

# Electric, strong hybrid car sales slow down in UP as road tax returns

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Electric and strong hybrid car sales in Uttar Pradesh (UP) slowed on Tuesday as dealers and automakers awaited clarity from the state government after the road tax exemption expired on October 13, *Business Standard* has learnt.

The slowdown follows the end of the initial three-year period of UP's Electric Vehicle Manufacturing & Mobility Policy. Until Monday, electric and strong hybrid vehicles enjoyed a 100 per cent waiver on road tax and registration fees. From Tuesday, the exemption was available only to electric and strong hybrid vehicles manufactured or assembled in UP.

As there are no car manufacturing plants in UP right now, all buyers of electric and strong hybrid cars in the state face the usual 9-11 per cent road tax.

Moreover, the road tax on elec-

## Policy impact

- UP's three-year EV tax exemption lapsed on October 13
- Only UP-made EVs now qualify for road tax relief
- Buyers of electric and strong hybrid cars in the state now face 9-11% road tax
- Some dealers pause registrations, awaiting policy clarity from the state
- Companies urge UP to extend the road tax waiver



tric and strong hybrid cars has come back right in the middle of the festive season and after goods and services tax (GST) rate cuts, which have significantly boosted demand

for all cars in India.

Asked about this matter, Rahul Bharti, senior executive officer, Maruti Suzuki India Limited (MSIL), told *Business Standard*: "Hon'ble Chief Minister Shri Yogi Adityanath took a leadership position and supported the consumers of his very progressive state Uttar Pradesh by allowing road tax waiver for both electric vehicles (EVs) and strong hybrid EVs. This was good for the environment, for reducing oil imports, for customers of UP, and even for state finances as hybrids contribute 20 per cent to state GST. Our admiration to the Hon'ble chief minister, and we hope this continues in the future also."

Hyundai Motor India, JSW MG Motor, Toyota Kirloskar, Tata Motors, and Mahindra & Mahindra did not respond to *Business Standard*'s queries on this matter.

A UP-based dealer of strong

hybrid vehicles said that he did not sell or register any cars on Tuesday, waiting for the state government guidance on whether the exemption would be extended.

Another UP-based dealer added that he also witnessed a slowdown in sales and registrations of electric cars, since without the waiver, the on-road price would immediately increase by around 10 per cent. "It's festival season and customers want quick deliveries, but we can't sell at a higher price," he said.

An automobile executive noted that the government should have clarified the policy before October 13. "With the exemption now over, road tax applies to all cars. No company currently has a plant in UP, so no electric or strong hybrid car is eligible for the waiver from October 14," he said.

Road tax is generally paid during registration, either directly at the RTO or through dealerships that handle the process for buyers.