

'For Volvo, GST is Business Enabler'

Volvo Auto India will continue to bring hybrid cars into India despite the higher GST levies on this category of vehicles. The company's MD **Tom Von Bonsdorff** tells **Sharmistha Mukherjee** that hybrid cars is the crucial first step in helping India achieve its 2030 goal of switching to electric cars for personal transport. Edited excerpts:

Do you expect GST to drive sales in the luxury car market?

Taxation on luxury cars is still quite heavy. That said, GST is a good step towards bringing in more affordable prices. We have seen some car prices going down, some are flat, some have gone up a bit. But for us, GST is a business enabler. The ease of doing business in India will grow. So that is really good. Now we have just transitioned to GST, give it a few months, it will settle down and will be good for business. And if overall business improves, it will be good for the car business as well.

This year started off on a good note, especially for luxury cars. Taxes have been rationalised under GST. Will you revise upward your mid-term goal of 10% share in the local luxury car market by 2020?

We will stick to the target. Of course,

we hope to overachieve that and revise that upward, if possible. This year will be really interesting now that we had a good start. Some of our competitors have also announced that they have had a good first half. That is very positive. We will continue with the plan to bring in new cars. The V90 Cross Country is a good example of that, which was launched on Wednesday. We will launch the XC60 later this year and also bring in the small SUV XC40 next year...Of course, the addition of showrooms is very important. We will have 25 showrooms by the end of the year.

We are quite confident that we will go to about 2,000 cars this year and further grow for the next few years. Of course, we have to work hard to achieve that. We have a good base right now so I am quite optimistic we will be able to achieve this target.

How much do you expect the luxury car market to grow by 2020?

The reason why we talk about 10% segment share and not absolute numbers is we don't predict the future. There have been so many predictions about the Indian car market and most of them have been wrong so...If I may be conservative, I would guess, the market would be somewhere around 50,000-60,000 cars. And if it is more, we will be more than happy and we will definitely be one source of drawing that. So maybe, this year it could go up to 40,000 and then up from that in the next three years.

Volvo globally is investing heavily in green technology. There has been a bump for hybrid vehicles under GST. What will your fuel strategy be for the market here?

We launched our first plug-in-hybrid last fall. We will continue to launch plug-in-hybrids in all the cars that we bring in. We are committed to that. Then in 2019, we will launch our full electric car globally. So, then of course we are disappointed that there wasn't more support in GST for plug-in-hybrids. It would have been a motivator for us to bring in more hybrids. But we will stick to our plan and we will definitely bring in more plug-in-hybrids.

