

EV Industry Lauds UP Govt's Decision On Strong hybrid Vehicles

This comes after the Uttar Pradesh government had announced a three-year exemption from tax and registration fees for the purchase of EVs which will be valid for five years for EVs manufactured within the state, last year.

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In order to boost green vehicles in the state, the Uttar Pradesh government has waived off the registration tax on strong hybrid cars.

In the circular, the state government said that a policy give a 100 per cent waiver on the registration fee of strong hybrid vehicles will be implemented with immediate effect.

With this, manufacturers like Maruti Suzuki, Toyota Kirloskar Motor, and Honda Cars India will benefit massively from this new policy while customers can also save up to INR 3.5 lakh while buying these cars.

This comes after the Uttar Pradesh government had announced a three-year exemption from tax and registration fees for the purchase of EVs which will be valid for five years for EVs manufactured within the state, last year.

Vivek Datta, MD & CEO, Globe Toyota has lauded the state government's move saying the decision is expected to boost sales of eco-friendly strong hybrid SHEV vehicles in Uttar Pradesh.

Currently, Uttar Pradesh levies an 8 per cent road tax on vehicles priced below INR 10 lakh and a 10 per cent tax on vehicles priced above INR 10 lakh (ex-showroom). The road tax waiver is unlikely to significantly impact the state exchequer owing to low sales of hybrid vehicles.

"This move aligns with the state's commitment to sustainable mobility and will aid the auto sector. The waiver applies until October 2025 and is a significant incentive given UP's 8-10 per cent road tax on vehicles," Datta added.

Saket Mehra, Partner, Grant Thornton Bharat has also said that by reducing costs by up to INR 2-4 lakh, the policy makes hybrid vehicles more affordable, attracting price-sensitive consumers and promoting eco-friendly transportation. This financial incentive encourages more buyers to opt for strong hybrids, aligning with global trends and environmental goals to reduce emissions and reliance on fossil fuels.

"This step highlights the importance of adopting alternative fuel technologies, not just electric vehicles (EVs), for sustainable transportation. The policy is expected to stimulate market demand, prompting manufacturers to expand their strong hybrid offerings, thereby increasing adoption rates for alternative fuel technologies," he added.

In hybrid category, Grand Vitara and Invicto from Maruti, Hyryder and Innova Hycross from Toyota and Honda's City hybrid are available.

The average registration cost for hybrid trims of Grand Vitara and Urban Cruiser Hyryder is close to INR 1.80 lakh in UP. The Innova Hycross and Invicto buyers will benefit with a cut of up to INR 3 lakh in the on-road prices as per the variant customers choose.

What are hybrid cars?

Hybrid cars combine a Internal Combustion Engine (ICE) with an electric motor to enhance fuel efficiency and reduce emissions. There are several types of hybrid cars.

Full Hybrid: Also known as a strong hybrid, these vehicles can run on the gasoline engine, the electric motor, or a combination of both. They use regenerative braking to recharge the battery, which powers the electric motor. The Toyota Prius is a notable example of a full hybrid.

Mild Hybrid: These vehicles have smaller electric motor compared to full hybrids and cannot run solely on electric power. The electric motor assists the gasoline engine, particularly during acceleration and low-speed driving, improving fuel efficiency.

Plug-in Hybrid (PHEV): These hybrids have a larger battery than regular hybrids, allowing them to be plugged into an electric outlet for charging. They can travel longer distances on electric power alone before the gasoline engine kicks in.

A total of 2,36,097 units of passenger vehicle were sold in the first half of this year in Uttar Pradesh, marking a 13.46 per cent increase from 2,08,092 units in January-June 2023.

Approximately 100 strong hybrid cars were sold per month in Uttar Pradesh during FY24.

Speaking on the development, Raghav Arora, Co-Founder & CTO, Statiq said, "Uttar Pradesh's decision is a significant step toward promoting eco-friendly cars. This proactive government effort will encourage people to shift towards EVs, aligning with India's broader goals of reducing carbon emissions and advancing green technology adoption."

Meanwhile, Ankit Sharma, Co-Founder & Director, Vidyuta Materials, said, "Uttar Pradesh's move to completely waive registration fees for strong hybrid vehicles represents a significant step towards promoting environmentally friendly transportation. As a startup focused on producing Cathode Active Materials (CAM) for Lithium-Ion batteries in EVs, we support this initiative for enhancing the affordability of sustainable mobility. These actions foster broader adoption of electric vehicles, bolstering India's efforts to reduce carbon emissions and embrace environmentally sustainable technologies."