

'Tackle CNG vehicle cost, bring it under GST'

Changes will help spur sales: Nomura

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India needs to bring CNG under the GST regime and tackle challenges such as high vehicle cost and limited boot space for the growth of the natural gas vehicle market, according to a report by Nomura Research Institute Consulting & Solutions India.

The report on 'natural gas vehicle (NGV) market' stated that the CNG vehicle market has seen compounded annual growth rate of 7% to 33.76 lakh units in March 2020 from March 2016, mainly driven by passenger vehicles (cars and taxis). The demand for such vehicles, however, is concentrat-



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ed in Maharashtra (30%), Gujarat (29%), Delhi (23%), Uttar Pradesh (9%), and Haryana (5%).

"India has large domestic reserves of natural gas as compared to crude oil. India has explored about 5 trillion cubic metres of recoverable reserves, of which less than 0.5% is used as fuel in the current CNG fleet," it said.

High vehicle volume and favourable conditions in the Indian automotive market presented an opportunity to promote NGVs, it added.