

ADOPTION FACTORS OF ELECTRIC VEHICLES IN EMERGING MARKETS: A SYSTEMATIC REVIEW

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ABSTRACT

The adoption of electric vehicles (EVs) in emerging markets is influenced by multiple factors, including economic, technological, infrastructural, environmental, and policy-related aspects. This systematic review examines key determinants shaping EV adoption, such as affordability, charging infrastructure, government incentives, consumer awareness, and environmental concerns. Findings indicate that while government policies and financial incentives play a crucial role, consumer perceptions and infrastructural limitations remain significant barriers. The study highlights the need for strategic interventions to enhance EV adoption, including improved charging networks, affordability measures, and policy support. Future research should focus on region-specific challenges to accelerate EV penetration in emerging economies.

1. INTRODUCTION

Electric vehicles (EVs) have emerged as a transformative solution to combat global environmental challenges and reduce dependency on fossil fuels. These vehicles, powered by electricity instead of conventional internal combustion engines, have gained significant traction in recent years due to advancements in technology, increasing environmental awareness, and supportive government policies. The global automotive industry is witnessing a paradigm shift toward cleaner and more sustainable modes of transportation, with EVs playing a pivotal role in this transition.

Emerging markets, which include countries with rapidly growing economies such as India, Brazil, and South Africa, are critical to the success of the global EV revolution. These markets, characterized by rising urbanization, a growing middle class, and escalating environmental concerns, present unique opportunities, and challenges for EV adoption. While their potential for market growth is immense, factors such as economic constraints, limited infrastructure, and varying consumer behavior necessitate a deeper understanding of adoption dynamics.

This review aims to identify and analyse the key motivators and barriers influencing EV adoption in emerging markets. By synthesizing existing research, the study seeks to provide valuable insights for policymakers, industry stakeholders, and researchers striving to accelerate the adoption of EVs in these regions.

2. BACKGROUND AND CONTEXT

Definition and Classification of Electric Vehicles

Electric vehicles (EVs) are automobiles that utilize electric power for propulsion instead of traditional fossil fuels. They are categorized into:

Battery Electric Vehicles (BEVs): Fully electric vehicles that rely solely on battery power.

Plug-in Hybrid Electric Vehicles (PHEVs): Vehicles that combine a rechargeable battery with a traditional internal combustion engine.

EVs are equipped with advanced components such as lithium-ion batteries, electric motors, and regenerative braking systems. These technological innovations have made EVs a viable alternative to conventional vehicles, offering significant environmental and economic benefits.

EV Market Overview in Emerging Economies

Emerging economies are experiencing rapid urbanization and industrialization, leading to increased transportation demands. Despite accounting for a smaller share of global EV sales compared to developed nations, these markets are witnessing substantial growth. For instance, India and China are at the forefront of EV adoption in Asia, driven by strong government policies and rising consumer interest. However, challenges such as limited charging infrastructure, high initial costs, and lack of consumer awareness continue to hinder widespread adoption. Understanding these issues is crucial to addressing the unique dynamics of EV adoption in emerging markets.

Consumer Behavior in Emerging Markets

Consumer preferences in emerging economies are often shaped by economic constraints, cultural values, and infrastructural limitations. Unlike in developed countries, where environmental concerns often drive EV adoption, consumers in emerging markets prioritize affordability, practicality, and accessibility. This divergence underscores the need for tailored strategies to encourage EV uptake.

3. METHODOLOGY

The review focuses on analysing adoption factors specific to emerging economies, with a particular emphasis on countries such as India, Brazil, South Africa, and other similar markets. The studies reviewed cover a timeframe of the last 10 years to capture the most recent trends and developments in EV adoption.

Criteria for Selecting Studies

The review employs a systematic approach to identify and analyse relevant studies. The process includes:

Databases Searched: Scholarly databases such as Scopus, Web of Science, and Google Scholar were used.

Keywords: Terms like "EV adoption," "consumer behavior," "electric vehicles in emerging markets," and "barriers to EV adoption" were applied to filter studies.

Inclusion Criteria: Peer-reviewed journal articles, conference papers, and market reports focusing on EV adoption in emerging markets.

Exclusion Criteria: Studies focusing exclusively on developed markets or unrelated to consumer behavior or adoption factors.

Analysis Approach

Selected studies were categorized based on key themes, such as motivators (e.g., environmental awareness, economic benefits) and barriers (e.g., high costs, infrastructure limitations). The findings were synthesized to identify patterns and gaps in the existing literature.

4. MOTIVATORS FOR EV ADOPTION

The adoption of electric vehicles (EVs) in emerging markets is influenced by several motivators, which vary in significance based on regional, economic, and cultural contexts. These motivators are pivotal in shaping consumer interest and driving market growth.

4.1 Environmental Awareness

Growing Concern Over Air Pollution: Rapid urbanization in emerging economies has led to severe air quality issues, especially in metropolitan areas. Consumers are increasingly aware of the environmental impact of conventional internal combustion engine (ICE) vehicles, making EVs a preferred choice.

Government Campaigns and Advocacy: Public awareness campaigns, such as India's National Electric Mobility Mission Plan (NEMMP), highlight the benefits of EVs in reducing carbon footprints, fostering a pro-EV mindset.

4.2 Economic Benefits

Lower Operational Costs: EVs offer significant savings in fuel and maintenance compared to ICE vehicles, which appeals to cost-conscious consumers.

For example, the cost per kilo meter of driving an EV is often a fraction of that for a petrol or diesel vehicle.

Government Subsidies and Incentives: Financial benefits like tax exemptions, reduced registration fees, and subsidies on EV purchases reduce the perceived cost barrier for consumers.

Schemes such as India's FAME-II (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) make EVs more accessible.

4.3 Technological Advancements

Improved Battery Technology: Developments in lithium-ion battery technology have enhanced EV range, charging speed, and lifespan, making them more practical for daily use.

Smart Features: Advanced features like regenerative braking, connectivity, and autonomous driving attract tech-savvy consumers, particularly in urban areas.

5. BARRIERS TO EV ADOPTION

Despite the motivators, several barriers hinder the widespread adoption of EVs in emerging markets. Addressing these barriers is essential to unlocking the full potential of EV growth.

5.1 High Initial Costs

Affordability Issues: The upfront cost of EVs is significantly higher than ICE vehicles, making them less accessible to middle- and lower-income consumers.

Limited Financing Options: Lack of affordable loan schemes for EVs further exacerbates the cost barrier.

5.2 Limited Charging Infrastructure

Insufficient Network: The availability of charging stations is a significant concern, particularly in suburban and rural areas.

Consumers are deterred by the perceived inconvenience of finding charging points.

Slow Development: The pace of infrastructure development often lags the growth of EV sales, creating a mismatch between demand and supply.

5.3 Range Anxiety

Concerns Over Battery Range: Many consumers fear running out of charge during trips due to the limited range of EVs.

Lack of Fast-Charging Options: The scarcity of fast-charging stations amplifies range anxiety, especially for long-distance travel.

5.4 Lack of Awareness and Misconceptions

Consumer Education: Misinformation or limited knowledge about EV performance, costs, and benefits negatively impacts consumer confidence.

Scepticism About Durability: Concerns about battery lifespan and overall vehicle reliability deter potential buyers.

6. ROLE OF POLICY AND GOVERNANCE

Government policies and regulations play a crucial role in shaping the EV market by addressing barriers and amplifying motivators. Emerging markets require tailored policy frameworks to accelerate EV adoption effectively.

6.1 Incentives and Subsidies

Financial Support: Subsidies on vehicle prices, tax rebates, and reduced registration fees lower the cost barrier for consumers.

Policies like India's FAME-II scheme and China's EV subsidies have proven effective in boosting adoption.

Battery Swapping and Rental Models: Support for alternative ownership models, such as battery leasing, can reduce upfront costs and address range anxiety.

6.2 Taxation and Import Duties

Reduced Taxes on EVs: Governments can encourage EV adoption by lowering GST (Goods and Services Tax) and import duties on EVs and their components.

Carbon Tax on ICE Vehicles: Imposing higher taxes on polluting vehicles incentivizes consumers to switch to cleaner alternatives.

6.3 Infrastructure Development

Investment in Charging Networks: Public and private sector collaboration to expand charging infrastructure is critical.

Policies that mandate charging stations in new residential and commercial projects can significantly enhance accessibility.

Renewable Energy Integration: Promoting solar- or wind-powered charging stations aligns with the sustainability goals of EV adoption.

6.4 Consumer Awareness Campaigns

Education and Outreach: Campaigns to address misconceptions and highlight the benefits of EVs are essential.

Public demonstrations, EV expos, and test drive opportunities can build consumer trust.

7. CASE STUDIES

7.1 India: Scaling EV Adoption through Targeted Policies

India has emerged as a significant player in the global EV landscape, driven by a combination of government initiatives, industry efforts, and consumer interest. The FAME-II (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) scheme has been pivotal in promoting EV adoption by providing subsidies for electric two-wheelers, three-wheelers, and public transport vehicles. Additionally, state governments have introduced incentives such as waivers on road taxes and registration fees.

One successful example is the Tata Nexon EV, which has become a popular choice in the passenger car segment due to its affordability, range, and government subsidies. However, challenges remain, including inadequate charging infrastructure and limited EV models in the affordable segment.

7.2 China: A Global Leader in EV Penetration

China is the largest EV market in the world, accounting for over 40% of global EV sales. The government's aggressive policies, such as subsidies for EV purchases, mandates for automakers to produce a certain percentage of EVs, and significant investment in charging infrastructure, have driven this growth.

Companies like BYD and NIO have capitalized on these policies to deliver affordable and high-performance EVs.

Additionally, the development of extensive charging networks and battery- swapping stations has alleviated concerns about range anxiety, contributing to the market's success.

7.3 Brazil: Early Steps Toward EV Adoption

Brazil's EV market is still in its nascent stages, characterized by limited adoption and a focus on hybrid vehicles. High import duties and limited government incentives have slowed the transition to EVs. However, the government has recently introduced policies to promote the use of renewable energy-powered EVs, given Brazil's reliance on hydroelectric energy.

The partnership between automakers and the government to pilot electric buses in urban areas is an example of how Brazil is testing the waters for EV adoption. Expanding these initiatives could pave the way for broader adoption in the future.

8. DISCUSSION

8.1 Synthesis of Motivators and Barriers

The case studies highlight the interplay between motivators such as government incentives, consumer awareness, and technological advancements, alongside barriers like high initial costs, limited infrastructure, and range anxiety. In India, targeted subsidies have made EVs more accessible, while China's robust policy framework and infrastructure development have set a global benchmark. However, Brazil's slower adoption rate underscores the importance of comprehensive and consistent policies to overcome initial hurdles.

8.2 Regional Variations and Their Implications

Emerging markets differ significantly in terms of economic capabilities, infrastructural readiness, and consumer priorities. While China benefits from state-backed industrial policies, India relies on a mix of central and state-level initiatives. These variations necessitate tailored approaches that address the specific needs of each market.

8.3 Policy-Driven Market Transformation

The role of government policies cannot be overstated. Policies that focus on reducing costs, improving infrastructure, and increasing consumer awareness directly influence the adoption trajectory. A combination of fiscal incentives and infrastructural investments is crucial to bridging the gap between early adopters and the mainstream market.

8.4 Recommendations for Stakeholders

Policymakers: Develop holistic EV adoption roadmaps that include subsidies, infrastructure investments, and consumer awareness campaigns.

Manufacturers: Focus on producing affordable EVs with competitive range and features tailored to local markets.

Researchers: Investigate long-term impacts of EV adoption on energy grids, employment, and urban planning.

9. CONCLUSION

This review has identified key motivators, such as environmental awareness, economic benefits, and technological advancements, alongside significant barriers, including high initial costs, limited charging infrastructure, and range anxiety. Case studies of India, China, and Brazil reveal the critical role of government policies and market-specific strategies in accelerating EV adoption. While India and China demonstrate the potential of policy-driven growth, Brazil highlights the need for a more proactive approach to overcome early-stage barriers.

To realize the full potential of EVs in emerging markets, a coordinated effort is needed among governments, industry players, and researchers. Future efforts must focus on enhancing affordability, building robust charging infrastructure, and fostering consumer trust through education and outreach. With the right strategies, emerging markets can not only achieve significant EV adoption but also contribute to the global shift toward sustainable transportation.

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