

# E-2W, E-3W sales to grow at a faster pace than PVs, commercial vehicles: Report

## OUR BUREAU

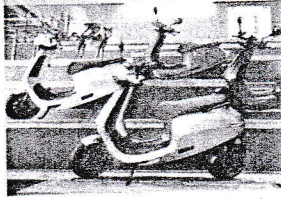
New Delhi, September 14

The total cost of ownership is likely to be more attractive for electric two- and three-wheelers (E2W and E3W) than for passenger or heavy commercial vehicles, a report said on Wednesday.

The report titled 'The future of mobility: Transforming to be ahead of the opportunity' by the Automotive Component Manufacturers Association of India (ACMA) and McKinsey said new E2Ws and E3Ws will account for 50 per cent and 70 per cent respectively of total sales by 2030.

### Portfolio disruption

"Internal combustion engines (ICE) will continue to dominate the Indian passenger vehicle (PV) and heavy commercial vehicle (HCV) landscape, with slower electrification. Electric PVs and HCVs are expected to account for 10 to 15 per cent and 5 to 10 per cent of new vehicle sales respectively by 2030," the report released on the sidelines of the 62<sup>nd</sup> Annual



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Session of ACMA said. According to early estimates, a transition to EVs could impact up to 50 per cent of ICE bill of material (BOM) components. This could disrupt the portfolio of incumbents in traditional ICE component categories. The disruption could be an opportunity too—creating multiple whitespaces for companies to cater to the new EV BOM needs and generate avenues to serve markets outside India, in both ICE and EV component categories.

These will represent new or expanded value pools, which players can capture by pivoting and diversifying with agility, it said.

The study outlined three

broad strategy frameworks which automotive component manufacturers could adapt — continuous improvement and expansion in traditional ICE play within India — a \$35-45 billion opportunity by 2030; broaden opportunities within the automotive market; and capture opportunities in automotive-like adjacent sectors (construction and mining equipment, rolling stocks for railways/metros, defence sector) — all of which are growing and have a sizable market.

The report further said that Europe and China are expected to be front-runners in this shift with the rest of the world following suit eventually, adding that the emerging markets India and China are likely to lead the overall automotive space with sales of passenger vehicles expected to rebound to peak levels by middle of this decade.

The long-term prospects for the industry remain strong despite near-term supply disruptions, it added.