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SHIFT TO EVS IS INEVITABLE, SAYS AMITABH KANT

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NEW DELHI : India’s automobile industry will have to transition to electric mobility in the coming decades and stakeholders like vehicle manufacturers and their component suppliers need to strive to become part of the new value chain to survive, said Amitabh Kant, chief executive of Niti Aayog.

A successful transition to electric mobility is crucial for India’s efforts to reduce carbon emissions, meet COP 21 targets and reduce its dependence on oil imports. Hence, the union and state governments have been incentivizing adoption of electric vehicles in the public transport system.

“The shift to electric mobility is inevitable now and it is important for the sector to indigenize the value chain in the coming years. The number of startups in the EV ecosystem is also very encouraging. The government has re-strategised the Fame incentive scheme to reduce the upfront cost of electric two and three-wheelers. The recently announced production linked incentive scheme for advanced chemistry cell batteries will also be a game changer," said Kant at the Auto Retail Conclave organized by the Federation of Automobile Dealers Associations.

The automobile industry has already started preparing for a transition to electric mobility with companies like Tata Motors, Mahindra and Mahindra, Bajaj Auto, TVS Motor Co and others launching their respective electric vehicles across segments. Multiple startups like Ather Energy, Ola Electric, Okinawa and others are also trying to disrupt the current structure of auto industry with their product offerings and other solutions.

The Indian government has extended the second phase of the Faster Adoption and Manufacturing of Hybrid and Electric vehicle (FAME) scheme by two years to March 31, 2024, to push sales of electric vehicles.

Department of Heavy Industries has also announced a 50% increase in incentives for electric two-wheelers to 15,000 per kilowatt hour from 10,000 per kWh. According to the new rules, the cap on incentives will be limited to 40% of the total price compared to the earlier cap of 20%. The ministry of heavy industries has also mandated Energy Efficiency Services Ltd (EESL) to procure 300,000 electric three-wheelers for use by different authorities.

“Growth of share connected, and electric vehicles provide a huge opportunity to the domestic industry. India is a signatory to the COP 21 agreement and the road transport sector contributes to a fourth of the carbon emissions. The advent of electric mobility provides new opportunity, and the auto sector should capture it," Kant added.

Credit ratings agencies like ICRA and others estimate around 10% of the new two-wheelers and buss sales to shift to electric due to increase in incentives from the government and other factors.

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