

THE INDIAN ELECTRIC VEHICLE INDUSTRY

**Delhi EV Policy: From incentives to
mandates – accelerating the city's
electrification journey**

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The Delhi EV Policy 2026 is one of the landmark EV policies implemented in any state in India. The policy, upon implementation, is expected to accelerate electrification of the two-wheelers (2W), three-wheelers (3W), commercial vehicles (CV) and public transport segments, thus slowing down the increase in aggregate vehicular pollution in the city over the medium term.



On June 30, 2026, the Government of the National Capital Territory of Delhi issued the **Delhi EV Policy 2026**, signalling a decisive move away from subsidy-led uptake towards mandate-driven electrification. Running from July 01, 2026 to March 31, 2030, the framework seeks to curb vehicular emissions, strengthen air quality, hasten electric vehicle (EV) adoption, and build the charging, battery swapping and recycling ecosystem.



The policy moves beyond the conventional subsidy support by combining mandatory EV adoption with restrictions on new internal combustion engine (ICE) registrations in select segments. Effective January 1, 2027, only electric three-wheelers (L5) and N1* goods carriers below 3.5 tonnes will be eligible for registration. Likewise, from April 1, 2028, registration of two-wheelers will be limited to electric models. By combining the financial incentives, including subsidies, scrappage incentives, and road tax and registration fee exemptions, with regulatory mandates makes it one of the most interventionist EV frameworks in the country.



The policy strengthens the long-term business outlook for the EV ecosystem by providing regulatory clarity and a defined roadmap for deeper EV penetration across vehicle segments. However, EV adoption is likely to remain constrained owing to affordability concerns, limited financing access for small fleet operators and individual buyers, and continued dependence on imported battery cells, critical minerals and EV components.



Overall, the Delhi EV Policy 2026 is a credit positive for EV original equipment manufacturers (OEMs), charging infrastructure providers, battery-swapping operators and EV financiers, and could lead to moderation in demand for ICE-focused manufacturers and ancillary suppliers with limited EV exposure, going forward.

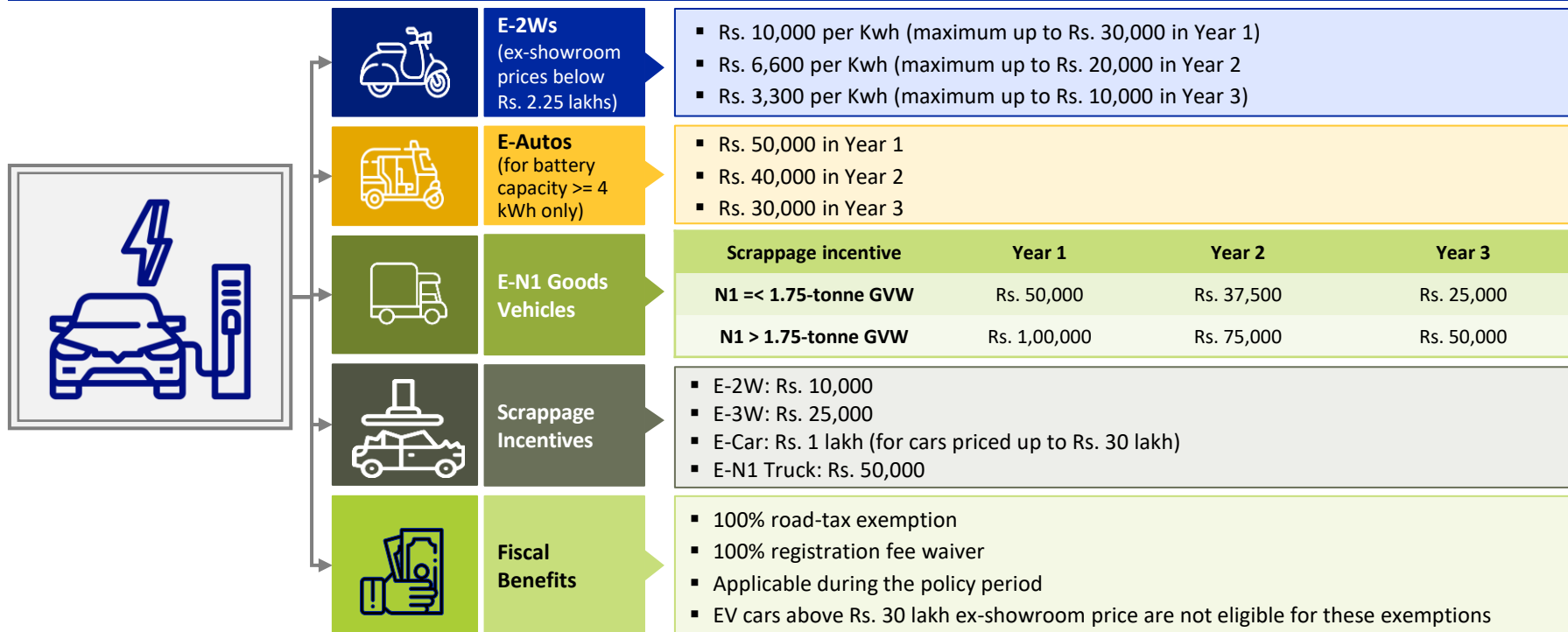
*N1 refers to light motor vehicles designed for the carriage of goods with a Gross Vehicle Weight (GVW) not exceeding 3.5 tonnes.

Scheme highlights		
	Policy objectives	▪ Reduce vehicular emissions and improve air quality ▪ Accelerate EV adoption across vehicle categories ▪ Develop charging, battery-swapping and recycling ecosystem ▪ Drive Delhi's transition towards zero-emission mobility
	Key policy measures	▪ Only e-3Ws and e-N1* goods carriers eligible for new registration from January 2027 ▪ Only e-2Ws eligible for new registration from April 2028 ▪ Healthy purchase incentives and scrappage benefits across vehicle categories ▪ 100% road-tax and registration-fee waiver for eligible EVs ▪ Strong push towards charging infrastructure and battery swapping
	Policy validity	▪ Effective from July 01, 2026 ▪ Valid till March 31, 2030

Source: Delhi Transport Department, ICRA Research; *N1 refers to light motor vehicles designed for the carriage of goods with a Gross Vehicle Weight (GVW) not exceeding 3.5 tonnes.

Multi-pronged incentive framework to support adoption

Exhibit 1: Key incentives/support measures



Source: ICRA Research

Tailored policy measures across vehicle segments



	Public transport (e-buses, last-mile connectivity)	▪ All new DTC and Delhi Government buses to be electric ▪ School bus fleets must achieve – • 10% electrification by year 2 • 20% electrification by year 3 • 30% electrification by March 2030 ▪ Charging infrastructure support proposed for e-buses and school buses
	Commercial vehicles (e-autos, e-LCVs, delivery fleets)	▪ Only e-autos and e-N1 goods carriers eligible for new registrations from January 2027 ▪ Fleet aggregators and delivery operators face progressive electrification requirements ▪ Purchase and scrappage incentives support vehicle replacement; likely to materially accelerate electrification of last-mile mobility and logistics segments
	Private vehicles (2W, PVs)	▪ Only e-2Ws permitted for new registration from April 2028 ▪ Purchase incentives, scrappage benefits and tax waivers support transition ▪ No immediate registration restrictions for passenger vehicles ▪ Creates a phased pathway for EV adoption while allowing OEMs time to adapt product portfolios

Source: ICRA Research; DTC = Delhi Transport Corporation

Measures aimed at building charging ecosystem to support EV transition

Exhibit 2: Charging infrastructure roadmap and policy measures

Targets for public and semi-public charging stations

- Dedicated push towards expanding public charging and battery-swapping infrastructure across Delhi
- Delhi Transco Limited (DTL) has been designated as the nodal agency for planning and deployment
- Single-window clearance mechanism proposed for charging and swapping operators
- Charging infrastructure to be expanded across public spaces, commercial centres and fleet hubs



Mandates for residential/commercial buildings

- New public infrastructure projects mandated to be EV-charging ready
- RWAs, housing societies and private establishments encouraged to deploy charging facilities
- Provisioning of adequate electrical capacity for future charging requirements



Battery swapping policy/support

- Strong emphasis on battery swapping for high-utilisation segments such as e-autos and delivery fleets; will support faster turnaround time and improved vehicle utilisation
- Dedicated charging infrastructure proposed for electric buses and trucks
- OEMs required to deploy charging stations at dealerships

Explicit registration restriction a key differentiator vis-à-vis previous policy



Shift from incentives to mandates: Earlier Delhi Policy (2020) focused on adoption via subsidies, while the new policy introduces strict mandates such as phasing out of ICE vehicles and only EV registrations in key segments, going forward.



Introduction of scrappage-linked incentives: While the earlier policy focused largely on incentivising EV purchases, the new policy adopts a more outcome-oriented approach by linking incentives to the scrapping of older, higher-emission vehicles, with benefits of up to Rs. 1 lakh available across select vehicle categories.



Greater emphasis on ecosystem preparedness: While the earlier policy primarily focused on consumer incentives, the new policy broadens the agenda to include charging infrastructure development, battery-swapping support, digital integration, and implementation mechanisms, creating a more comprehensive EV ecosystem.



Distinct policy positioning: Unlike states such as Maharashtra/Tamil Nadu, which have largely emphasised on incentive support, fleet electrification, and ecosystem development, Delhi's new EV policy combines financial incentives with regulatory mandates, making it one of the most interventionist EV policy frameworks.

Delhi emerges as a highly attractive EV market with lower purchase cost

Criteria	TVS I-Qube (Delhi – Pre EV policy)	TVS I-Qube Delhi (as per New EV policy)	Change (Delhi previous vs Current)	TVS I-Qube (Gurgaon, Haryana)	Change (Delhi current vs. Gurgaon, Haryana)
Battery size	2.2 kWh	2.2 kWh	-	2.2 kWh	-
Ex-showroom price	Rs. 1,15,822	Rs. 1,15,822	-	Rs. 1,15,681	Rs. 141
Subsidy under PM E-Drive	(Rs. 5,000)	(Rs. 5,000)	-	(Rs. 5,000)	-
RTO	Rs. 7,951	Rs. 1,030	(Rs. 6,921) -87%	Rs. 7,941	(Rs. 6,911) -87%
Insurance	Rs. 5,660	Rs. 5,660	-	Rs. 5,665	-
Additional discount under new EV policy	-	(Rs. 22,000)	(Rs. 22,000)	-	(Rs. 22,000)
On-road price	Rs. 1,24,433	Rs. 95,512	(Rs. 28,921) -23%	Rs. 1,24,287	(Rs. 28,770) -23%

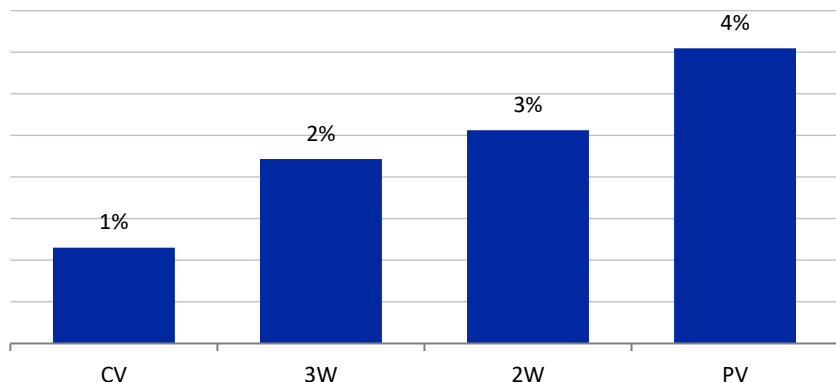
Source: Bikedekho.com; Price comparison done for one of the highest selling electric 2 wheelers in India

Delhi's EV policy stands out in scope and stringency

Criteria	Delhi EV Policy 2026	Maharashtra EV Policy	Tamil Nadu EV Policy	Karnataka EV Policy	Gujarat EV Policy
ICE registration restrictions	Yes	No	No	No	No
Fleet electrification mandates	Mandatory targets for school buses, aggregators, delivery fleets/government CV fleet	Focus on public transport electrification	Focus on fleet adoption and public transport	Targets for aggregators and commercial fleets	No explicit targets
Purchase incentives	Incentives across automotive segments except PVs	Incentives across automotive segments	Limited direct consumer subsidies	Limited direct consumer incentives	Large subsidies for 2W and PV
Road tax & registration fee waiver	Yes	Yes	Yes	Yes	Yes
Scrappage incentives	Among the highest in India	Limited/segment-specific	Limited	Limited	Limited
Charging infrastructure Strategy	Comprehensive charging ecosystem development, OEM charging obligations	Charging-station capex support/tariff benefits	Charging corridors and manufacturing ecosystem support	Highway charging infrastructure emphasis	Large highway charging network development
Battery swapping & recycling framework	Detailed framework with battery traceability and recycling requirements	Limited focus	Limited focus	Limited focus	Limited focus
Manufacturing incentives	Limited; primarily demand-side policy	Moderate manufacturing support	Strongest among major states	Significant support for EV manufacturing investments	Significant support for EV manufacturing investments
Overall policy strength	Very high	High	High	Moderately high	High

Delhi already leads India in EV adoption; new policy likely to widen the gap

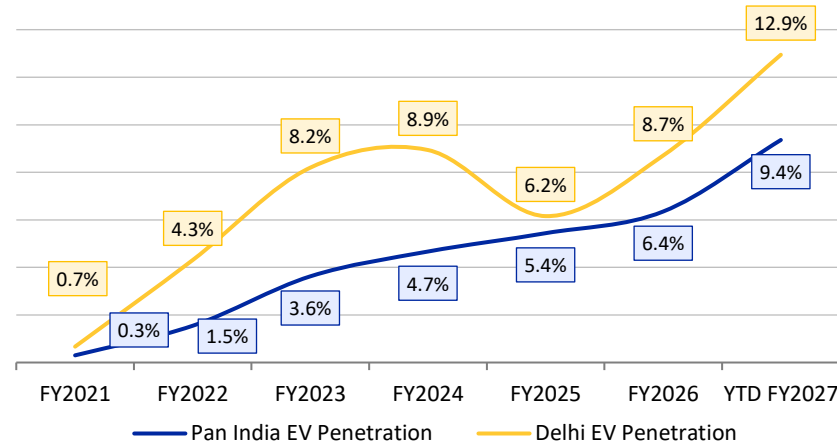
Exhibit 3: Delhi's share in vehicle sales in FY2026



Source: VAHAN, ICRA Research

- Delhi EV penetration remains materially higher than the national average.
- EV penetration recovered to 8.7% in FY2026 and further improved to 12.9% in YTD FY2027 after moderation in FY2025. The new policy is likely to accelerate the next phase of adoption in the capital.

Exhibit 4: Trend in EV penetration in India and Delhi over the years (Combined for all automotive segments)



Source: VAHAN, ICRA Research; YTD FY2027 data till July 08, 2026

- Delhi remains an important automotive market, accounting for 2-4% of domestic sales across major vehicle segments.
- PVs and 2Ws account for the largest share of Delhi's vehicle registrations, amplifying the policy's potential impact.

Delhi's EV mandate could unlock a multi-fold demand opportunity

Vehicle registrations as per VAHAN in FY2026 in Delhi	2 wheelers	Passenger vehicles	Light commercial vehicle	3 wheelers
ICE	5,68,432	1,97,908	18,631	18,939
Electric	41,243	16,486	1,249	9,505
Total registrations	6,09,675	2,14,394	19,880	28,444
Current electrification	~7%	~8%	~6%	~33%
Expected electrification in FY2028	100%	No explicit data of the target for PV	100%	100%
Opportunity market size	~13-14 times	~12 times	~14-15 times	~2 times

Source: VAHAN; ICRA Research

Delhi EV Policy 2026 | Key positives and implementation challenges

Opportunities



Focus on electrifying 2Ws, 3Ws and commercial vehicles, which contribute significantly to urban emissions, can materially improve air quality



Phased restrictions on new ICE registrations provide strong demand visibility for EVs



Purchase, scrappage and tax benefits to support EV affordability and fleet renewal



Provides adequate clarity for OEMs, charging operators, fleet operators, and battery ecosystem participants to increase investments

Challenges



Timely deployment of charging infrastructure and strengthening of power distribution networks will be critical



Despite incentives, affordability and financing could remain challenging, particularly for individual buyers and small commercial operators



Continued reliance on imported battery cells, critical minerals and EV components exposes the sector to supply disruptions and cost volatility



Effective enforcement of registration mandates, fleet electrification targets and ecosystem development initiatives remain key

Source: ICRA Research; Note: "The Commission for Air Quality Management (CAQM), in its latest report 'Identification of the causes for worsening AQI in Delhi NCR' submitted to Hon'ble Supreme Court, identified vehicular emissions as the largest contributor (23% during winter) to air pollution in the National Capital Territory of Delhi."

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EV Industry Outlook

Multiple factors to support EV adoption over medium term

Exhibit 5: Key growth drivers for electrification across all segments

E-3W	E-2W	Electric Bus	Electric Car	E-LCV
				
 Improving technology/ product portfolio	 Government subsidies	 Government subsidies	 Lower running cost	 Improving technology
 Lower ownership cost	 Price parity with ICE 2Ws	 Demand aggregation by Government-backed entities	 Improving technology/ product portfolio	 Lower running cost
	 Improving technology/ product portfolio	 Lower ownership cost	 Improving charging infrastructure	 Decline in battery prices
	 Commercial usage/lower dependence on charging infra		 Decline in battery prices	

Source: ICRA Research; LCV: Light Commercial Vehicle

EV penetration across segments to gradually ramp up

Exhibit 6: Trend in electrification across all segments (Industry level)

	Segment	FY2026	FY2030 ICRA Projections
	E-2W	7%	25%
	E-3W*	33%	60%
	E-Bus	7%	30%
	E-LCV	Negligible	20%
	E-Car	<1%	15%

Source: ICRA Research; Note – Penetration measured in terms of new vehicle registrations

*Excludes rickshaw segment, which is already electrified to a large extent

Annexure I – Major E-2W models and eligible incentives on ex-showroom price



E-2W

OEM	Model	Battery capacity (kWh)	Incentive in Delhi (Year 1 of policy)
TVS	iQube Base	2.2	Rs. 22,000
Hero Vida	V2 Lite / VX2 Go	2.2	Rs. 22,000
Ather	Rizta S	2.9	Rs. 29,000
Ather	450X (base)	2.9	Rs. 29,000
Ola	S1 X	2.0	Rs. 20,000
Ola	S1 X	3.0	Rs. 30,000 (cap reached)
Bajaj	Chetak 3001	3.0	Rs. 30,000 (cap reached)
Ather	450X LR	3.7	Rs. 30,000 (cap reached)
Hero Vida	V2 Pro	3.9	Rs. 30,000 (cap reached)
Ola	S1 X+	4.0	Rs. 30,000 (cap reached)
Ola	S1 Pro	4.0	Rs. 30,000 (cap reached)
Ola	S1 Pro+	5.2	Rs. 30,000 (cap reached)

Source: ICRA Research

Annexure II – Scrappage incentives to push E-LCV adoption at better pace

Category	Key models	Ex-showroom price	Purchase incentive	Scrappage incentive (Year 1)	Total direct benefit	Scrappage incentive as a % of vehicle cost
N1 goods carrier below 1.75 tonnes	Tata Ace Mahindra Jeeto Ashok Leyland Dost Lite Maruti Super Carry	Rs. 4-7 lakh	Rs. 50,000	Rs. 50,000	Up to Rs. 1,00,000	7-12%
N1 goods carrier above 1.75 tonnes	Tata Intra V50 Mahindra Bolero Pick-Up Ashok Leyland Dost+ Eicher Pro 2049 Tata Yodha	Rs. 8-11 lakh	Rs. 50,000	Rs. 1,00,000	Up to Rs. 1,50,000	9-12%



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Analytical Contact Details

Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice President & Group Head	jitinm@icraindia.com	0124 – 4545 368
K. Srikumar	Senior Vice President & Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Rohan Gupta	Vice President & Sector Head	rohan.kanwar@icraindia.com	0124 – 4545 808
Akshay Dangi	Senior Analyst	akshay.dangi@icraindia.com	0124 – 4545 396
Rakesh Thakur	Deputy Manager	rakesh.thakur2@icraindia.com	0124 – 4545 325





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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