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India to go high-tech

The Indian government has budgeted more than ₹259 billion (US\$3.4 billion) in incentives to accelerate the production (and eventual adoption) of advanced automotive technology products under its recently announced 'Production Linked Incentive (PLI) Scheme for the Automobile and Auto Component Industry'.

The scheme emphasises battery electric vehicles (BEVs) to further push the government's aims of vehicle electrification in India, along with hydrogen fuel cell vehicles, which are targeted to support India's National Hydrogen Mission.

The eligible advanced technology components for xEVs include those used in energy storage, power management, traction, braking, transmission, and HVAC, as well as rare earth magnets for motors. To promote the production of hydrogen fuel cell vehicles, the PLI scheme offers incentives for localising 20 components, including fuel cells and fuel cell stacks.



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Certainly, the scheme has been attracting OEMs. MG Motor seems to have advanced its plans for a mass market BEV, which we have assumed to be the MG 510, with a likely market introduction within the first quarter of 2023. The automaker is planning to heavily localise the vehicle, including the battery assembly, which should allow it to hit a target price of ₹1-1.5 million (US\$13,000-20,000).

Hyundai's recently announced plans to invest about ₹40 billion (US\$528 million) in to launching six BEVs in the Indian market by 2028 must also have been influenced by the PLI scheme, while sister company Kia is expected to unveil its own BEV roadmap for the Indian market next year.

Meanwhile, we can certainly assume homegrown players Tata Motors and Mahindra & Mahindra – both of which have aggressive BEV plans – will apply for the PLI scheme, along with market leader Suzuki Group.

The timely introduction of the PLI scheme for the automotive industry, together with [central- and state-level incentives](#) to promote electrification augurs well for the development of this still nascent industry.

All told, we have improved our expectations of BEV sales in the Indian Passenger Vehicle market, with its share forecast at 15% by 2030, versus an estimated share of roughly 6% six months ago.