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India projected to be fourth largest electric car manufacturer by 2030, China to lead: Report

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Synopsis
India's electric four-wheeler manufacturing capacity is projected to surge tenfold by 2030, positioning it as a major global player. While domestic demand is expected to increase, production capacity will likely exceed it, creating export opportunities. To compete with China, Indian manufacturers must focus on reducing costs, with government support and protectionist policies playing a crucial role in the industry's growth.

Representational image

India's electric four wheeler capacity is set to grow tenfold to 25 lakh units units by 2030, up from just 0.2 million currently, making it the fourth-largest globally after China, Europe, and the US, according to a new research by Rhodium Group.

The New York-headquartered agency predicts India's electric car manufacturing capacity will outpace domestic demand by 11 lakh-21 lakh over the next five years. Targeting export markets will need "driving down costs" to compete with China, it said.

Further, Rhodium projects India's electric car demand to reach between 4 lakh to 14 lakh units by 2030, an increase from 1 lakh in 2024. As per industry estimates, India's total car sales are estimated at 60 lakh, implying an electric vehicle (EV) penetration rate of 7–23 per cent in four-wheelers.

"This far exceeds India's projected 2030 EV demand (which likely reaches anywhere from 430,000 to 1.4 million vehicles depending on the pace of policy and battery costs), suggesting the potential for future exports. This push aligns with the government's strategy to 'Make in India for the world', but Indian companies will need to drive down costs if they want to compete with exports from China," Rhodium said in its latest Global Clean Investment Monitor report.

In the previous Financial Year, Indian EV makers **Tata Motors**, MG Motor, and Mahindra dominated the domestic market with a combined share of nearly 90 per cent, according to data on the Vahan dashboard.

India's anticipated production capacity of 25 lakh will be behind China's 2.9 core, EU's 9o lakh and 60 lakh in the US. "India emerges as the leading player outside of China, Europe, and the US, edging out Korea and Japan in anticipated capacity," the report said.

While Japan and South Korea currently have higher operational capacities of 11 lakh and 5 lakh units respectively, both have limited capacity under construction or announced.

By 2030, Japan's total capacity is expected to reach 14 lakh units, and South Korea's 19 lakh.

"India has charted a distinctive path in developing its EV industry, combining industrial policy with market incentives and a protectionist trade policy. The country launched consumer subsidies tied to tightening localization requirements, coupled with incentives for manufacturers of advanced batteries and EV components and an effort to expand charging infrastructure," the report said.

"To protect local manufacturers, India has maintained import tariffs of up to 70–100% on fully built EVs. This protective stance has helped domestic production grow but also limits consumer choice and raises costs. Nearly 100% of India's EV manufacturing is for its domestic market," it added.

The report noted that EV penetration in India reached just 2 per cent in 2024, while in Vietnam it jumped from 3 per cent in 2022 to 17 per cent in 2024, driven largely by domestic automaker VinFast.

On the battery front, the report observed India "has rapidly become a standout player", and shows "meaningful activity in both cells and modules". "India is set to become the largest module producer outside China, the US, and Europe, with significant capacity already under construction and announced," it said.

However, it added that India's projected growth in batteries is primarily driven by projects still under construction or newly announced, "indicating rapid recent momentum but more risk around delivery".

By 2030, India's cell production capacity will lag behind China, Europe, the US, and Canada, but surpass that of South Korea, Malaysia, Japan, and other countries.

Lessons from the Grandmasters