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“ IN JANUARY 2022, DELHI RECORDED A 136% YEAR-ON-YEAR GROWTH IN EV SALES (8.1% OF ALL NEW SALES IN THE MONTH). AMONG THE VEHICLE TYPES, ELECTRIC TWO-WHEELERS ACCOUNT FOR MORE THAN HALF OF THE EV SALES, FOLLOWED BY E-RICKSHAWS. THE DELHI TRANSPORT CORPORATION RECENTLY GOT ITS FIRST E-BUS AND IS SET TO DEPLOY 300 E-BUSES IN THE COMING MONTHS.”

India today has over 9 lakh registered electric vehicles (EVs). The efforts to promote EVs primarily include demand-side incentives—at both central and state levels (in accordance with their respective policies), setting up EV-charging infrastructures within major cities and along major highways, a stimulus to electric-bus adoption by different state transport undertakings, and boosting local manufacturing of essential parts through the production-linked-incentive scheme.

The Central Government’s Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles (FAME) scheme—a major initiative in the EV space—provides incentives largely on the basis of vehicle battery size. But certain states like Delhi, Maharashtra, West Bengal, Bihar, and Assam offer additional incentives in the range of INR 5000 to 10000 per kWh of the battery. Many states offer exemption (up to 100%) from vehicle registration and road tax as well, under their respective EV policies.

The Delhi Government has been leading the efforts to promote EVs, with the aim of reducing vehicular pollution. As their earlier policy failed to achieve the expected EV-uptake rate, a new approach was adopted and a new EV Policy was notified in 2020 for three years. This policy seeks to drive large-scale EV adoption to achieve a 25% share in all new vehicle sales in 2024, through purchase incentives, scrappage incentives, waiver of road tax and registration fees, charging infrastructure mandates and grants, and special electricity tariffs. Such policy push, coupled with increasing fuel prices, has led to a surge in EV sales. In January 2022, Delhi recorded a 136% year-on-year growth in EV sales (8.1% of all new sales in the month). Among the vehicle types, electric two-wheelers account for more than half of the EV sales, followed by e-rickshaws. The Delhi Transport Corporation recently got its first e-bus and is set to deploy 300 e-buses in the coming months.

Uttar Pradesh (UP), Karnataka, and Maharashtra are the main contributors to the overall EV sales. Maharashtra’s recent EV policy, released in 2021, is seen as one of India’s most customer-friendly policies. It provides demand-side incentives of INR 5000 /kWh for electric two-wheelers, three-wheelers, and cars, and a 10% subsidy on ex-factory costs for electric buses. Mumbai’s local transport body, Brihanmumbai Electric Supply, and Transport or BEST leads in e-bus adoption, with over 380 e-buses currently plying within its jurisdiction. The body plans to add about 1900 more e-buses. Karnataka has recently amended its policy to attract investors to the EV sector, as per media reports, and Bengaluru has signed a deal to deploy 90 electric buses for last-mile connectivity within the city, with plans to get another 1,500 e-buses under the Centre’s ‘Grand Challenge Plan’. UP’s EV Policy (2019) aims to have 10 lakh EVs by 2024. The state has the highest number of EV registrations at over 2 lakh units, as of December 2021.

Several other states like Tamil Nadu and Telangana have notified policies that focus on supply-side incentives such as capital subsidies, GST reimbursements, and tax exemption for battery, vehicle, and charger manufacturers. While these states have emerged as EV-manufacturing pioneers, they could not achieve their EV-adoption targets due to a lack of demand-side encouragement. This shows that EV adoption is driven largely by demand-side incentives. However, though demand-side incentives have increased EV adoption in many states, the lack of expansive infrastructure remains a challenge in accelerating the transition. The Government of India’s upcoming initiatives to encourage EV-charging business models and the anticipated Battery Swapping Policy may play a crucial role in changing the narrative of EV adoption in India.

