Infrastructure remains roadblock in acceptability of electric vehicles

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Infrastructure hurdles especially lack of charging points continue to impede growth of electric vehicles in India, said a The Energy Research Institute (Teri)-Yes Bank report.

Notwithstanding, the government subsidies, high petrol and diesel prices and informative advertising on the economic and environmental virtues of going electric, there has been minimal impact on sales.

"...A real turning point for 4 Watt electric vehicle sales in India will come when it is considered as a primary vehicle. Increased original equipment manufacturers (OEM) competition in this space is critical as it will lead to further value chain efficiencies and product innovations with particular emphasis on attractive chassis design, improving battery technology leading to increased range and economies of scale, ultimately leading to lower purchase prices," said the report.

"These developments will shape consumer perception of 4 Watt electric vehicle as being a credible primary mode of personal transport where environmental and operating costs will not be the only factors considered," report added.

In order to develop a commercial public charging infrastructure, cost and scale are two critical factors, as setting up charging infrastructure is expensive and consumer demand is unknown.

"In the initial stages it would be important to identify the right zones to set up charging points and also the relative proximity of charging points. It is therefore important to conduct feasibility studies to identify how, when and where consumers are likely to charge their vehicles. This is a ‘chicken and egg’ situation as there is no financial imperative to install charging points until there is a large enough fleet of electric vehicles on the road and consumers will not buy electric vehicles until there are adequately available charging points," report said.

The Ministry of Heavy Industries is planning to approve a Rs 20,000 crore to Rs 23,000 crore plan under the National Electric Vehicle Mission policy to promote electric vehicle mobility over the next eight years. The government plans to invest around Rs 12,250 crore — Rs 13,550 crore and the rest will be invested out by the industry. The funds will be allocated for incentivising private players, giving tax benefits and setting up research and development (R&D) centres apart from various other activities. The policy will also incentivise and offer subsidies to customers through manufacturers, based on many parameters such as fuel efficiency and carbon emission standards.

Yes Bank and Teri have asked government to financially incentivise banks to fund electric vehicle manufacturers, battery R&D, fast charging R&D and smart grid projects. "Launch a government sponsored fund, inviting applications from commercial banks, especially for low interest forward lending, partial project risk guarantees and co-equity investments," stated the report.

Apart from Mahindra Reva Electric Vehicles, other players such as Bajaj Auto, Tata Motors and Chevrolet also have signalled their intention to launch electric cars. Many players have postponed launch due to lack of clarity on national electric mission.

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