

● TAXES ARE AS HIGH AS 43% BASED ON SIZE OF THE VEHICLE

Honda lines up hybrid cars even before India duty cut

SWARAJ BAGGONKAR
Mumbai, April 16

EVEN BEFORE INDIA formally decides to reduce duty on hybrid cars, Japanese auto giant Honda has lined up at least one product launch on this technology in the next few years to capitalise on the demand momentum.

The Elevate, a petrol-powered sports utility vehicle (SUV) launched in 2023, was first of the five SUVs planned by Honda for the Indian market. The Elevate-based battery electric vehicle (BEV) from Honda will debut towards the end of 2026.

"The primary focus of the company right now is to work on the BEV. It will be based on the Elevate platform but it won't be Elevate. It is going to be an India-designed, specific EV. India will be the lead country for this EV like it has been for the Elevate," Kunal Behl, vice president, marketing & sales, Honda Cars India, told *FE*.

Of the remaining four models, one will be BEV. "The remaining three SUVs can be hybrid. A lot of things are moving in the positive direction as far as hybrids are concerned. The jump from ICE (internal combustion engine) to BEV directly is difficult. Hybrids are a very good stepping stone," said Behl.

Honda's push for hybrids for the

IN TOP GEAR

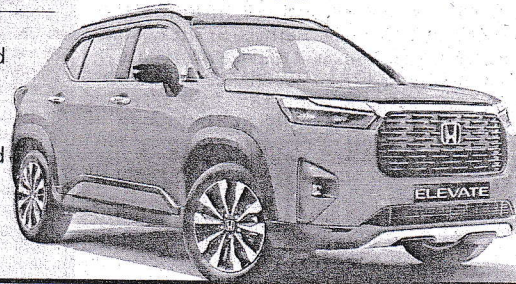
■ The Elevate was first of the five SUVs planned by Honda

■ Petrol-powered SUV Elevate was launched in 2023

■ Elevate-based BEV from Honda will debut towards 2026-end

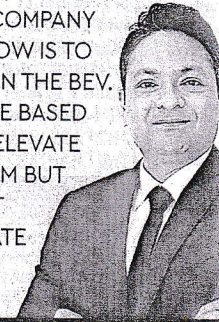
■ Of the remaining four models, one will be BEV

■ The remaining three SUVs can be hybrid



KUNAL BEHL,
vice president, marketing & sales, Honda Cars India

THE PRIMARY FOCUS OF THE COMPANY RIGHT NOW IS TO WORK ON THE BEV. IT WILL BE BASED ON THE ELEVATE PLATFORM BUT IT WON'T BE ELEVATE.



Indian market is part of its worldwide plan of generating two-thirds of sales from electrified vehicles (BEV and hybrid) by 2030.

A hybrid vehicle runs on ICE or batteries, allowing the driver to choose between petrol/diesel and battery electric variants. The result is a mileage improvement of 40-45%.

Putting hybrids under a separate goods and services tax (GST) bracket is contemplated by the government after intense lobbying by all the Japanese automakers such as Suzuki, Toyota and Honda.

Union minister Nitin Gadkari recently spoke in favour of bringing down the GST on hybrid cars to 12% from 28%. He also emphasised the need for discussions on this matter at the GST Council meeting, underscoring the potential industry benefits, decreased imports and environmental gains.

While BEVs carry 5% GST, which is the lowest for any vehicle segment, and zero compensation cess, hybrid vehicles — having petrol engines up to 1200cc and diesel engines up to 1500cc and both having length up to

4-metre — carry 28% GST and zero compensation cess.

All other hybrid vehicles in the country carry a 15% compensation cess, over and above the 28% GST, taking the total to 43%.

Toyota Kirloskar and Maruti Suzuki offer two hybrid cars each. Honda, too, has one hybrid car in its portfolio — the City. Despite the steep tax, demand for hybrid vehicles has been strong and their sales have surpassed that of BEVs made by Tata Motors, MG Motor India and Mahindra & Mahindra.