

A first: CNG vehicles ride past diesel in sales race

SHINE JACOB & SOHINI DAS
Chennai/Mumbai, 4 August

For the first time, sales of compressed natural gas (CNG) passenger vehicles in India have surpassed diesel vehicles during the first quarter of the current financial year.

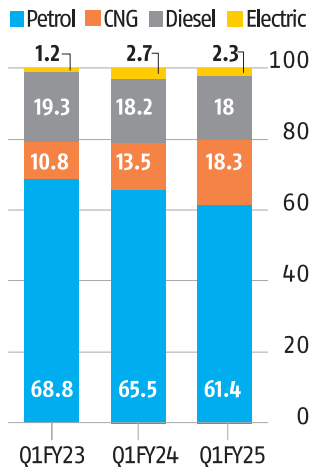
According to market leader Maruti Suzuki, one in every three cars it sells domestically is a CNG vehicle. It said 189,699, or 18.49 per cent, of the overall 1.03 million passenger vehicles sold in the first quarter of 2024-25 were CNG vehicles, while 188,868, or 18.41 per cent, were diesel. In June 2023, the share of CNG in the market stood at 13.63 per cent and that of diesel was 18.34 per cent.

Maruti Suzuki's figures are in the same range as the data collected by Jato Dynamics.



FUELLING CHANGE

Share of fuel in vehicles sold (%)



Turn to Page 6 ▶

Source: Jato Dynamics

PAGE 2

**AWAITING POLICY
ON HYBRIDS, GREEN
TECH: BHARGAVA**

Maruti Suzuki India is awaiting a government policy framework to promote all green technologies, including strong hybrids, Chairman R C Bhargava said on Sunday.



Fresh car launches, more fuel stations drive CNG's rise

GROWTH PATH

| | CNG stations | Prices in Delhi (₹/kg) |
|---------|--------------|------------------------|
| Jun '21 | 3,180 | 44.3 |
| Jun '22 | 4,531 | 75.61 |
| Jun '23 | 5,767 | 73.59 |
| Jun '24 | 6,959 | 75.09 |

Source: PPAC

Experts said this shift in customer fuel preference was due to a series of new car launches, increased CNG stations, new design innovations like Tata Motors' twin-cylinder system, and original equipment manufacturers (OEMs) focusing on CNG to meet CAFE norms.

"This quarter, several new regions, including Rajasthan, Karnataka, Tamil Nadu, Madhya Pradesh, Kerala, and Bihar, are showing healthy growth in CNG adoption. Customer acceptance of CNG vehicles is on the rise," said Rahul Bharti, chief investor relations officer of Maruti Suzuki.

Ravi Bhatia, president and director of Jato Dynamics, said there was a pull for CNG cars and OEMs were responding with more choices for CNG buyers. Hyundai Motor India, for example, launched its popular hatch Grand i10 NIOS with dual-cylinder CNG last week with a starting price of ₹7.75 lakh. At present, there are 24 car models across OEMs that offer CNG engines, up from 20 in June 2023 and 13 in June 2022, according to Jato Dynamics data. "Primary buyers are commercial taxi and fleet operators (due to regulations in many cities) and small businessmen using cars

as a tool for trade. CNG prices have been remarkably stable unlike petrol," he said.

The rise in CNG vehicle sales is attributed to increased penetration, with the number of fueling stations growing to 6,959 in June from 3,180 in June 2021. Though the average price of CNG in Delhi increased 70 per cent to ₹75.09 in June from ₹44.30 per kg in the same month in 2021, the declining global liquified natural gas (LNG) prices and the price difference between CNG and traditional fuels are likely to be advantageous for consumers. CNG is becoming more lucrative for OEMs, with average retail prices rising from ₹7.64 lakh in Q1FY23 to ₹8.92 lakh in Q1FY25, according to Jato Dynamics. "The reason for weighted prices moving up is that CNG is now becoming available in mid variants as opposed to entry variants in the past. This indicates that more individuals are considering CNG as an option for personal transportation," Bhatia said.

Further, queues at CNG filling stations are a thing of the past, and refilling waiting periods are low, Bhatia said. "The total cost of ownership for target customers is favourable as well. Better road

infrastructure and twin cities development means cheaper operating costs for taxis is important," Bhatia said, adding that Indian OEMs are adopting a multipronged approach in offering fuel choices and not restricting themselves to only petrol and EVs. Tata Motors leads in CNG innovation with twin-cylinder technology. It also plans a turbo petrol-CNG engine. The Altroz hatch, launched last year, features a twin-cylinder CNG engine.

At the time of the launch, Shailesh Chandra, managing director at Tata Motors Passenger Vehicles and Tata

Passenger Electric Mobility, had highlighted the growing demand of CNG as alternative fuel options. "However, opting for CNG meant compromising on aspirational features and giving up boot space significantly. In January 2022, we addressed the first compromise by launching the advanced iCNG technology in Tiago and Tigor, offering superior performance and top-end features," Chandra had said. For Tata Motors, CNG penetration has increased to 22 per cent in Q1FY25 from 16 per cent in FY24. In comparison, EV penetration stands at 12 per cent.

Finance ministry could modify new LTCG rules



The industry says a review of the new rule could be done in line with what was done with effect from January 1, 2018, when long-term capital gains tax on equities was reintroduced after many years.

The new regime, however, retained rollover benefits. This allows the taxpayer to reinvest the proceeds from the sale of an asset in another in a specific time period without paying LTCG tax. However, experts say a homeowner who wished to monetise old properties and not look for a fresh purchase would not benefit and end up paying more tax.

A day after the Budget announcement, the income-

tax department on July 24 put out detailed clarification on the regime.

In an explanation post on X (formerly Twitter), the department said an issue had been raised as to what would be the cost of acquisition as on April 1, 2001, for properties purchased prior to 2001.

For properties (land or building or both) purchased prior to April 1, 2001, the cost of acquisition as on April 1, 2001, shall be the cost of acquisition of the asset to the assessee, or the fair market value (not exceeding the stamp duty value, wherever available) of such an asset as on April 1, 2001.

