

THE FRONT SEAT IN ELECTRIC MOBILITY

Relevant for: Science & Technology | Topic: Science and Technology- developments and their applications and effects in everyday life

The progression to electric vehicles is important for India because such vehicles are sustainable and profitable in the long term. Reducing dependence on crude oil will save the government money, reduce carbon emissions, and build domestic energy independence. Besides being an economically and environmentally viable option, India's transition to electric vehicles will allow us to fine-tune our infrastructure. This will also influence India's foreign policy as our energy security dependence will shift from West Asia to Latin America. India imported 228.6 MT of crude oil worth \$120 billion in 2018–19, which made it the third-largest oil importer in the world in terms of value.

In order to reduce dependence on crude, the government has drafted policies that may act as catalysts in propelling the acceptance of electric vehicles. Under the [Faster Adoption and Manufacturing of Hybrid and Electric Vehicles](#) and its [updated \(Fame 2\) version](#), the government has allocated \$1.3 billion in incentives for electric buses, three-wheelers and four-wheelers to be used for commercial purposes till 2022, and earmarked another \$135 million for charging stations. Besides these incentives, a proposal for a \$4.6 billion subsidy for battery makers has also been proposed by the NITI Aayog. These policies are embedded with the vision to have 30% electric vehicles plying the roads by 2030. In September 2019, Japanese automobile major Suzuki Motor formed a consortium with Japanese automotive component manufacturer Denso and multinational conglomerate Toshiba to set up a manufacturing unit in Gujarat to venture into the production of lithium-ion batteries and electrodes.

Also read | [India's EV sector to offer \\$206 billion opportunity by 2030: study](#)

Developing domestic battery manufacturing capacity may fundamentally change India's relationship with resource-rich Latin America as the government plans to buy overseas lithium reserves. Latin America's famous lithium triangle that encompasses lithium deposits under the salt flats of northwest Argentina, northern Chile, and southwest Bolivia holds about 80% of the explored lithium of the world. In Latin America, most of the production comes from Argentina, Chile, and Bolivia.

In 2019, India's National Aluminum Company (NALCO), Hindustan Copper Limited (HCL) and Mineral Exploration Corporation Ltd (MECL) formally signed a joint venture agreement [to form Khanij Bidesh India Limited \(KABIL\)](#) to scout for strategic mineral assets like lithium and cobalt abroad for commercial use and for supplying to meet the domestic requirement for battery manufacturers. At present, India's lithium-ion battery demand is fulfilled by imports from China, Vietnam, and Hong Kong. In the last two years, India has had a growing appetite for lithium-ion batteries, and so, lithium imports have tripled from \$384 mn to \$1.2 bn. Notably, the government has intercepted this growing demand from its incipience. With its policy intervention to support battery manufacturers by supplying lithium and cobalt, this industry is more likely to grow domestically to support India's goal to switch to electric mobility.

Explained | [What is the economics behind e-vehicle batteries?](#)

Interestingly, lithium is also used as a drug to treat bipolar disorder and is soon becoming the metal to treat a world polluted by excessive carbon emissions. Currently, India's biggest trading partners in Latin America are Brazil, Mexico, and Venezuela, and majority of trade is concentrated on crude oil which includes 14%-20% of India's total crude oil imports.

However, this may soon shift to lithium and cobalt. The Indian government's initiation to take the front seat in electric mobility and preemptive action to send a high-level delegation to have a precise understanding of the availability of lithium and possibilities of joint ventures will supply domestic markets and drive international markets. Most importantly, this will be a long-term solution to clean our cities, build new markets, and skill people for new jobs towards an 'Atmanirbhar Bharat'.

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