

# Zero registration fee for hybrid cars in UP raises the bar in NCR

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The on-road prices of strong hybrid cars have decreased by up to ₹4 lakh in Uttar Pradesh after the state government decided to waive registration fee on them in a bid to promote green technology, according to automobile industry sources.

Around 100 strong hybrid cars were sold per month in Uttar Pradesh in FY24. With the new directive effective from July 1, hybrid vehicles are now grouped with electric vehicles (EVs) for registration fee exemptions. This move is anticipated to invigorate sales of these vehicles in the state, which is among the largest EV markets in India.

Unlike mild hybrids, which

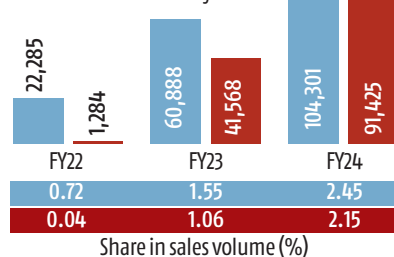
## TIGHT RACE



constantly need the engine, strong hybrids can run solely on the electric motor for short distances, enhancing

Sales of hybrid cars picking up faster than electric. Their share in sales volumes at level, too

Sales: ■ Electric car ■ Hybrid car\*



\* includes plug-in hybrids

Source: JATO Dynamics

their appeal.

Previously, EVs enjoyed a registration fee exemption in the state, while

petrol/diesel and strong hybrid vehicles attracted 8-10 per cent fees based on their cost (below and above ₹10 lakh, respectively). This policy change slashes on-road prices of strong hybrids by roughly 10 per cent, said industry sources.

"The UP government's direction has led to significant price drops," noted an industry insider. "For instance, Maruti Suzuki's Grand Vitara is now cheaper by about ₹2 lakh in UP, and the Invicto's on-road price has reduced by about ₹3 lakh."

The strong hybrid models of these cars, priced at ₹18.43 lakh and ₹25.21 lakh, respectively, are now more accessible.

Maruti Suzuki India and Toyota Kirloskar are the leading players in the Indian hybrid market. They did not respond to *Business Standard's* queries.

Turn to Page 6 ▶

PAGE 3

## Guidelines for Centre's EV policy by Sept-end

Policy guidelines on the Centre's "Scheme to Promote Manufacturing of Electric Passenger Cars in India" (SPMEPCI), which include provisions for reduced customs duties on imported cars if there is a concomitant investment commitment in India, are expected to come by September, according to officials. "We are finalising the guidelines, which will take around two months," a government official told *Business Standard*.

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# UP's move makes hybrid cars attractive for buyers

In Noida alone, 2023 saw the sale of 900 electric cars, making it a top 20 market in India. The registration fee waiver for hybrids in UP may impact EV sales, according to the sources.

The percentage volume growth in the hybrid car segment was stronger than that of the electric car segment in FY24. Amid concerns about charging points, the growth of electric car sales in India has been slowing down, of late.

As India targets carbon neutrality by 2070, automakers are split on the best approach. Japanese firms like Maruti Suzuki and Toyota advocate for cuts in taxes on hybrid cars, while local manufacturers like Tata Motors and Mahindra & Mahindra push for full EV adoption. The central government is currently considering the Japanese companies' proposal.

Saket Mehra, partner at Grant Thornton Bharat, believes the policy will significantly boost hybrid sales in UP and NCR by making these vehicles more affordable. "By reducing costs by ₹2-4 lakh, the policy makes hybrid vehicles attractive for price-sensitive consumers, promoting eco-friendly transportation." "Additionally, this step highlights the importance of adopting alternative fuel technologies, not just EVs, for sustainable transportation," Mehra said.

Delhi, contrastingly, continues to charge a 10 per cent registration fee on ex-

showroom prices of strong hybrid cars. UP's June 28 notification aligns it with states like Haryana and Rajasthan, which offer partial or full registration fee waivers for hybrid cars. A senior executive with a leading carmaker noted that the waiver of registration fee in UP was implemented for the first 25,000 EVs registered in the state and therefore, hybrid cars would plausibly share the same pool. However, he expressed concerns that hybrids, still reliant on fossil fuels, might undermine net-zero goals.

However, Rimali Batra, partner, DSK Legal, said: "The reduction (in registration charges) notionally increases the buying capacity, making it attractive to purchase hybrid vehicles in UP." This will push overall green mobility in the state, she added.

Deven Choksey, managing director, DRChoksey FinServ told Business Standard that UP waiving the registration cost for strong hybrids does not necessarily mean all other states will rush to replicate. He also felt that while registration costs have been waived, the taxation (GST) arbitrage is in favour of the EVs. "What the customer will choose to buy will depend on his use-case. The operating cost and the acquisition cost of ICE, EV, hybrids and CNG are quite different," Choksey added.

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*With inputs from Sohini Das)*