

Lower taxes on hybrid cars can help faster adoption of EVs in India: Honda

Synopsis

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The total tax incidence on hybrid vehicles in the country is 43 per cent, which is inclusive of [GST](#), while battery electric vehicles attract a tax of about 5 per cent.

"There is a big gap (in taxes). So, yes it would be a welcome step if the government could support us (by reducing tax on hybrid vehicles as well) ...We request the government if they could consider it," Honda Cars India Ltd (HCIL) Vice-President (Marketing and Sales) Kunal Behl told PTL.

He further said: "We believe if they (government) can reduce it, the adoption of the electric vehicles would be very fast."

Behl noted that hybrid vehicles could help in the transition to fully electric vehicles while at the same time helping in cutting down vehicular emissions and fossil fuel consumption.

"We really respect the government's understanding that they want to bring down the emission levels...they want to reduce the consumption of fuels, so both these objectives are met by the hybrid vehicles. So, I am sure there could possibly be a thought which goes in the government into relooking into favourable conditions where customers can adapt to such technologies faster," he stated.

Honda believes that hybrids are the best solution for the country as buyers do not encounter range anxiety issues and there are no curbs on the performance of the vehicle as well, Behl noted.

"According to us in the current scenario there is nothing better than this (hybrid).. it is the best solution right now," he added.

The company, which has forayed into the mainstream hybrid segment with the introduction of City e:HEV, plans to ultimately transition to full battery electric vehicles as per the global vision of its Japan-based parent company.

Honda globally plans to launch 30 EV models by 2030, with an annual production volume of more than 20 lakh units.

The auto major aims to invest around USD 40 billion over the next 10 years in the EV space.

"The global direction is towards electrification..we believe Indian customers really want to be part of the electric journey..it matches our journey towards carbon neutrality...If the taxes go down I am sure people will adopt it at a faster clip..," Behl said.

Till the time complete transition happens towards electric cars over the next few years, the automaker plans to keep introducing internal combustion engine cars in order to cater to the customer demand.

As part of the strategy, Honda Cars India plans to get into the fast-growing mid-size SUV segment next year. It also plans to keep refreshing its sedan lineup as per the market requirements, Behl noted.

"We have strong market share in the sedan segment .. so we would definitely not like to leave the sedan market ..at the same time we realise that SUV is an important market and customers expect Honda to come into this so that is why we will come up with a strong model.." he added.

When asked about the possible impact of the government's plans to make six airbags mandatory in passenger vehicles, Behl noted that the industry as a whole has been going through rough times for the last few years.

Transition to BSVI emission norms, COVID-19 impact, semiconductor shortage and rising input costs are the major challenges plaguing the auto industry, he noted.

"Every kind of regulation has a cost attached to it..so yes the government's direction is understood, it is a very nice direction and it also matches Honda's direction of carbon neutrality and zero traffic fatalities so we are also in line with that..we also want to comply to the regulations but looks a little too early for us as well," Behl said.

Currently, the debate is going on regarding the issue and whatever the decision comes, the company is going to stick to that for sure, he added. On the chip shortage, Behl noted that the problem is expected to continue for the next couple of months.

"So it is very difficult to predict the growth outlook... As far as the previous year is concerned there is definitely going to be growth for the industry and the company will also follow a similar kind of growth as the industry...it is very difficult to give an outlook as the situation remains very dynamic," he added.

Between April 2021 to March 31, 2022, the company dispatched 82,074 units to dealers.