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Mobility as a strategy

Closing India's corporate leasing gap.

September 2025

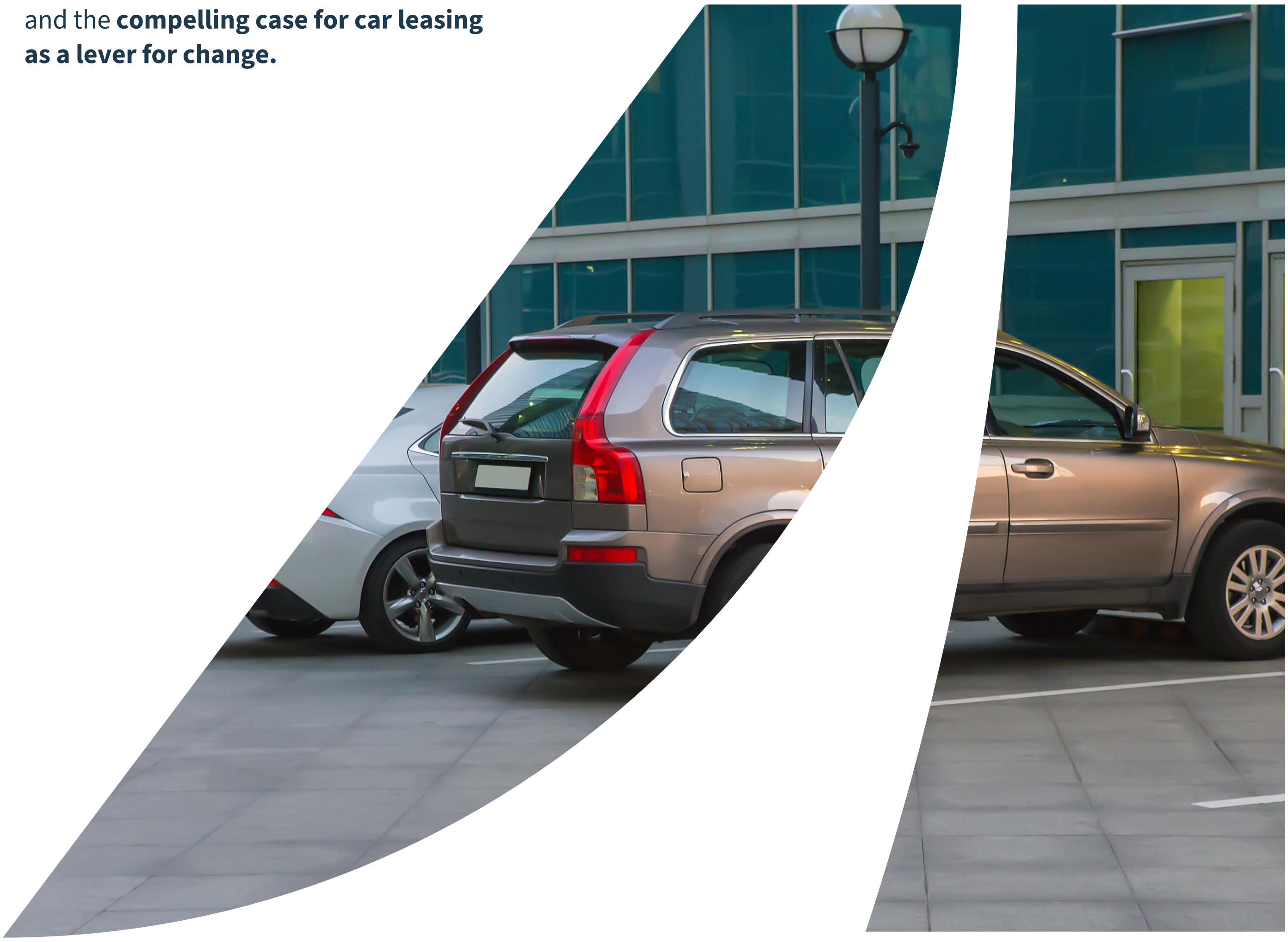
Better with every move.

Introduction

Across the globe, corporate mobility policies are evolving from fixed perks to strategic tools that help businesses attract and retain talent, improve employee productivity, lower transportation costs, and meet ESG goals. As mobility becomes a key enabler of workforce efficiency and sustainability, companies that adapt **stand to gain both operational and reputational advantages.**

Yet in India, mobility largely remains an afterthought. According to a 2024 global study on corporate mobility by Ecomobility, **India had ~546 employees per company-provided mobility vehicle in 2023**, compared to just 36 in the US and 10 in Europe. Plainly, this reflects India's extremely limited adoption of structured mobility programmes, with less than 5% of the white-collar workforce having access to leased vehicles. In contrast, penetration exceeds 25% in South-East Asia, reaching nearly 50% in Western Europe, where vehicle access is considered a core productivity enabler—one that is embedded in policy frameworks, ESG planning, and talent strategies rather than treated as an optional perk.

Why has India lagged? Is the environment starting to shift? And **how can CXOs transform mobility from a cost centre to a competitive advantage?** This paper explores the structural barriers, emerging market shifts, and the **compelling case for car leasing as a lever for change.**



What's holding back leasing in India?

India's underdeveloped corporate car leasing culture is rooted in several long-standing structural and behavioural factors. Until the early 2000s, it was more common, especially in MNCs and older industrial houses, for companies to provide vehicles directly to senior executives and field staff, either through outright purchase or via rudimentary, lease-like arrangements. However, a major turning point came in the early 2000s, when **CTC (Cost to Company) compensation models became the norm**. This approach effectively pushed the responsibility of asset acquisition, cars included, onto employees. Instead of company provided vehicles, employees were encouraged to structure their own salaries to include allowances for vehicle-related expenses. However, under traditional CTC models, **car leasing emerged as a tax-efficient salary sacrifice option mainly for mid-to-senior executives.**

At the same time, this transition fragmented mobility into an individual concern, placing it outside the purview of formal HR or Finance policy. According to Ayvens, while a small share of companies—largely MNCs, especially in the agriculture and agro-chemicals, oils and lubricants, machine tools, etc, which tend to have large field forces—have adopted structured mobility plans, **over 80% of white-collar firms still operate without formal car leasing programmes**. In practice, only about 1–2% of firms offer mobility as a consistent, centrally managed benefit across roles or geographies, pointing to a significant gap between policy framing and execution.

Cultural norms have further slowed leasing adoption. In India, **car ownership has traditionally been associated with social status and financial achievement**. This prestige-driven mindset has limited the appeal of leasing, despite its financial and operational advantages. Industry estimates suggest that only **15-18% of salaried employees are open to leasing models, far lower than in developed markets.**

A third factor is the **systemic neglect of frontline and field staff**, particularly in industries like pharmaceuticals, FMCG and consumer products, BFSI, telecom, healthcare and medical devices, construction and engineering. These employees, who are often the most mobile and central to revenue generation, rarely receive company-sponsored mobility solutions. For instance, a global pharma major operates fewer than 100 company vehicles for over 5,000 medical representatives in India, compared to 400 in Pakistan and 1,400 in the Philippines, a stark disparity that reflects deeper organisational blind spots.

Finally, regulatory and tax-related complexity has discouraged companies from implementing leasing programmes. **A major hurdle is India's fragmented GST framework**, where different states apply varied registration, invoicing and credit-claim norms for leased vehicles, making it difficult for companies operating across multiple locations to streamline GST input credits. Additionally, the valuation of perquisites, especially for company-leased cars used fully for official purposes, requires detailed calculations under Rule 3 of the Income Tax Rules, adding to payroll complexity. While Fringe Benefit Tax (FBT) was abolished in 2009, its legacy persists. **Many companies remain unclear on how to handle associated perquisite taxation**, especially when bundled benefits like fuel, driver salaries and maintenance are included. Without strong advisory support or integrated leasing platforms that automate documentation and compliance, many Finance teams already burdened with payroll and audit workloads, **prefer to avoid the added layer of regulatory risk and administrative effort.**

Mobility as an enabler of operational agility.

India's corporate mobility landscape comprises a few distinct segments, each at varying levels of maturity. The most visible of these is employee transport, with companies like **Infosys** and **Wipro** operating extensive shuttle and bus fleets to support shift-based work, particularly for women and night-shift staff. These fleets are increasingly optimised using routing software to reduce idle time and improve safety.

In contrast, **Tool-for-Trade (TFT)** leasing, which supports field staff such as sales and service engineers, remains underpenetrated, accounting for less than 10% of leased vehicles. Yet it holds strong ESG and safety potential. Companies like Castrol use leased vehicles equipped with driving safety monitoring to align with their HSE policies, while **a global player in construction technology solutions** has deployed leased EV-compliant fleets for its engineers. A **leading agri-sciences and healthcare company** provides leased vehicles to its sales force for them to travel and cover rural markets while managing road safety risks.

NuTaste, a progressive, new-age food-tech player, opted to provide a low-emission mobility solution to its sales team. They moved from travel reimbursements to Ayvens' TFT vehicle leasing model with CNG vehicles, supporting their expansion into tier 2 markets while **making mobility management easier and more cost-effective.**

“We have been using the Tool-for-Trade leasing solution for the last 1.5 years and it has become intrinsic to our business planning. It has helped us take a step towards sustainable mobility, made sales visits easier, and has given us an opportunity to make our brand more visible in the market.”

- Manu Bajaj
Founder & CEO, NuTaste

Beyond employee mobility, leasing is increasingly used to meet **project-based requirements**. For instance, **Tata Power** leases EVs for its field workforce across cities to improve uptime, meet operational needs, and advance toward fleet decarbonisation. Similarly, **NTPC** has adopted leased EV fleets at project sites like Vindhyachal, supporting internal staff mobility while aligning with its clean transport objectives. In the logistics sector, last-mile delivery fleets have seen the highest leasing adoption, with firms like **Amazon** and **Flipkart** using leased vehicles especially EVs to enable asset-light, scalable fulfilment models that align with their cost and sustainability goals.

What's changing: Five market shifts forcing a rethink.

Despite these historical barriers, a new set of drivers is pushing Indian companies to reconsider their approach to employee mobility.

01

First and most compelling is the growing pressure to meet ESG commitments. As Scope 3 emissions, particularly those linked to business travel, become central to sustainability reporting, corporate fleets offer a low-hanging opportunity to decarbonise, in several ways:

- By shifting from employee-owned vehicles to centrally managed leasing programmes, **companies gain control over fleet composition, enabling a structured transition to greener alternatives such as EVs, hybrids or CNG vehicles.** For example, **a global technology solutions company** has rolled out a fully leased fleet for its sales workforce, embedding emissions compliance and efficiency standards across its vehicle base.
- Leasing also allows for **better tracking of usage data, fuel consumption and emissions**, supporting more accurate reporting and proactive emission reduction planning.
- Crucially, **leasing enables the enforcement of sustainability-aligned mobility policies** (e.g., low-emission vehicle mandates), while integrated platforms help track full lifecycle emissions, including those from suppliers and servicing, giving companies a more robust and transparent view of their total carbon footprint.

In addition to emissions, safety is also becoming an ESG priority in fleet decisions. **Castrol, for instance, mandates five-star safety-rated leased vehicles for all field staff under its health and safety policy, reinforcing the broader ESG case for managed mobility.**

02

Second, there is a growing awareness post-pandemic of the unequal treatment between office and field employees. Many organisations are beginning to treat mobility as part of workforce well-being and equity. In India the Tool-for-Trade (TFT) leasing segment, which covers field staff in sectors like FMCG, agriculture, oil & lubricants and machine tools have seen rising interest, albeit from a low base. While global data from Cardata, a vehicle leasing software company, suggests a 10–15% CAGR over the next three years, industry estimates in India point to steady momentum as employers begin formalising vehicle access for non-executive staff. Companies like **Castrol**, have already moved in this direction, linking leased vehicles to performance, safety and ESG goals.

03

Third, CFOs are warming to leasing for its financial and operational predictability. Ad hoc reimbursements often lead to cost leakages of 15–20%, whereas leasing provides a fixed monthly outflow, simplifying budgeting and reducing administrative overhead. Leasing also eliminates depreciation risk and unlocks working capital.

04

Fourth, generational shifts are playing a role. Employees today change vehicles every 4–5 years, compared to 7–8 years a decade ago. Urban professionals, especially younger ones, are increasingly open to access over ownership models, aligning well with leasing propositions.

05

Lastly, tax policy is becoming more favourable. The rationalisation of tax slabs and clearer treatment of fringe benefits have made leasing more attractive for both employers and employees, especially for those in the Rs. 1.2–2.5 million annual salary bracket.

The strategic and financial rationale.

The business case for structured leasing is increasingly clear: companies that have moved away from informal or reimbursement-based models report significant gains. According to Vehicle Leasing Industry Research Report published by PW Consulting and Information and Electronics Research Centre, switching to fixed leasing plans has helped clients reduce mobility-related costs by up to 25%. One manufacturing company, for example, **reported a 60% reduction in fleet-related administrative hours after outsourcing fleet management to a leasing partner**. These benefits go beyond cost savings. They translate into improved financial visibility for CFOs, stronger audit trails and more efficient collaboration across HR, finance and operations. Moreover, **when evaluated through the lens of Total Cost of Access (TCA) rather than Total Cost of Ownership (TCO), leasing often emerges as the more efficient model**. When maintenance, resale value, compliance overheads and depreciation risks are all accounted for, leasing can deliver 10–15% lifecycle cost savings.

Beyond financial efficiency, **leasing also helps companies address rising governance and compliance demands.** Vehicles leased through formal programmes allow organisations to standardise documentation, centralise GST and reduce the risk of non-compliant or unverified claims. This is particularly valuable for firms with large or decentralised field teams, where controlling usage, maintenance and insurance through digital tools can drastically improve regulatory oversight. However, some structural GST challenges remain—particularly around state-level registrations and cross-border input tax credit eligibility. While leasing providers can streamline compliance and improve audit readiness, firms operating across multiple states may still require GST registration in each jurisdiction to fully unlock tax benefits. Integrated platforms also enable real-time tracking, simplify perquisite reporting and support better audit readiness, ensuring that mobility management is not just efficient, but also transparent and future-ready.

What's in it for the C-suite?

For CFOs

Predictable monthly costs
Leasing replaces variable reimbursements and fuel claims with fixed lease payments, simplifying forecasting and budgeting. This also helps avoid cost leakages typically seen in manual or ad hoc mobility arrangements.

Depreciation offloaded
It removes depreciating vehicles from company books and avoids risks related to resale value. Leasing partners absorb this burden, freeing up working capital.

Stronger audit trails and controls
Integrated leasing models come with standardised invoices, vendor SLAs and digital documentation, which reduce audit complexity and improve policy enforcement across multiple locations.

For CHROs

Better retention and equity
Structured car benefits, especially when such programmes extend beyond senior management, improve perceived fairness and boost morale and retention for field staff, sales reps and mid-level employees.

Tiered benefit personalisation
Flexible leasing plans can be tailored by role or seniority, ranging from hatchbacks for junior staff to EVs or premium cars for leadership, creating more inclusive yet aspirational benefit programmes.

Easier onboarding/offboarding
Ready-to-use vehicle access shortens onboarding time for field roles. Easy returns or reassignments streamline exits and internal transfers, reducing asset management headaches.

For CSOs

Scope 3 reductions
Transitioning to leased EVs or efficient vehicles directly reduces employee travel-related emissions. This supports measurable Scope 3 decarbonisation targets and improves ESG ratings.

ESG tracking and reporting
Partner-managed fleets offer digital tools to track emissions, mileage, safety scores and usage patterns, enabling easier sustainability disclosures and compliance with BRSR and GHG reporting.

EV-ready infrastructure
Leasing partners increasingly offer bundled EVs with charging solutions, route planning and maintenance. This accelerates low-carbon transitions without upfront capex or operational risk.

The question is no longer if mobility matters, but how strategically it can be managed. Indian companies stand at a turning point. By reframing employee mobility from an ad hoc expense to a strategic lever, **firms can improve productivity, unlock financial efficiency, reduce emissions and enhance employee experience**. Leasing is not just a vehicle solution; it's a workforce, ESG and governance solution rolled into one. The companies that act now **will not only close the mobility gap, but race ahead of it.**

Sustainable mobility from Ayvens

Ayvens is on a mission to decarbonise mobility and is **leading the change through its Consultancy Services**. It is working closely with its customers and partners to design low-emission solutions. With its expertise and scale, Ayvens is working on mobility strategies that will not only address today's challenges but also create new opportunities. **Ayvens Consultancy helps companies with advice on sustainable mobility, fleet rightsizing and safety**. To know more, please contact Ayvens India at: **https://www.ayvens.com/en-in/contact-us/**

About Ayvens

Ayvens is a leading global sustainable mobility player born from the acquisition of LeasePlan (founded in Amsterdam in 1963) by ALD Automotive (founded in Paris in 1968), part of the Societe Generale group. It has been improving mobility for decades, providing full-service leasing, flexible subscription services, fleet management and multi-mobility solutions to large international corporates, SMEs, professionals and private individuals. With more than 14,000 employees across 42 countries, 3.2 million vehicles and the world's largest multi-brand EV fleet, Ayvens has been leveraging its unique position to lead the way to net zero and spearhead the digital transformation of the mobility sector.

(The company is listed on Compartment A of Euronext Paris (ISIN: FR0013258662; Ticker: ALD). Societe Generale Group is Ayvens' majority shareholder.)

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Ayvens in India

ALD Automotive India was founded in 2005 whereas LeasePlan India in 1999. Today, as Ayvens, it boasts a fleet of more than 48,500 vehicles and is a leading fleet management and vehicle leasing company in India catering to more than 1800 corporate customers in over 280 locations across India. Headquartered in Mumbai it has a direct presence in Delhi, Pune, Hyderabad, Chennai, Bengaluru and Kolkata. Through these offices and its supplier tie-ups, Ayvens has an operational reach in all major cities and can meet varied corporate car leasing requirements anywhere in the country.

About IMA

IMA is a niche economic, business and market research firm that provides insights and analysis to top management audiences in India through multiple channels. For nearly 30 years, IMA's research and opinion have informed the perspectives of investors, industry and government.

IMA operates one of the country's largest peer group platforms for top business executives, comprising more than 2,500 Indian and global business and functional leaders from over 1,500 member companies. Since 1994, it has developed an unmatched capability to harness and distil collective wisdom, enabling industry leaders to interpret changes and forecast developments in the operating environment through authoritative guidance. IMA publishes in-depth reports on macroeconomic, industry and thematic subjects as well as benchmarking studies on functional and management issues.

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