

CNG car sales growth zooms past other PVs

PETROL CARS: LOSING TRACTION?

PV sales report card for the Jan–Aug 2024 period

	Sales (units)	Y-o-Y growth (%)		Active models
CNG	475,100	46		25
Diesel hybrid	78,383	21		5
Petrol hybrid	244,757	18		17
EV	67,240	7		11
Diesel	431,101	5		27
Petrol	1,576,967	-4.5		57

Source: Jato Dynamics

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Compressed natural gas (CNG) is fast becoming the fuel of choice for Indian car buyers, with sales growth of such passenger vehicles (PVs) in the first eight months of this year outpacing all other variants.

Sales of CNG vehicles between January and August surged by 46 per cent year-on-year, whereas that of petrol cars declined by 4.5 per cent; diesel model pickups grew by just 5 per cent.

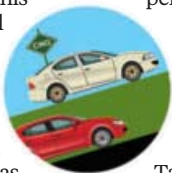
The rise in CNG sales even outstripped that of petrol hybrid, diesel hybrid, and electric cars.

In volume terms, CNG vehicle sales are now roughly

30 per cent of petrol vehicle sales. One in every three cars produced by the country's largest automaker, Maruti Suzuki India (MSIL), is now a CNG model, with CNG penetration in the company's overall portfolio having reached 34 per cent as of August.

Several factors are driving this growth, from new car launches to an increase in CNG refuelling stations, as well as innovations like

Tata Motors' twin-cylinder system. Original equipment manufacturers (OEMs) are also focusing on less polluting fuels to meet corporate average fuel efficiency (CAFÉ) norms, which aim to limit carbon dioxide emissions from car manufacturers in a financial year. Turn to Page 6 ▶



Launches, more fuelling stations push CNG car demand

“The highest oil consumption and the highest CO2 emissions come from pure petrol and diesel vehicles. All other powertrain technologies — including electric, hybrid, CNG, and biofuel — help reduce oil consumption and CO2 emissions,” explained Rahul Bharti, executive director of corporate affairs, MSIL. “It is both natural and desirable to minimise the use of pure petrol and diesel engines in favour of these technologies.”

He further noted: “CNG is over 90 per cent methane (CH4), meaning it has four hydrogen atoms for every carbon atom, making it inherently clean (fuel).”

Ravi Bhatia, president and director of Jato Dynamics, noted a broader shift toward alternative fuels in India’s auto market, as global electric vehicle (EV) growth shows signs of slowing. “Data from Jato Dynamics India highlights this trend, showing significant growth in (sales of) CNG (46 per cent) and hybrid vehicles (19 per cent) compared to EVs (7 per cent),” Bhatia said.

He attributed this shift to evolving consumer preferences and market realities. “CNG’s affordability and practicality make it especially popular in the taxi



and small business segments, while hybrids are gaining ground among those seeking a balance between performance and efficiency.”

For the first time, sales of CNG PVs in India surpassed diesel vehicles in the first quarter of this financial year. “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,” Bharti told Business Standard last month.

In a sign of the growing momentum,

Tata Motors launched the Nexon iCNG, priced from ₹8.99 lakh, on Tuesday. Describing it as part of Tata’s multi-powertrain strategy, Vivek Srivatsa, chief commercial officer of Tata Passenger Electric Mobility, said: “The launch of the Nexon iCNG as India’s first turbocharged CNG vehicle will attract customers who are value-driven and eco-conscious, but do not want to compromise on driving quality and experience.”

The country’s second-biggest car-maker Hyundai Motor India also introduced a dual-cylinder CNG variant of

its popular hatchback, the Grand i10 NIOS, last month, with prices starting at ₹7.75 lakh.

CNG options are now more frequently available in mid-range variants, rather than just entry-level models as was the case in the past, reflecting growing demand for personal use. As of now, there are 25 car models across various original equipment manufacturers (OEMs) offering CNG engines, up from 20 in June 2023 and just 13 a year earlier. The primary buyers remain commercial taxi and fleet operators, often due to regulations in many cities, as well as small business owners who use cars for trade. Industry insiders point out that CNG prices have remained relatively stable compared to petrol.

The increase in CNG vehicle sales is partly attributed to better fuelling infrastructure, with the number of stations growing from 3,180 in June 2021 to 6,959 in June 2024.

One major reason for petrol’s decline against CNG, according to sector experts, is the price difference between the two fuels. Petrol currently costs ₹94.72 per litre in Delhi, while CNG is priced at ₹75.09 per kilogram.