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Share of clean tech in passenger vehicles more than doubles in 3 years

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Article Content:

The decision to purchase a hybrid vehicle is typically based on a customer's evaluation of the trade-off between higher upfront cost and improved fuel efficiency

Clean technology cars — electric vehicles (EVs), compressed natural gas (CNG) and hybrids — are revving up in India's overall passenger vehicle (PV) space, with sales more than doubling in the last three years.

Ravi Bhatia, president and director, Jato Dynamics, a market research firm, said: "The data clearly shows clean technology gaining share in the overall PV market. The combined share of clean tech grew from 12.8 per cent in 2022 to 28.3 per cent in 2025."

PV sales, which were around 3.8 million units in 2022, went up to 4.5 million in 2025.

EV share has grown more than fourfold during this period — from 1.3 per cent in 2022 to 4.6 per cent in 2025. CNG share, too, has risen from 11 per cent to 21 per cent, while

hybrids have seen their share grow from a meagre 0.5 per cent to 2.7 per cent.

Bhatia pointed out that, in contrast, the combined share of petrol and diesel has dropped over the same period — from 68.2 per cent to 53.5 per cent. Of this, diesel share remained nearly flat or slightly down at around 18.2 per cent.

Hybrids have grown as diesel has continued to lose ground.

“Diesel has lost relative share but not absolute volume. It is stable, not shrinking in India. So, hybrids have grown proportionally. But diesel has not kept pace with other powertrains (EV/CNG), and its relative importance has diminished as cleaner technologies scale,” Bhatia added.

Several leading original equipment manufacturers (OEMs) have phased out diesel engines from their PV lineup.

For example, Maruti Suzuki India phased out diesel engines with the transition to BS VI norms discontinuing its classic diesel models like Ciaz and Ertiga.

Honda Cars India also stopped producing diesel engines altogether, along with Renault India and Nissan India.

Volkswagen Group, too, scaled back on diesel powertrains, while Hyundai still offers diesel powertrain options in some SUVs (like Creta and Alcazar).

Mahindra & Mahindra (M&M) and Tata Motors still have diesel variants which comply with Indian emission norms.

A senior industry executive said while many players exited the diesel segment, the volumes have still not declined substantially.

“Hybrids have not cornered the volume-share that these OEMs held in diesel. So, while consumer preference is obviously shifting towards cleaner tech, also led by government incentives, diesel has not yet lost its relevance in India,” he said.

Bhatia added that globally, diesel passenger vehicle share has been declining for years, especially in advanced markets, such as Europe, where diesel has been losing share due to emissions standards and consumer preference shifts.

Diesel’s decline is less pronounced in other regions, but the overall trend is downward.

At the same time, EV sales worldwide are growing rapidly, representing 20 per cent of new car sales globally and rising fast. Hybrid/plug-in hybrid EV (PHEV) volumes also saw strong double-digit growth in recent years, in international markets, driven by fuel efficiency and transition strategies.

He feels hybrids can bridge the gap where EV charging infra is still developing, but cost, taxation and fuel-pricing policies will influence uptake. “Globally, hybrids often grow where EV penetration is still ramping, by offering efficiency gains with minimal behavioral change,” Bhatia added.

In 2025, strong hybrid sales grew by 17.4 per cent among key players, including Toyota Kirloskar Motors (15.6 per cent), Maruti Suzuki (28.9 per cent), while Honda Cars posted a decline of 12.5 per cent.

Analysts, however, point out that there are not many popular hybrids under 4,000 mm in length. Anurag Singh, advisor, Primus Partners, said: “There are currently no popular hybrid vehicles under 4,000 mm, and therefore, none qualify for the reduced 18 per cent goods and services tax (GST) slab. So, hybrids have missed out where there was strong growth.”

The decision to purchase a hybrid vehicle is typically based on a customer’s evaluation of the trade-off between higher upfront cost and improved fuel efficiency.

Interestingly, GST actually widens the price gap between petrol and hybrid variants of the same vehicle. For example, if the ex-factory price of a petrol variant is ₹10 lakh and the corresponding hybrid variant is ₹12 lakh, at a 28 percent GST rate, the petrol vehicle attracts ₹2.8 lakh in GST, while the hybrid attracts ₹3.36 lakh. This higher tax on an already more expensive hybrid further reduces its price competitiveness.

“Additionally, consumer anxiety around rising fuel prices is currently low, as fuel prices have remained relatively stable. This further weakens the economic justification for paying a premium for hybrid technology in the current market environment,” Singh feels.

While cleaner tech is on the rise, how the structural dynamics between CNG, EV and hybrids play out remains a close monitorable