

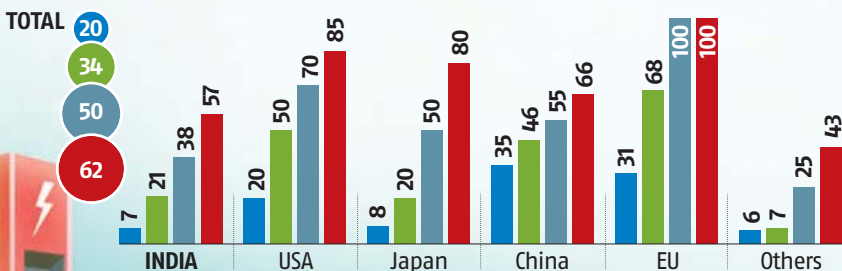
# India's electric PV share may rise to 7% by 2040

Penetration likely to remain lower than global average

## SLOW CHARGE

EV passenger car penetration in %

■ 2026 ■ 2030 ■ 2035 ■ 2040



Source: Goldman Sachs

**SURAJEET DAS GUPTA**  
New Delhi, 29 March

India's share in the global electric passenger vehicle market might be a minuscule 1 per cent in 2024 but it is projected to go up to 7.1 per cent by 2040, according to the latest estimate by Goldman Sachs.

In 2024, Sachs estimates that electric passenger car sales will remain at more or less the same levels as 2023, namely, around 0.1 million. But in 2030 they will cross the million mark for the first time, hitting 1.3 million in 2030 and then 5.5 million by 2040.

However impressive the increase, India's electric passenger vehicle penetration will remain far behind the global average; it will catch up only in 2040. It will see a penetration of 7 per cent in 2026, going up to 21 per cent in 2030 and hitting 57 per cent by 2040.

The global trajectory will be very different. Average penetration will be much higher, at 20 per cent in 2026, 34 per cent in 2030 and 62 per cent by 2040. The average is based on projections for the US, Japan, China, the EU, India and the rest of the world.

The new projections are far lower than Niti Aayog's target to have an electric passenger vehicle penetration of 30 per cent, but are higher than those of the ICRA which has pegged penetration at 15 per cent in 2030.

In fact, India's penetration resembles that

of Japan where hybrid is still the chosen technology but where the electric vehicle (EV) penetration is projected to be 8 per cent in 2026, 20 per cent in 2030 and 80 per cent in 2040.

The Goldman Sachs report gives three reasons for why EV sales are slowing down, especially in Europe: poor visibility in government policy, a shortage of rapid charging stations and capital costs because of the lower prices that used EVs fetch. Global EV sales momentum has fallen from around 1.2 million a month in December 2023 to around 0.85 million in January 2024.

China also has oversupply. It has a capacity of around five million vehicles which is pushing companies to export aggressively. But that is not easy given that the US, India and the EU are restricting imports.

On the brighter side, Goldman Sachs says sales of hybrids (HEV and PHEV) have been accelerating. It projects that global hybrid sales will be higher than projected earlier. The report estimates that HEV/PHEV sales will go up from 11.5 million in 2023 to 13.8 million in 2024 and reach 19.4 million in 2030 after which there will be a slowdown.

The report also says that hybrids provide better margins than ICE-based cars and that consumers have been willing to accept paying the additional cost of a HEV over an ICE vehicle. This extra cost is around \$2000 which is less than the \$4,000 additional cost to own an EV.