

# EVs offer automakers second chance in India

**Bloomberg**

India's transition to electric vehicles is giving automakers, whose conventional gasoline cars have failed to make a mark, a second chance. High taxes, price-conscious consumers and tricky logistical issues have made it tough for many foreign carmakers to thrive in one of Asia's biggest economies. They've found it difficult to loosen the grip of local players such as Maruti Suzuki India Ltd, a household name since the 1980s, thanks to its iconic Maruti 800 that became the first affordable car for the masses.

But with the advent of EVs, firms such as MG Motor India, the local unit of China's SAIC Motor Corp, Renault, Nissan Motor Co and Volkswagen, may finally gain a better foothold.

While MG Motor controls

just a fraction of the local passenger vehicle market, last month it announced ambitious plans to grab a share of the country's budding EV space, expecting to derive as much as three-quarters of its sales in India from electric cars by 2028 via the launch of four to five new models, most of them pure electric.

**INCREASING PRODUCTION**  
MG Motor is also building a second factory to make EVs, with an investment of \$607 million, that would increase its combined production output in India to as many as 300,000 cars a year, and constructing a battery assembly unit in Gujarat. On top of that, it plans to dilute its 100 per cent shareholding of its local unit with the aim of having it majority owned by an Indian firm in two to four years.

Other international automakers that already have a

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chunk of the Indian car market are taking advantage of the EV shift to expand their presence.

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## **US-CHINA TENSION**

Still, as US-China trade tensions mount, global automakers are revisiting India for its vast growth potential

and as an alternative manufacturing base. Prime Minister Narendra Modi is making use of the shifting geopolitics to lure companies with cash incentives, encouraging them to make everything from smartphones to semiconductors in the nation.

Europe's largest carmaker Volkswagen is a case in point. It's reportedly planning to electrify 30 per cent of its passenger vehicle line-up in India by the end of this decade and potentially launch its first electric car, the ID.4, there next year.

Tesla, after a long stand-off, also appears to be softening, with senior executives visiting India last month to discuss the possible local sourcing of components. They also spoke with federal government officials about incentives in a bid to diversify Tesla's supply chain beyond China.