

The Twin Engines of India's Electric Vehicle Surge in 2025: Government Policies and Financial Support

India's electric vehicle (EV) landscape is poised for significant transformation in 2025, driven by robust government policies and substantial financial investments. These twin engines are set to accelerate the nation's shift towards sustainable mobility, aligning with global environmental objectives and addressing pressing domestic concerns such as urban pollution and energy security.

Government Policies: Steering the EV Revolution

The Indian government's commitment to promoting electric mobility is evident through a series of strategic initiatives aimed at fostering EV adoption across the country.

One of the cornerstone policies is the **PM E-DRIVE scheme**, introduced with a substantial allocation of ₹10,900 crore (approximately US\$1.3 billion). Effective from October 1, 2024, to March 31, 2026, this scheme offers financial incentives for the purchase of various electric vehicles, including two-wheelers, three-wheelers, ambulances, and trucks. Notably, it provides specific subsidies for e-ambulances and e-trucks and supports public transport agencies in acquiring 14,028 electric buses, thereby enhancing the public transportation infrastructure.

In addition to national efforts, regional governments are implementing supportive measures. For instance, the **Delhi government** has extended its EV policy until March 2025, continuing subsidies and incentives to encourage EV purchases. This extension aims to maintain the momentum of EV adoption in the capital, contributing to the broader national objective of increasing the share of electric vehicles in the overall vehicle market.

Furthermore, the government is considering expanding its EV manufacturing incentives to include automakers producing electric vehicles in existing factories. This policy revision is expected to attract investments from major automotive players, thereby boosting domestic EV production and making electric vehicles more accessible to consumers.

Financial Support: Fueling the EV Ecosystem

Complementing government policies, significant financial investments are propelling India's EV sector towards rapid growth.

A notable development is the partnership between **Mahindra & Mahindra (M&M)** and the **British International Investment (BII)**. Established in July 2022, this collaboration aims to accelerate the availability and adoption of electric vehicles in India. BII committed up to ₹1,925 crore to M&M's new EV venture, with ₹1,200 crore already invested by September 2023. This infusion of capital is instrumental in scaling up production capacities and advancing technological innovations within the EV sector.

Additionally, international investors are showing increased interest in India's EV market. The entry of global players not only brings in capital but also introduces advanced technologies and best practices, fostering a competitive and dynamic ecosystem. Such investments are crucial for building the necessary infrastructure, including charging stations and battery manufacturing facilities, which are essential for the widespread adoption of electric vehicles.



Challenges and the Road Ahead

Despite the positive trajectory, the EV sector faces challenges that require continued attention. The funding for the Indian EV industry experienced a decline in 2024, dropping to \$586 million from \$808 million in 2023. This reduction underscores the need for sustained financial support and investor confidence to maintain growth momentum.

Moreover, the development of adequate charging infrastructure remains a critical factor. The government's initiatives to expand the charging network are vital to alleviate range anxiety among potential EV buyers and to support the operational efficiency of electric public transport systems.

The government's target of achieving 30% electric vehicle adoption by 2030 is ambitious. To realize this goal, continuous policy support, financial incentives, and public-private partnerships are essential. The integration of renewable energy sources for charging infrastructure, advancements in battery technology, and consumer awareness campaigns will play pivotal roles in this transition.

As 2025 approaches, India's two-wheeler EV sector stands at a pivotal juncture. The synergistic effect of progressive government policies and substantial financial investments is creating a conducive environment for the EV ecosystem to flourish. While challenges persist, the concerted efforts of policymakers, industry stakeholders, and investors are steering India towards a sustainable and electrified transportation future.



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