

Va Va EVroom EVroom

- By Amitabh Kant

November marked Delhi's worst air quality in eight years, with the nation's capital failing to record a single "good air" day in 2024. A recent IQAir study ranked India as the third most polluted country globally, with 42 of the top 50 most polluted cities, underscoring that the problem extends far beyond Delhi. While India has made notable strides, such as promoting CNG vehicles and transitioning directly from BS IV to BS VI emission norms, these achievements have been overshadowed by the relentless growth in air pollution from several sources including fossil fuel vehicles.

Accelerating the adoption of zero-emission vehicles within India's fleet has the potential to permanently address air pollution issues. This transition aligns with the global paradigm shift in the auto industry. Since 2019, major auto markets in Europe, the United States, and China have seen their EV market shares grow by a factor of five or more. Currently, EV sales comprise 10% in the United States, 23% in Europe, and China now sells more EVs than internal combustion vehicles. These shifts have been driven by government policies. With a robust policy framework, India's EV market share—currently at 2%—could grow at a comparable rate.

India's auto industry requires decisive direction. Indian companies like Tata and Mahindra have taken the lead and are committed to the EV transition. They have made strategic investments in new EV models, in battery plants and components. Suzuki and Toyota will soon launch their electric vehicles. Indian automobile manufacturers have now realised that putting resources into conventional vehicle production is akin to investing in typewriters in a digital age.

Over the past decade, the Government of India has invested over ₹75,000 crores in initiatives like FAME, the Performance Linked Incentive (PLI) scheme, PM eBus Sewa, and the Electric Mobility Promotion Scheme (EMPS) to support electric vehicles. State governments have also contributed through various policies and tax incentives.

However, what India needs is transformation at scale; otherwise, these efforts will be undermined, relegating our auto industry to an industrial backwater and ceding the future of EV manufacturing, batteries, and components to other major markets. The good news is that with relatively minor policy adjustments, India can accelerate its EV transition and catch up with leading markets. Here are the key things it needs to drive::

1. Set Ambitious National Goals and Conduct Regular Progress Reviews

We need to establish a clear national target to surpass major markets in the EV transition within a decade, aiming for 30% EV market share by 2030 and 60% by 2034. Biannual government progress reviews should be instituted, starting in 2026, with a strong commitment to strengthen policies as needed.

2. Strengthen Proposed CAFE Standards

The Bureau of Energy Efficiency (BEE) has proposed Phases 3 and 4 of CAFE regulations for light-duty vehicles. However, these will delay India's EV transition unless EV super credits are phased down over a specified time frame and super credits for fossil fuel cars, including hybrids, are eliminated. This will accelerate our shift towards EVs.

3. Need to introduce Credit Trading

Several Indian OEMs such as Tata Motors and Mahindra have expanded their EV portfolios. Maruti Suzuki will soon launch its Electric Vehicle. A credit trading system, where OEMs exceeding zero-emission sales targets earn credits and those falling short purchase them, would incentivize early adoption while giving lagging manufacturers time to adapt. Tesla's success—earning over \$10 billion from regulatory EV credits since 2018—illustrates the vast potential of this model.

4. Set ICE Phase-Out and ZEV Sales Targets

A phased approach to internal combustion engine (ICE) phase-out is essential. The Delhi National Capital Region could target ending new fossil fuel vehicle registrations by 2035. A similar approach should be implemented in the 42 most polluting Indian cities. OEMs should be mandated to ensure that 10% of their fleet comprises zero-emission vehicles, with annual increases of 10% to reach 100% by 2035. This is necessary to ensure our leadership in cutting edge technologies and a better quality of life for our citizens.

India is a major global player in passenger car sales, with over four million domestic sales and growing export leadership by Maruti and Hyundai. The country is also a global leader in two- and three-wheeler manufacturing, producing 21 million units in 2023–24, with 17% exported to over 80 countries. The automotive sector contributes 7% of GDP and generates significant employment. By 2030, the EV industry is projected to create 50 million jobs.

Failing to transition from fossil fuel to electric vehicles risks undermining India's market position. Clinging to outdated technologies like internal combustion engines or hybrids could jeopardize economic prosperity. Decisive action is needed to remain competitive, safeguard public health, and lead the global shift toward sustainable mobility.

The writer is India's G20 Sherpa & former CEO, NITI Aayog. The views expressed are personal.