



India's xEV scenario

Ammar Master, Senior Manager,
Asia-Pacific Vehicle Forecasts

There appear to be two opposing schools of thought on how the electrified vehicle (xEV) market will evolve and expand in India.

The first camp believes that the industry will be established at the top of the pyramid, where only the upper echelons of Indian society will have the means to purchase vehicles powered by non-conventional technologies. We have already seen some evidence of this with the launch of the Mercedes-Benz EQC in early October, and the Jaguar I-PACE is likely to follow in its footsteps in early 2021. Tesla, meanwhile, is planning to enter the Indian market in the near future.

On the flipside, those who do not buy into the above scenario are convinced that the xEV sector will gain a foothold at the lower end of the spectrum, with the electric two-wheeler market acting as a springboard for the electrified Passenger Vehicle segment.

According to the Society of Manufacturers of Electric Vehicles, there are currently more than half a million electric two-wheelers on India's roads, more than 90% of which are low-speed electric scooters (with maximum speeds of 25 km/hr) that require no registration or licence.

The rationale is that as buyers of electric two-wheelers move up the economic ladder, they will gravitate towards A- and B-segment Passenger Vehicles and will be more open to purchasing xEVs. The caveat here, of course, lies in the affordability of electrified models in these size segments. And this is where we may see Tata Motors and Maruti-Suzuki (with technology provided by Toyota) begin to capitalise on this burgeoning market.

We are also likely to see the arrival of more xEVs in the fast-growing SUV segment. The MG E ZS and Hyundai Kona are already available to buy, while the Tata Nexon EV propelled Tata's EV sales above 900 units between July and September.

What is abundantly clear is that the COVID-19 pandemic has thrown a spanner in the works, hampering the development of India's xEV market, as new investment and product launch plans have been deferred ([as we highlighted in a previous blog post](#)).

The fledging sector also faces a number of other challenges, with price sensitivity being the biggest impediment to the rapid expansion of India's xEV market.