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India EV sales double, mid-market surges as entry segment shrinks



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Article Content:

EV volumes rise 87 per cent in FY26, with ₹20-30 lakh segment gaining share while entry-level adoption weakens due to affordability and product gaps

India's electric passenger vehicle market posted a sharp acceleration in FY26, with total volumes rising 87.4 per cent year-on-year (Y-o-Y) to 233,246 units, but the gains were sharply skewed towards higher price brackets.

Data shared with Business Standard by Jato Dynamics shows that the share of EVs priced ₹20–30 lakh surged to 35.7 per cent in FY26, up from 24 per cent in FY25 and just 8.6 per cent in FY24.

In contrast, the sub-₹10 lakh segment shrank to 6 per cent of total sales from 7.2 per cent a year earlier and 12.5 per cent in FY24, highlighting weakening traction at the entry level.

“Traffic in the middle lane is revving up e-car growth,” said Ravi Bhatia, president and director at JATO Dynamics, noting that electrification in India is currently “a middle-income phenomenon”.

He added that the ₹15–30 lakh band is where affordability, range and feature expectations are beginning to align for consumers. This shift is reflected in model-level trends. Recent launches and upgrades in the mid-size SUV category drove a disproportionate share of incremental volumes, with models such as Mahindra's XEV 9E and BE 6 posting multi-fold growth, alongside strong traction for Tata Motors' Nexon EV.

On full charge

Best selling EV models

	FY26 (units)	Y-o-Y chg %
MG Windsor	46,889	137.5
Tata Nexon	29,687	130.8
Mahindra XEV 9e	28,426	427.7
Tata Harrier	17,960	NA*
Mahindra BE 6	16,469	519.1
Total	233,246	87.4

*Launched in FY26; Note: Total includes other models
Source: Jato Dynamics

In contrast, entry-level electric cars saw flat growth or declines, underscoring structural gaps at the lower end of the market. Bhatia pointed to a lack of viable mass-market products as a key bottleneck. “Unless original equipment manufacturers (OEMs) bring viable, mass-market electric products into the sub-₹10 lakh segment, penetration at the lower end is likely to remain gradual,” he said.

He indicated that the next phase of EV expansion could hinge more on supply than demand.

The data also highlights a divergence within the market. While mid-market SUVs are scaling up, premium EVs – including luxury offerings from global manufacturers – continue to see thin volumes despite sporadic spikes in growth rates due to a low base.

This suggests that the upper end remains niche, while the entry segment is constrained by affordability, leaving the mid-market as the primary growth engine.

Industry executives say this reinforces a broader structural reality: EV adoption in India is being shaped by affordability thresholds rather than technology readiness. Consumers are willing to shift, but purchase decisions remain highly sensitive to upfront pricing, running costs and perceived value.

Shailesh Chandra, managing director of Tata Motors Passenger Vehicles Ltd and Tata Passenger Electric Mobility, said, “Below ₹12 lakh, the EV market is negligible,” pointing to structural constraints such as limited goods and services tax (GST) arbitrage, tight pricing bands and the need to offer adequate real-world range for single-car ownership.

He was speaking to reporters during the launch of new Punch EV earlier this year. In the sub-₹12 lakh segment, where over 3 million passenger vehicles are sold annually, EV penetration remains around 1.5 per cent, compared with around 10 per cent in the above-₹12 lakh segment.

Overall EV penetration across the 4.2 million-unit PV market stands at about 4–5 per cent.

“We have been very committed to the entry EV segment because 65 per cent of demand lies there. Unless we crack this segment, EVs will not become mainstream in India,” Chandra had said.

Battery economics remain central to this dynamic. Industry estimates suggest battery costs

continue to be the single largest constraint in achieving price parity with internal combustion engine (ICE) vehicles without sustained incentives. Until costs decline further, automakers are likely to prioritise margin discipline over aggressive expansion into lower price bands.

Anurag Singh of Primus Partners said EVs are already achieving total cost of ownership parity in high-usage urban scenarios, but added that “growth will be uneven across segments due to upfront cost sensitivity and range limitations.”

Regulation is expected to add another layer of complexity. The transition to stricter Corporate Average Fuel Efficiency (CAFE III) norms will increasingly push automakers to accelerate electrification not just as a growth lever but as a compliance requirement, forcing a careful balance across EVs, hybrids and efficient ICE vehicles.

“CAFE III norms... put real monetary benefits for manufacturers to make more EVs,” Singh said, noting that electric vehicles carry a three-times multiplier under the proposed framework.

Globally, rising fuel price volatility linked to geopolitical developments and tightening emission norms are accelerating interest in electrification, while also reinforcing the need for cost discipline – particularly in price-sensitive markets such as India.

As Bhatia indicated, scaling the next phase of growth will depend on how effectively automakers expand the product ladder downwards while managing costs and regulatory pressures.

For now, the takeaway is clear: India’s EV market is growing rapidly, but unevenly – anchored in the mid-market, constrained at the bottom, and selective at the top.