'Contrary to belief, hybrids & EVs do not compete but jointly power auto market'

G Balachandar

Contrary to common perception, recent data from India's automobile market show that hybrid vehicles are not rivals to electric vehicles (EVs) but are expanding alongside. This suggests that India is likely to maintain a multi-powertrain approach in the medium to long term, according to a report by HSBC Global Research.

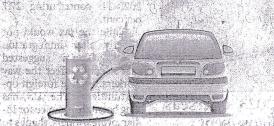
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Despite incentives offered by States such as Uttar Pradesh for strong hybrid electric vehicles (SHEVs), battery electric vehicles (EVs) have also recorded robust sales growth.

In FY25, EV sales closely mirrored the rise in SHEV adoption, indicating complementary consumer demand rather than substitution. According to the recent ana-

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HAND IN HAND. Hybrids have primarily gained market share if from diesel variants, says HSBC Global Research

lysis, both powertrain types appear to attract distinct buyer segments, contributing to the overall development of a cleaner mobility ecosystem.

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GATHERING PACE

EV adoption has gained momentum with several new model launches over the past six months. Four-wheeler (4W) EV penetration rose from 1.9 per cent in the first half of FY25 to 2.5 per cent in

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Q4 FY25, reaching 3.2 per cent in the first quarter of FY26 so far. This growth was driven primarily by the launch of the MG Windsor and Mahindra & Mahindra's (M&M) EVs.

Meanwhile, the share of SHEVs in total passenger vehicle (PV) sales increased from 2.1 per cent in FY24 to 2.4 per cent in FY25. The MG Windsor addressed customer concerns about long-term battery replacement

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Statistical Control of the Market

costs by offering leasing solutions while M&M tackled range anxiety with larger battery packs and positioned EVs as aspirational lifestyle choices. These developments indicate that consumers are willing to adopt EVs when the value proposition aligns with their expectations.

MARKET ACCEPTANCE
The growth in hybrid PVs reflect growing acceptance of
SHEVs as practical solutions

SHEVs as practical solutions in a transitional phase toward full electrification.

Since their launch in late 2022 by automakers like Maruti Suzuki (MSIL) and Toyota, hybrids have primarily gained market share from diesel variants, although the trend plateaued in FY25.

The notion that promoting SHEVs will undermine EV adoption is misguided, according to the report.

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