

Quote by Anurag Singh, Advisor, Primus Partners

Published in Mint

January 8, 2025

Link : [Primus Partners Pvt Ltd 1 8 2026 8 35 14 AM \(2\).pdf](Primus%20Partners%20Pvt%20Ltd%201%208%202026%208%2035%2014%20AM%20(2).pdf)

Auto majors allay fear over slowing adoption of EVs

A festive boost in petrol and diesel car sales briefly dented EV penetration after GST cuts

Ayaan Kartik
ayaan.kartik@livemint.com
NEW DELHI

A festive-season jump in petrol and diesel car sales after the government cut goods and services tax (GST) rates briefly pulled down electric vehicle (EV) penetration, leading to concern that cheaper internal combustion engine (ICE) vehicles could slow down India's EV transition.

Automakers and dealers, however, say the recent softness reflects short-term volatility rather than a shift in consumer preference, arguing that EV adoption continues to rise as buyers look beyond upfront prices to overall ownership costs.

There were fears that government's move to cut GST on ICE vehicles could hurt EV penetration, as the fossil-fuelled ones were already much cheaper in the price-sensitive Indian market. However, data from the Federation of Automobile Dealers Association (Fada) released on Tuesday showed EV penetration grew for two straight months after a dip in October.

"Electric vehicle sales are here to stay. There was softening in the last few months, but penetration levels have grown in 2025. EV car penetration grew from 2.5% to nearly 4% last year," C.S. Vigneshwar, president of Fada, told *Mint*.

While EV penetration, the percentage of EVs of total passenger vehicle sales, fell from 5.14% in September to 3.26% in October, the number recouped to 3.75% in November and 3.94% in December, retail data released by Fada showed.

The dip in October had made some market observers note that consumer interest had softened in EVs after GST cuts narrowed the tax gap between ICE



EV penetration grew for two straight months after a dip in October.

structure meant prices would continue to fall, while ICE vehicle prices would rise due to increasing regulations.

In absolute terms, electric passenger vehicle sales grew 77% to 176,538 units in calendar year 2025.

The Tata Motors MD reiterated the firm's earlier position that by 2030, the segment will see a 15-20% penetration.

While the government has targeted 30% EV penetration in passenger vehicles by 2030, carmakers have moderated their expectations to 15-20%.

On the sidelines of Mahindra XEV 9S launch in November, executive director and CEO Rajesh Jejurikar said the company hasn't seen any recalibration on EV sales post the GST cuts, and it was too early to say if there was any adverse impact on EVs. "There was a pent-up demand of 30-40 days of ICE vehicles, which wasn't there for EVs, as most people were clear that a change (in tax) was gonna happen. We remain excited about EVs, we continue to be excited about ICE and the overall sentiment in the Indian market," he said.

Mahindra sees its portfolio having 20-25% sales from EVs. Experts say the trend shows the GST cut may only have a limited impact in the long-term.

Anurag Singh, advisor at Primus Partners, said, "Indian consumers are highly TCO (total cost of ownership)-driven, quickly factoring in not just acquisition cost but also fuel savings, depreciation, maintenance, insurance, and long-term usability," he said. "Directionally, the EV value proposition is improving, and penetration is rising. However, the pace of adoption is slower than earlier expectations, reflecting a more rational and cautious market rather than a reversal of the trend."

Queries on the outlook for EVs sent to Maruti Suzuki and Hyundai Motor India went unanswered.

vehicles and EVs, making the former even more attractive for buyers. An EV passenger vehicle would typically cost ₹2,00,000-4,00,000 more.

In September, the government cut GST for petrol and diesel vehicles from

on ICE vehicles.

At a press meet in December, Tata Motors PV managing director and chief executive officer Shailesh Chandra said there was no cause for alarm for EVs for now even as GST cuts had boosted sales

DATA from Fada shows EV adoption rebounded, rising for two straight months after an October dip

EV car penetration fell from 5.14% in Sept to 3.26% in Oct, recovered to 3.75% in Nov, 3.94% in Dec

GST cuts narrowed EVs' tax advantage, making ICE vehicles more attractive for price-sensitive buyers

MONTHLY EV volumes more than doubled in a year, up from 7,500 units to 16,000-18,000 units

28% on small cars and 45-50% on large cars to 18% and 40%, respectively. The tax rate for EVs remained at 5%.

Both Tata Motors Passenger Vehicles Ltd, Mahindra & Mahindra Ltd reiterated that there were no alarm bells for the EV vehicles due to the GST

of ICE vehicles in the short-term.

"One year back, monthly EV industry volumes were around 7,500 units. Today, they are fluctuating between 16,000 and 18,000 units. That is the reference you should take," Chandra told reporters, adding that EVs' cost