

TaMo & M&M Haven't Given Up On Diesel Yet

Autocos plan to invest in the tech following a rise in sales of SUVs

Fuelling Up

M&M



Two-thirds of sales for Mahindra Thar & Mahindra XUV700 have come in for diesel variants

In Scorpio, the proportion is even higher at 75%, said industry sources



TATA MOTORS

SUVs Harrier and Safari available only with diesel engine option



TOYOTA KIRLOSKAR MOTOR

To continue selling diesel Innova Crysta alongside gasoline and hybrid variants of Innova Hycross



cles because they deliver higher torque and power.

In fact, nearly two-thirds of sales for the newly launched Mahindra Thar and Mahindra XUV700 have come in for the diesel variants. In Scorpio, the proportion is even higher at 75%, said industry sources. Tata Motors, which offers best-selling SUVs Harrier and Safari only with diesel engine option,

said diesel will continue to have a strong play in the company's portfolio even after the implementation of BS VI (II) standards.

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New Delhi: Homegrown auto majors Tata Motors and Mahindra & Mahindra (M&M) are renewing their bets on diesel at a time several carmakers are re-evaluating their presence in the segment because of costs and clean-air regulations. Prices of vehicles run on the fuel are expected to rise after the transition to the second phase of BS-VI emission norms.

A sharp increase in sales of sports utility vehicles, coupled with an uptick in average selling price of vehicles in the country over the last three years, has prompted the two companies to invest in the technology despite market leader Maruti Suzuki, Renault-Nissan and the Volkswagen Group choosing to stay away from the category after April 2020.

The share of SUVs in overall passenger vehicle sales in the local market more than doubled to 40% in the five years to FY22. Diesel fuel with its better pulling power has traditionally been a fuel of choice in this segment, especially at the higher end of the market. Diesel variants contributed 64% to the volume in the mid-SUV segment and as

much as 94% in high-end SUVs in fiscal 2021. The ratio remains broadly similar even today.

To be sure, the share of diesel vehicles in overall car sales has fallen to 18% from 29% in FY20. India leapt to BS-VI norms from April 2020 leading carmakers to discontinue diesel engines in 42

SUV SALES



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hatchbacks, sedans and entry SUVs. But the proportion of sales in a growing market has mostly remained stable over the last two years, said industry executives. A senior industry executive who did not wish to be quoted said unlike earlier, when consumers used to opt for diesel for cost effectiveness, buyers today choose diesel vehi-

Rajan Amba, vice-president (sales, marketing and customer service) at Tata Motors confirmed: "There is a market for diesel vehicles. Some companies are finding it unviable to transition but not so in our case. Our vehicle architecture factors in the costs for the upgrade." Meanwhile, Toyota Kirloskar Motor (TKM), which had suspended bookings of the diesel variant of the Innova due to shortage of components, said last week it will continue to sell diesel Innova Crysta in addition to gasoline and hybrid variants of Innova Hycross due to high demand.

"Bookings were piling up; we were not able to confirm a delivery date to our customers. We suspended bookings temporarily, but will reopen it shortly," said TKM managing director Masakazu Yoshimura.

Ravi Bhatia, president at consultancy firm Jato Dynamics, said the price impact of the transition to higher emission norms is more pronounced at the lower end of the market, leading manufacturers to stop diesel vehicle sales at the entry-level. "The technology cost is the same, be it for small or large engines. The price impact at the entry-level is higher. Automakers making larger vehicles are upgrading and can pass on the costs to customers, who have a better ability to absorb the increase," he said.