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## **The EV Momentum: What's Driving Growth?**



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### **Article Content:**

**States that have invested heavily in public and private charging stations, especially along highways and in urban centres, tend to have higher adoption rates.**

India's automotive sector is witnessing a structural realignment. India's electric vehicle (EV) market is growing rapidly, with strong support from government initiatives such as the PM E-DRIVE scheme, the production linked incentive (PLI) programme, low GST and state level purchase incentives.

India's passenger vehicle (PV) market recorded a 1.3 percent growth in wholesales during April – October FY2026, while retail sales increased by 5.8 percent, indicating that retail sales of cars outpaced original equipment manufacturers (OEMs) dispatches, with GST rate cuts boosting affordability and first-time buyers, leading dealers to report record enquiries and improved conversion rates.

The electric PV registrations surged by 108 percent during the same period, pushing the EV penetration rate to 3.8 percent, up from 1.9 percent during the same period the previous year, according to a Wheelwatch, Deloitte India's auto sector tracker. This comes at a time when the industry is navigating uneven rural recovery, fiscal consolidation and a services-driven urban consumption cycle. Overall, entry-level demand remains under pressure, while premium, hybrid and electric segments continue to gain traction, reflecting rising aspirations and shifting mobility preferences in urban India.

The EV penetration in India is around 7.9 per cent and as per Vahan almost 90 per cent of EV registrations are in E2W and E3W. The two-wheeler market is fragmenting across income and geography. Core rural segments are under pressure, while premium and urban demand remain resilient. EV adoption is advancing selectively, led by states with consumer pull, infrastructure and consistent execution. The quarter signals a structural churn in the market, where value-driven consumers are pausing, but aspiration and sustainability narratives are gaining ground.

"Incentives have boosted local manufacturing which lowered the product price. Automakers are expanding their EV offering with more affordable SUVs and MPVs, appealing to a broader range of

consumers. The rapid expansion of charging stations has reduced range anxiety and built consumer trust. Additionally, a maturing EV ecosystem and lower operating expenses are driving adoption beyond early adopters and fleet owners making EVs more mainstream. However, we are yet to see a critical mass of EVs in 2W and 4W at an industry aggregate level," said Rajat Mahajan, Partner and Automotive sector leader, Deloitte India.

Kerala leads with the highest EV penetration rate (8.4 percent) during Apr–Oct FY2026, supported by high awareness and local ecosystem readiness. Delhi, Maharashtra, Karnataka, Tamil Nadu, Odisha and West Bengal (each > 4 percent) are driving national momentum with urban demand and state policy support. Economic factors and consumer behaviour in States like Kerala, Delhi, and Goa, which have higher per-capita spending, typically show a stronger preference for the higher upfront costs of e-cars, seen as aspirational or premium items. In Kerala, the widespread availability of individual houses rather than apartment complexes makes overnight home charging much easier, offering a notable convenience.

"The variation in EV penetration across Indian states is driven by a combination of factors, like state government policies and incentives, the extent of charging infrastructure development, local economic conditions, and specific market demands. Example of such benefits; subsidies on purchase includes direct upfront discounts on the vehicle's cost in states like Maharashtra, Delhi, Gujarat. Support for manufacturing to attract EV and battery manufacturers, creating a local ecosystem initiated by Karnataka, Rajasthan etc," added Mahajan.

States that have invested heavily in public and private charging stations, especially along highways and in urban centres, tend to have higher adoption rates. For instance, Karnataka leads the country in the number of charging stations, followed by Maharashtra and Delhi. State policies provide benefits of two kinds: Fiscal and non-fiscal. Fiscal benefits consist of purchase subsidies, waiver for road and registration tax, and special electricity tariff for charging. While non-fiscal benefits include green zone, and reserved parking access.

The purchase subsidy is key for higher EV penetration at this point. Initially, there were few states which offered purchase subsidies like Kerala, Delhi, Odisha, Meghalaya, Gujarat, Assam, Maharashtra, Goa, Haryana, Rajasthan, Chhattisgarh, Ladakh, Chandigarh, Uttar Pradesh, Tamil Nadu. These states saw their yearly EV sales volume increase by 14 times between FY21-23, while the other remaining states saw a seven times volume increase. There was also a direct correlation of the extent of state subsidies with registrations. The northern states are doing better in E3W penetration, while the western and southern states fared well in E2W and E4W penetration. This shows the states where private consumption is high as reflected by their per capita GVA, the registration of E2W and E4W goes up, explained Mahajan.

The electric passenger vehicle industry, comprising hatchbacks, sedans, SUVs and MPVs, has delivered a record 160,740 units between January and November 2025, according to Vahan data. Tata Motors is the market leader in the segment, followed by JSW MG Motor and M&M. As part of its expansion plans, M&M expects to sell around 7,000 electric vehicles a month by the end of the current fiscal, and are targeting EVs to contribute 20–25 per cent of its overall SUV portfolio by 2027–8.

Anurag Singh, advisor, Primus Partners, said, "A significant share of today's e-growth is being driven by the family car segment. There was limited availability of EV Models in the INR 15 to INR 30 lakh price bracket, which is a sweet spot for EV family cars. The availability in this segment has only recently improved. Nexon and Harrier from Tata, BE6 and XEV from Mahindra, Windsor from JSW MG etc. are some of the popular models."