

'EV push may lead to large-scale entry of Chinese firms'

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The government's push to boost domestic manufacturing of electric vehicles (EVs) may lead to large-scale entry of Chinese auto firms in the local market, a report by think tank the Global Trade Research Initiative (GTRI) said on Sunday.

China's automotive industry, buoyed by substantial state support, has grown rapidly in electric vehicle technology, making it a leading exporter of EVs and related components, GTRI said.

The renewed policy push to make India a hub for e-vehicle manufacturing and efforts of the private sector will lead to a sharp increase in dependence on auto component imports from China, the report said.

India's auto component imports were \$20.3 billion in 2022-23 of which 30 per cent came from China. As the EVs are getting greater focus in the country, the auto component imports from China may increase further because it has a greater hold over the EV components' global supply chain. The report said that in the "next few years, every third electric vehicle and many passenger and commercial vehicles on India roads could be those made by Chinese firms in India alone or through joint venture with Indian firms".

GTRI founder Ajay Srivastava said that Indian market entry provides a much-needed relief to Chinese firms.