up."

The transition to electric vehicles is not only essential for reducing carbon emissions but also presents a massive economic opportunity. As the demand for EVs continues to rise, it stimulates growth in related industries, such as battery manufacturing, charging infrastructure development, and renewable energy generation.

In addition to the EV transition, he also highlighted the positive impact of India's import substitution theme. The country has been actively promoting

domestic production and reducing dependence on imports across various sectors.

India's focus on import substitution is not only limited to the EV sector but extends to other industries such as electronics, pharmaceuticals, and consumer goods. By encouraging local production, India aims to enhance self-reliance and reduce its trade deficit, ultimately strengthening its economic resilience.

Talking about India's impressive track record of multi-baggers, he said that the Indian stock market has witnessed significant growth in recent years, with several sectors experiencing remarkable appreciation. This surge in value has created immense wealth for investors, further cementing India's position as an attractive investment destination.

“We looked at 10 different markets across emerging markets (EMs) and developed markets (DMs), close like 7,000 odd stocks, and it showed that historically, India has delivered the highest proportion of multi-baggers; the way we define it is basically looking at stocks that have generated more than 10x returns over a 5-year period over the past two decades,” said Koul.

For more details, watch the accompanying video

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(Edited by : C H Unnikrishnan)

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