

‘Ethanol checks all boxes... challenge remains around consumer adoption’

VIKRAM GULATI, Country Head and Executive Vice President at Toyota Kirloskar Motor, speaks to **SANDEEP SINGH** about the multiple pathways in the transition to sustainable energy vehicles, the role of government policy in consumer adoption, and the geopolitical challenges that necessitate country-specific solutions for sustainable transport technology.

In terms of the technology, Toyota has the entire array and there is a sense from the government that it's going to be Lithium-ion plus. On the policy aspect, is there anything that manufacturers are waiting for?

I think the situation has to be seen from the larger objective of energy security — fossil fuel and carbon. These are the two top issues that the Prime Minister has laid out and he has talked about battery electric, hydrogen, ethanol. He has laid out that there will be multi-energy pathways.

The government is placing two-wheelers, three-wheelers and buses at the forefront and there is a logical reason for that and consumer acceptance is key for the transition to take place. It revolves around ownership dynamics, performance dynamics, infrastructure convenience, etc. Ethanol is a great option for India and is truly self-reliant. Coming to hydrogen, I think if we look beyond five to seven years the world is going to use hydrogen seriously, whether you like it or not. I would say the real future is multi technology.

How do you see the push for ethanol?

If you see ethanol, which Mr Nitin Gadkari (Union Minister for Road Transport) has talked about,



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INTERVIEW

WITH

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I think it is a sensible, practical and fast-paced approach towards achieving our two goals. It is sustainable and recyclable and is the lowest carbon option in Indian and global context. The great thing about this fuel is that the entire value chain is indigenous. It is self-reliant and gives a boost to the agrarian economy, which is carbon neutral, helping displace fossil fuel at a rapid pace. I think Rs 40,000 crore is saved by replacing 10 per cent fossil fuel. It reduces PM 2.5 even further and it is one option that checks all the boxes.

The only area we have to look at is efficiency and hence consumer acceptance. Hence we believe the government is resolving this one by one. The ICE (internal combustion engine) infra exists and the only thing needed is some modification. What we can and

are asking for is consumer adoption because making the vehicle is not a challenge beyond the lead time that is required. But the challenge remains around consumer adoption. I am sure, the fact that the GST on ethanol fuel has been reduced, something more will be done on consumer adoption.

If we have two buckets — ICE adapted with some form of electrification (hybrids being one) vs ethanol vs a different fuel cell, do you see these buckets coexisting or the government playing a role in deciding the winner?

The only thing the government has chosen is the clear objective of energy security and carbon neutrality. If you look at taxation, hybrids get an advantage. We can't say we don't get an advantage in

rates but the problem we have been talking about is not the rate but the actual rupee the customer would be paying. So far we didn't have the vehicle in mass segment to be heard, but now it is obvious that the consumer is paying more tax on the strong hybrid than say as compared to gasoline. The issue is that.

In terms of technology, the intent of the government is not to be left behind in the electric space and therefore the fact that we are behind necessitates that there is support to get there. There are geopolitical challenges and everybody knows that China controls the entire market value chain for cells, the

market for rare earth magnets that are absolutely needed for motors that we use in cars. So, if this is the stranglehold in this space, that also points out that you have to be diverse in your approach.

I think the West too has to quickly realise that there is no one solution which can cater to the world. Africa will have something else, South America something else, India something else. Unless you grapple with this reality and are serious about tackling the issue of fossil fuel and carbon, you won't achieve it. Toyota firmly believes that carbon is the No 1 enemy. We could have easily gotten

our EVs into Indian markets and nothing stops us, but we are not doing so because we are serious about mass electrification and not about niche electrification.

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You have introduced

two strong hybrids, Hyryder and Hycross. What is the response and how are you planning to increase localisation?

The response is very good, beyond our expectations, and throws a fresh challenge to manage demand. We are close to 80 per cent on localisation on these vehicles despite the advanced batteries. We are committed to localisation and that is the way for not only meeting societal goals of self-reliance but security for serving all markets. Policy can be an enabler. What we want is kindly make the GST+road tax on strong hybrid technology at least equal in rupee terms.