

EV penetration likely to fall short of govt's 2030 plan

Subsidy reduction has hit industry's estimate of 1.2 mn E2W sales in FY24

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New Delhi, 5 January

The government estimates that by FY29, electric two-wheeler sales will see a tenfold increase, reaching 10.5 million, up from the one million expected to be sold in FY24.

This will push up electric two-wheeler sales penetration from 6.1 per cent in FY24 to 37.8 per cent in FY29.

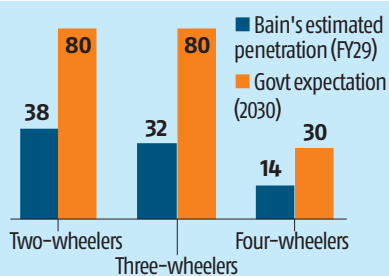
The projections are based on Bain Analysis and Climate Trends and it is on this basis that calculations for the proposed FAME-III subsidy requirement are being worked out.

The penetration is expected to hit 12.6 per cent in FY26, and 18.2 per cent in FY27. The government expects the FAME-III subsidy to be able to support one million two-wheelers by the end of the FY28.

The projected numbers are far more modest than earlier announcements, both by the government and the industry. In 2021, Road Transport and Highways Minister Nitin Gadkari had said he was aiming for 80 per cent penetration by 2030.

That now looks like a pipe dream.

Even the reduced figures for FY24 look difficult to achieve. Industry estimates of



selling 1.2 million electric two-wheelers in FY24 have been affected by the adverse impact of the subsidy reduction. Now the expectation is that sales will be somewhere around 0.8 million.

In electric four-wheelers, sales penetration based on Bain and NITI Aayog data is expected to hit 14 per cent by FY29 with 840,000 electric vehicles expected to be sold. That is far lower than Gadkari's projection of 30 per cent by 2030.

The sales penetration expected to be reached in FY24 will be around 2 per cent with one lakh vehicles expected to be sold in the year. The penetration in FY26 will be 5 per cent going up to 7 per cent in FY27.

Currently, 8 per cent of all electric four-

wheeler sales are for taxis. Assuming that the same percentage of sales comes from taxis, it is expected that the number would go up to 10 per cent by FY29.

The estimated penetration of electric three-wheeler sales, based on NITI Ayog estimates, is expected to go up from 12 per cent in FY24 to 26 per cent in FY28 when over 288,000 vehicles will be sold. But in FY29, this is expected to rise to 32 per cent. In FY24, the expected sales have been pegged at 73,000. For electric trucks, the projections are very modest — a penetration of 2.74 per cent by FY29.

The number of charging stations will be a key factor in electric vehicle penetration.