

EV sales to grow at slower-than-expected pace

Sales growth in India's electric vehicle market will moderate to 75% per year over the next three years, as supply constraints drive up prices of key raw materials for batteries.

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A new report by CareEdge says electric vehicle (EV) demand in India over the next three years will grow much more slowly than previously estimated. The analysts expect the domestic EV sales volume to grow moderately at 75% annually over the next three years, after registering a massive 205% jump in two-wheeler and 149% in four-wheeler EV categories during the three years between fiscal 2019-20 to fiscal 2021-22.

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earlier expected to happen post-2023, is likely to be delayed by at least three years. Two-wheeler EVs will continue to account for over 90% of demand in the interim [given their cost parity with ICE vehicles in this segment],” said the analysts.

The analysts said the switchover to EVs in the car segment will continue to be hampered by relatively high car prices, as well as the lack of charging infrastructure across India. They said EV demand would suffer due to the sharp increase in prices of key battery raw materials, including nickel, lithium, and cobalt, arising from supply constraints.

Australia, Chile, and China are the world’s largest suppliers of lithium, with Chile having the largest reserves. In the case of cobalt, the top three producers are the Democratic Republic of Congo (DRC), Russia, and Australia,. For nickel, the top producers are Indonesia, the Philippines, and Russia.

The ongoing Russia-Ukraine war has triggered volatility in cobalt and nickel prices in recent months. Whereas mining of lithium in Chile and cobalt in DRC has come under criticism due to the adverse environmental impact of the same. CareEdge analysts estimate that increasing the mining capacity for lithium, cobalt, and nickel in these regions would take at least three years. During the interim, battery prices would remain firm at around present levels.

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