

Companies

Electric vehicles are the future, hybrid tech will only sustain for a few years: Tata Motors



While Tata Motors is in favour of EVs, Maruti Suzuki believes that hybrids are more suitable for the Indian market given the limited charging infrastructure in the country

Hybrid vehicle technology cannot sustain itself beyond the next few years, which is why Tata Motors, India's third largest carmaker, has put all its resources into developing electric vehicle technology, where it has a near monopoly.

The Mumbai-based company believes that hybrid technology (a combination of petrol engine and battery electric propulsion system) is being pursued by industry purely to meet the upcoming CAFÉ (corporate average fuel economy) norms, due to which its relevance is only going to sustain for the next few years.

Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility said, "There are certain players who have taken a position on hybrids and they have vehicles available. They are pursuing it primarily to meet the requirements of CAFE. The way we see this technology is mainly for compliance and its relevance is only going to sustain for the next few years."

"We have to focus on technologies which will not only help us meet the CAFE requirement, but also enable us to lead the charge in zero emission technologies, which will sustain itself in the coming years. And that's why we have taken a conscious decision to focus on EVs," Chandra added.

Though it has just two models in the EV four-wheeler space, Tata Motors has an 82 per cent market share and an order backlog running into several weeks. The company is developing more than half-a-dozen EVs that will become ready for launch in the next few years.

Phase 2 of the CAFÉ norms, which will come into force on April 1, 2024, will require vehicular emission to go down further to less than 113gm/km from the current 130gm/km. Such norms are already in practice in developed markets.

In favour of hybrids

While Tata Motors has been in favour of EVs from the very beginning, car market leader Maruti Suzuki believes that hybrids are a relevant solution for the Indian market given the limited vehicle charging infrastructure.

Executive Director, Corporate Planning and Government Affairs, Maruti Suzuki, Rahul Bharti, said, "Given the high upfront cost of batteries and the limited charging infrastructure network in the country, we think that at least for the medium-term hybrids will be a very powerful solution."

"Hybrids are scalable and do about 40 per cent of the job of an EV in terms of CO2 reduction and energy efficiency. They are probably 100 times scalable. So, in the medium term, they will be a good option. And, of course, EVs also have to be pursued for the long term. So, all options have to be worked upon," Bharti added.

Toyota Motor Corporation, which is exchanging product development processes with Suzuki Motor Corporation, the parent company of Maruti Suzuki, is likely to follow suit with the launch of hybrid cars for the Indian market. Despite the robust demand for EVs, Maruti Suzuki is in no hurry to enter this space. According to recent guidance given by the company's senior management, its EVs will debut by 2025.

In addition to Tata Motors, MG Motor, Hyundai and Mahindra & Mahindra are also pursuing the EV space. One of the primary reasons why manufacturers have not warmed up to hybrid vehicle technology is because of the high Goods and Service Tax (GST) levied on such vehicles.

Hybrid vehicles are slapped with a GST of 28 per cent and a further 15 per cent cess (except small hybrids), taking the total to 43 per cent. In comparison to EVs which carry a GST of only 5 per cent and no cess.

EV charging

Based on the information that Tata Motors has, a significant majority of its EV users charge their cars at home, rather than at any of the public charging stations, dispelling the notion that EVs cannot survive without an able public charging network.

"Based on the telematics data that we have, 95-96 per cent of our 12,000-13,000 customers charge their cars at home. The whole issue of public charging is turning out to be an overstated thing," Chandra added.