‘Tesla’s presence can drive competition, innovation in India’s EV market’

The government would need to assess the maturity level of the electric vehicle (EV) ecosystem and which segments need support as the FAME subsidy comes to an end in March 2024, says **RANDHEER SINGH**, senior specialist and director, e-mobility, NITI Aayog. In an interview with **Ruchika Chitravanshi** in New Delhi, Singh, whose stint at the think tank ended on Friday, says the EV segment in India is seeing interest from global players such as Tesla. He also added that Tesla’s experience in building a robust vendor ecosystem in other countries could contribute to its efforts in India. Edited excerpts:

The FAME subsidy is coming to an end. How is the government gearing up for a subsidy-less ecosystem for e-vehicles?

FAME II is still valid till March 24, and we have recently seen the ministry announcing the tapering down of incentives on e-two wheelers (e2ws), not complete removal. We need to see the maturity level of the EV ecosystem, which segments need support, what is next, and the impact near the end of this year. We should recognise the importance of transitioning towards a subsidy-less ecosystem for e-vehicles. To facilitate this transition, several non-fiscal strategies are possible.

Firstly, one of them could be a conducive policy framework that encourages EV adoption through measures such as tax incentives, research and development grants, and favourable regulations. Additionally, it could be done by actively investing in building robust charging infrastructure nationwide to address range anxiety and by encouraging public-private partnerships. Moreover, Auto PLI (production-linked incentive) will help bring down overall vehicle parts cost (including battery).

Q&A

RANDHEER SINGH
Senior Specialist, e-mobility, NITI Aayog

What do you think entrants like Tesla can do for India’s EV market?

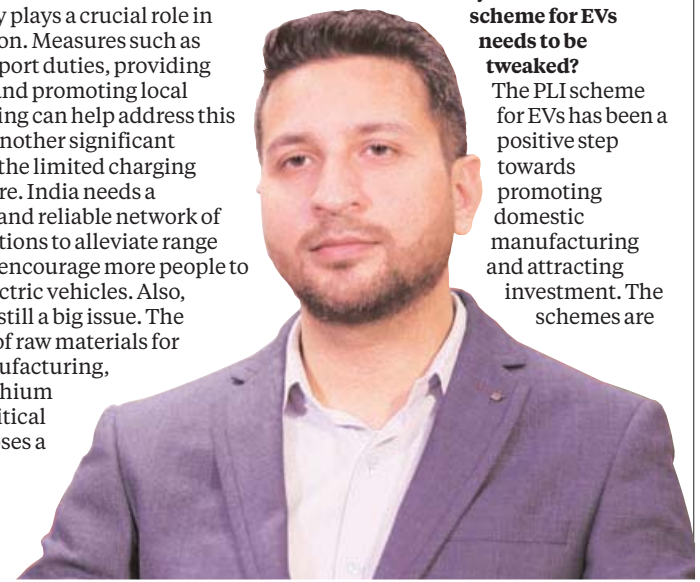
Entrants like Tesla can have a significant impact on India’s EV market. Tesla’s entry brings global recognition and brand value, which can further accelerate the adoption of electric vehicles in the country. Its advanced technologies, including high-performance electric vehicles and energy storage solutions, can serve as benchmarks for the domestic industry. Moreover, Tesla’s presence can drive competition and innovation in the market, leading to technological advancements and cost reductions. Tesla’s expertise in battery technology, charging infrastructure, and software integration can help improve the overall ecosystem for EVs in India.

Do you think Tesla can develop a strong vendor ecosystem in India?

India already has an advanced auto parts manufacturing base. Specific to Tesla, since they are the pioneers in pure EV, definitely their presence, even for parts will add value for sure. Also, developing a strong vendor ecosystem would be crucial for Tesla’s success and growth as India has skilled labour, competitive cost, and comparatively growing market for high cost vehicles too.

What do you think will be the biggest challenges for the EV market in India in the near term?

One of the primary challenges is the high upfront cost of electric vehicles compared to conventional vehicles. Affordability plays a crucial role in mass adoption. Measures such as reducing import duties, providing incentives, and promoting local manufacturing can help address this challenge. Another significant challenge is the limited charging infrastructure. India needs a widespread and reliable network of charging stations to alleviate range anxiety and encourage more people to switch to electric vehicles. Also, financing is still a big issue. The availability of raw materials for battery manufacturing, including lithium and other critical minerals, poses a challenge. Exploring domestic reserves, diversifying supply chains, and promoting research and development in alternative battery technologies can help mitigate this challenge.



Do you think the PLI scheme for EVs needs to be tweaked?

The PLI scheme for EVs has been a positive step towards promoting domestic manufacturing and attracting investment. The schemes are not formed in silos but with years of consultation. Advanced chemistry cell (ACC) PLI is the result of more than two years of stakeholder consultation. That is why it got an amazing response and was oversubscribed. We have seen several manufacturers announcing their plans for cell giga factories even though they were unsuccessful in ACC bids. This shows the traction generated regarding local cell manufacturing and building supply chains.

Is there a need for a policy to push lithium as the mainstay? How good is the option of sodium batteries?push lithium as the mainstay? How good is the option of sodium batteries?

Currently, lithium-ion batteries dominate the electric vehicle space due to their high-energy density, relatively long lifespan, and established manufacturing infrastructure. However, it is crucial to have a diversified approach and explore alternative battery technologies. We need to encourage research and development in advanced battery technologies, including sodium batteries.