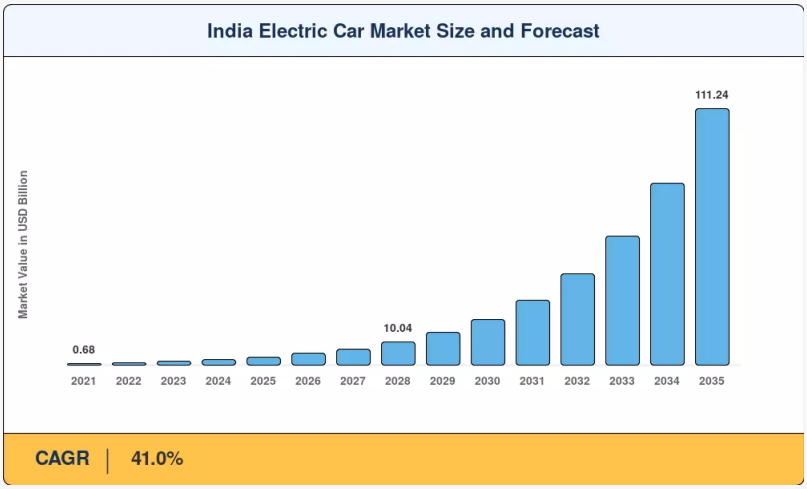
India Electric Vehicle Market to Hit USD 277.51 Billion by 2035 at 18.3% CAGR, as HEV are expanding at a CAGR of 38.5%

West India leads India Electric Car Market with USD 1.25 billion in 2025 revenue, powered by Maharashtra's subsidy stack and Gujarat's PLI-linked cell plants.



India Electric Car Market Summary

NY, CA, UNITED STATES, July 3, 2026 /EINPresswire.com/ -- The India Electric Vehicle Market reached an estimated USD 51.69 billion in 2025, and the market is projected to grow from USD 61.15 billion in 2026 to USD 277.51 billion by 2035, registering a CAGR of 18.3% during 2026–2035.

India Electric Vehicle Market Overview

The India electric vehicle market trends encompasses all vehicles that operate fully or partially on electric power, including battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs), and fuel cell electric vehicles (FCEVs). This dynamic sector includes vehicle manufacturers, battery producers, charging infrastructure providers, component suppliers, and associated service providers that collectively form a rapidly evolving mobility ecosystem. The Indian EV market represents a transformative shift from internal combustion engine (ICE) dominance toward sustainable, electrified transportation solutions that align with national energy security and environmental goals.

> Battery Electric Vehicles (BEV) account for an estimated 62% share of the India Electric Car Market in 2025, reflecting strong consumer preference for zero-tailpipe-emission platforms”
>
> *Arti Dhapte*

The market is experiencing unprecedented growth driven by multiple converging factors. India's ambitious target of achieving 30% EV penetration in new vehicle sales by 2030, coupled with cumulative Production-Linked Incentive (PLI) allocations exceeding INR 25,000 crore across advanced chemistry cells

and automotive components, has created a structurally investable sector. The central government's FAME II scheme disbursed over INR 10,000 crore in demand-side incentives between 2019 and 2024, directly subsidizing more than 1.6 million electric two-wheelers and 7,000 electric buses. Fiscal 2026 proved to be a watershed year, with total EV retail across all categories reaching approximately 24.52 lakh units, growing nearly 24.6% year-over-year.

Industry trends indicate a decisive move toward software-defined vehicles and connected mobility platforms. Indian OEMs such as Ather Energy with its AtherStack and Ola Electric with its MoveOS are developing vehicles capable of generating recurring revenue through over-the-air feature upgrades, insurance telematics, and usage-based financing. The integration of diagnostics, telematics, and predictive maintenance tools is making EV services more proactive and data-driven, with connected vehicles providing real-time health monitoring that creates new service opportunities. Consumer preference is increasingly shifting toward models offering longer range, advanced connectivity features, and lower total cost of ownership.

Technological developments are reshaping the Indian EV landscape at an accelerated pace. Battery pack costs dropped below USD 120 per kWh domestically in 2024, narrowing the total-cost-of-ownership gap with ICE equivalents to under 10% for urban commuters. The PLI scheme for Advanced Chemistry Cells, worth INR 18,100 crore, has attracted commitments from Amara Raja, Exide Energy, and Reliance Industries to build a combined 50 GWh of domestic cell manufacturing capacity by 2028. Sodium-ion chemistry—well-suited to India's hot climate and cost constraints—is entering pilot production and could offer a 30% cost advantage over lithium-ion for urban-range vehicles.

Policy and regulatory influence on the Indian EV market is profound and multifaceted. State-level interventions have proven instrumental in shaping EV uptake across regions, with states offering direct financial subsidies witnessing significantly stronger adoption than those providing only tax and registration waivers. Delhi's newly approved EV Policy 2.0, effective July 2026, commits nearly INR 15,000 crore over four years and targets 95% electric vehicle registrations by 2027, offering full road tax and registration fee waivers on electric cars priced at INR 30 lakh or below. Southern and Western states, being early movers in formulating EV policies, have consistently recorded adoption ratios above the all-India average.

The demand outlook for India's electric vehicle market remains exceptionally positive. The country's ICE fleet—the third-largest globally—is being displaced by a generation of domestically designed battery-powered platforms. Tata Motors, Ola Electric, and Ather Energy have each committed over USD 1 billion in combined capital expenditure toward gigafactory-scale battery cell production, localized powertrain engineering, and software-defined vehicle architectures. With India projected to have 30 million EVs by 2032, the market stands at an inflection point where demand pull has begun to outpace policy push, creating substantial opportunities across the entire value chain.

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Market Segmentation

By Vehicle Type

The India electric vehicle market is segmented by vehicle type into Two-Wheelers, Passenger Cars, Three-Wheelers, and Commercial Vehicles. Two-wheelers account for approximately 57% of the market by unit volume, underpinned by affordability and urban last-mile convenience. In fiscal 2026, electric two-wheeler sales crossed 14 lakh units, growing 21.81% year-over-year, with TVS Motor Company leading the segment with 3,41,513 units, followed by Bajaj Auto with 2,89,349 units.

Passenger cars represent the fastest-growing vehicle segment at a projected CAGR of 22.4% through 2035, driven by SUV-format launches in the INR 10–25 lakh price band. Electric passenger vehicle retail sales surged 83.63% in fiscal 2026 to 1,99,923 units, with Tata Motors leading the segment at 78,811 units, followed by JSW MG Motor India at 53,089 units and Mahindra & Mahindra with 42,721 units. Electric SUVs command over 60% of the electric passenger car sub-segment, with the Tata Punch.ev, Mahindra XUV 3XO EV, and MG Windsor driving volume in the mass-market price bracket.

Three-wheelers continue to be a significant segment, with electric three-wheeler sales reaching 8,30,819 units in fiscal 2026, growing 18.97% year-over-year. This segment benefits from the Battery Swapping Policy established in 2022 and interoperability standards being finalized by the Bureau of Indian Standards, providing a legislative runway for swapping operators such as Sun Mobility and Battery Smart to grow standardized networks.

Commercial vehicles—including electric buses and cargo vans—are projected to reach USD 28.5 billion by 2035, fueled by fleet electrification mandates and total-cost-of-ownership advantages. Electric commercial vehicle sales zoomed 120.57% in fiscal 2026 to 19,454 units, with Tata Motors topping the category, followed by Mahindra Group and Switch Mobility Automotive. The National Electric Bus Program targets deployment of 50,000 electric buses by 2027 through CESL aggregated procurement.

By Propulsion Type

Propulsion type segmentation divides the market into Battery Electric Vehicle (BEV), Plug-in Hybrid Electric Vehicle (PHEV), and Fuel Cell Electric Vehicle (FCEV). BEVs dominate approximately 89% of the market value, reflecting India's policy bias toward pure-electric drivetrains. The FAME and PM E-DRIVE schemes direct demand incentives exclusively toward fully electric vehicles, creating a structural advantage for BEV adoption.

PHEVs are growing at a CAGR of 24.1%, attracting buyers in range-constrained intercity corridors who need flexibility beyond 400 km and lack confidence in highway charging availability. However, PHEVs receive less policy support compared to fully electric vehicles, limiting their long-term growth potential as charging infrastructure expands. FCEVs remain a nascent segment, with pilot deployments limited to NTPC's hydrogen bus program and Indian Oil's green hydrogen refuelling stations. The National Green Hydrogen Mission's USD 2.3 billion allocation signals long-term intent for hydrogen mobility.

By Component

Component segmentation covers Battery & Battery Management System, Electric Motor & Drivetrain, Power Electronics, and Others (Chassis, Body, Software). The battery and battery management system segment captures approximately 42% of the component value chain, reflecting both the high cost weight of the pack and India's active push to localize cell production. Amara Raja Advanced Cell Technologies and Exide Energy Solutions are front-runners in the PLI race, targeting lithium iron phosphate (LFP) and nickel manganese cobalt (NMC) chemistries for two-wheeler and passenger car applications respectively.

Electric motor and drivetrain components represent the second-largest segment, with permanent magnet synchronous motors gaining adoption and domestic motor manufacturing scaling up. Power electronics—particularly silicon carbide-based inverters—represent the fastest-growing component segment, as OEMs seek to improve charging speed and drivetrain efficiency in next-generation platforms. The software segment is emerging as a critical value driver, with Indian OEMs developing software-defined vehicle platforms capable of producing recurring revenue through over-the-air updates, insurance telematics, and usage-based financing models.

Regional Analysis

Western India

Western India dominates the India EV market with approximately 31% market share, led by Maharashtra and Gujarat. Maharashtra hosts 3,728 public charging stations and leads in electric passenger car registrations, with Mumbai and Pune acting as dual demand centers. The state's EV policy offers 100% road tax exemption and registration fee waivers, creating a 15–20% on-road price advantage. Gujarat's positioning as a manufacturing hub—anchored by Tata Motors' Sanand plant and Suzuki's upcoming dedicated EV facility—ensures that the state captures both supply-side and demand-side value.

Southern India

Southern India represents the fastest-growing region with a projected CAGR of 20.6% through 2035. Karnataka's 6,096 charging stations—nearly double Maharashtra's count—reflect Bengaluru's role as both a demand center and a technology testbed for companies like Ather Energy and Bounce Infinity. Tamil Nadu's strategy of combining consumer subsidies with INR 5,000 crore in PLI-backed manufacturing investment is attracting global component suppliers alongside domestic OEMs. Kerala's penetration rate of 10.5%—the highest among major states—demonstrates that strong consumer awareness can drive adoption even without large-scale local manufacturing.

Northern India

Northern India holds approximately 26% market share, with Delhi functioning as the policy laboratory for EV adoption. Delhi's EV Policy 2.0, effective July 2026, combines purchase subsidies, road-tax exemptions, and scrappage incentives into one of the nation's most comprehensive frameworks, targeting 95% EV registrations by 2027. Uttar Pradesh became the first Indian state to include upstream infrastructure costs within its subsidy structure in June 2025, offering a 20% capital subsidy on charging investments above INR 25 lakh. The Delhi-NCR-Haryana corridor benefits from corporate fleet demand in Gurugram's tech park ecosystem.

Eastern India

Eastern India remains an underpenetrated region with significant upside potential. West Bengal accounts for approximately 4.2% of national share, with Kolkata leading public transport electrification. Bihar hosts only 521 public charging stations despite its 120-million population, indicating a large infrastructure investment runway. Assam's surprisingly high EV penetration of 14.3% is almost entirely driven by electric three-wheelers and e-rickshaws, which have displaced traditional cycle-rickshaws across Guwahati and tier-2 towns. Odisha's lithium and nickel mineral deposits position it as a future node in the domestic battery supply chain.

Central India

Central India's contribution to the EV market is anchored in the two-wheeler and three-wheeler segments rather than passenger cars, reflecting lower urbanization rates and price sensitivity. Rajasthan's solar irradiance—averaging 5.8 peak sun hours daily—makes it a natural candidate for grid-independent charging stations along the Delhi-Mumbai and Delhi-Ahmedabad highway corridors. Madhya Pradesh's state transport corporation has initiated tenders for 500 electric buses across Bhopal, Indore, and Jabalpur, signaling that even mid-tier states are entering the fleet electrification cycle.

Competitive Landscape / Key Players

The India electric vehicle market is moderately fragmented, with the top five players accounting for roughly 52–58% of overall market revenue. Concentration varies sharply by sub-segment: Tata Motors holds a commanding position in passenger EVs, while the two-wheeler space is more evenly distributed among four to five competitors. Competitive intensity is rising as global OEMs—BYD, Hyundai, VinFast, and Stellantis—deepen their India-specific strategies alongside domestic incumbents scaling production capacity.

Key companies operating in this market include Tata Motors, Ola Electric, TVS Motor Company, Mahindra & Mahindra, Ather Energy, Bajaj Auto, MG Motor India, Hero Electric, Olectra Greentech, and Hyundai Motor India. Tata Motors leads the passenger EV segment with a full portfolio spanning from Tiago.ev to the Ace EV and Starbus EV, emphasizing vertical integration via its TPEM subsidiary. Ola Electric has emerged as a software-first two-wheeler challenger with its MoveOS platform and gigafactory scale-up, though its market share contracted from 35.3% to 15.2% amid service network challenges and quality concerns.

Strategic developments include aggressive capacity expansion by domestic OEMs, with multiple greenfield and brownfield facilities being set up across Tamil Nadu, Karnataka, Gujarat, and Maharashtra—supported by state incentives and PLI-linked commitments. The entry of VinFast and new investments by MG Motor–JSW and Hyundai–Kia underscore India's growing prominence as a global EV production base. Joint ventures between Indian and international players are becoming more common, with JSW's partnership with SAIC for MG Motor India exemplifying the trend toward localization while leveraging global technology.

Recent competitive dynamics show TVS Motor overtaking Ola Electric in the two-wheeler segment to claim a 23.5% share in 2025, while Tata Motors' passenger EV share contracted from 61.2% in 2024 to 39.1% in 2025 as Mahindra and MG Motor scaled their offerings. This competitive churn underscores that brand loyalty in India's electric vehicle space is still being formed, creating a window of opportunity for new entrants with differentiated products.

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Latest Industry News & Developments

In a significant policy development, the Delhi government approved its Electric Vehicle Policy 2.0, effective July 1, 2026, committing nearly INR 15,000 crore in government investment over four years. The policy targets 95% electric vehicle registrations in Delhi by 2027 and offers full road tax and registration fee waivers on electric cars priced at INR 30 lakh or below. Two-wheeler

buyers will receive a tiered subsidy—INR 30,000 in the first year, tapering to INR 20,000 in the second and INR 10,000 in the third—while electric three-wheeler buyers will get a flat INR 50,000 subsidy in the first year. The policy also introduces a scrapping incentive of INR 1 lakh for owners of BS-IV four-wheelers who retire their older vehicles.

The Federation of Automobile Dealers Associations reported that fiscal 2026 was a watershed year for India's electric mobility story, with total EV retail across all categories reaching approximately 24.52 lakh units, growing nearly 24.6% year-over-year. Electric passenger vehicle sales surged 83.63% to 1,99,923 units, while electric commercial vehicle sales zoomed 120.57% to 19,454 units. The electric two-wheeler category crossed 14 lakh units with 21.81% growth, and electric three-wheelers reached 8,30,819 units with 18.97% growth.

The Reserve Bank of India released a comprehensive study highlighting that state-level financial incentives play a decisive role in shaping EV adoption patterns. The analysis of 23 states revealed that states providing direct subsidies alongside tax and registration waivers experienced significantly stronger adoption than those offering only waivers. Southern and Western states, being early movers in formulating EV policies, consistently recorded adoption ratios above the all-India average, while Northern and Eastern states lagged. Charging infrastructure was identified as another critical factor, with Karnataka, Goa, and Maharashtra leading in network density.

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