



INDIAN PASSENGER VEHICLE INDUSTRY

**CNG adoption gaining traction;
electric vehicle penetration to gain
pace gradually**

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Significantly lower running costs, aided by a superior mileage, results in lower Total Cost of Ownership (TCO) for CNG-powered vehicles; improving CNG fueling infrastructure to aid adoption

EV penetration in PV industry expected to remain at modest levels over medium term; timeline to pricing parity has been delayed by price hikes of key battery minerals



- Leading car manufacturers have been launching various powertrain variants for popular models with a view of enhancing their product profile and grabbing a bigger share of the market. Varied strategies have been adopted by leading OEMs, leading to stark variations in the powertrain mix across OEMs.



- Regulatory overhang and upfront price differential (accentuated by BSVI led price hikes) has dampened demand for diesel vehicles, with presence of the powertrain now largely restricted to the Utility Vehicle (UV) segment; an expectation of an increase in preference for UVs is, however, likely to support the share of the powertrain (stabilised at levels of 18-19% over recent past).



- CNG passenger car sales reported a robust growth in the recent past; aided by the surge in demand, CNG-powered vehicles accounted for ~11.2% of the total PV sales in H1 CY2022, as against 6.3% in FY2021. Improving CNG availability and favourable operating economics aided by its superior mileage, are likely to continue to aid enhanced adoption of the powertrain.



- Stricter emission norms and restrictions on polluting vehicles are expected to result in a general shift towards cleaner vehicles over the medium term. Even as electric car sales also saw an upswing in FY2022, the TCO of electric vehicles remains unfavourable at present. Given the range of anxiety concerns and lack of EV variants, EV adoption is expected to only gain pace gradually over the medium term.