

**Nikhil Dhaka, Vice President, Primus Partners**

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## **Clean mobility crossroads: Why states side with EVs over hybrids**



**Authored by-**Ayaan Kartik, Nehal Chaliawala

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### **Article Content:**

India's push for clean mobility is hitting a fork in the road, as states increasingly diverge from the Centre's approach to supporting all types of clean vehicles. The growing divide, evident in automobile policies in various states, has also set the stage for intense lobbying, as rivals vie for policy support.

At the central level, the view is to treat electric and hybrids equally when it comes to incentives. But states are having different thoughts

Key states like Maharashtra, Karnataka and Madhya Pradesh have decided to reserve incentives for battery EVs (BEVs) in their automobile policies for 2025, a *Mint* review found. Chhattisgarh recently tweaked a 2022 policy to explicitly remove incentives for hybrids. While Uttarakhand and Delhi had toyed with incentives for hybrids in their draft policies, the former is now reconsidering its position, a person aware of the matter said.

### **State choice**

"In Para 3 of the said rule, the phrase 'Hybrid electric vehicles will be eligible to receive 50% of the purchase incentive amount given to a fully electric vehicle' should be replaced with 'No subsidy will be given to any type of hybrid vehicles'," Chhattisgarh government said on 29 May.

Union ministers have backed equal treatment for both EVs and hybrids.

"Under the FAME-II Scheme, EV and hybrid versions of electric four-wheelers were allowed for incentivization. Similarly, in the case of the PM E-Drive scheme, a hybrid version of e-ambulances, that is, electric plug-in hybrid & strong hybrid, shall be incentivized," Union heavy industries minister H.D. Kumaraswamy said in a June 6 interview. Union road minister Nitin Gadkari too has backed both hybrid and ethanol-powered cars.

While EV makers demand incentives should be reserved for zero-tailpipe emission vehicles, hybrid makers say their vehicles are far more fuel-efficient than conventional ICE vehicles, and that they serve as a bridge to a cleaner future.

## Few takers

According to analysts at HSBC Global Research, at the end of 2024, only five states and union territories had incentivized sales of hybrid vehicles, which included Uttar Pradesh, Haryana, Rajasthan, Chandigarh and Chhattisgarh. With the withdrawal of hybrid incentives in Chhattisgarh, the number has reduced to four. Incentives by Delhi and Uttarakhand haven't been implemented yet, with final EV policy notification expected in months ahead.

With states charting their own course to clean mobility through targeted policies, the hybrid lobby led by Maruti Suzuki has locked horns with the EV lobby led by Tata Motors and Mahindra and Mahindra.

"We believe that government incentives should be directed toward technologies that require support to bridge a funding gap and accelerate innovation. Incentives are most effective when they help emerging technologies reach scale and maturity—particularly those that contribute meaningfully to long-term sustainability goals," a Tata Motors spokesperson said in response to queries on policy stance of state governments.

## Bridge to future

Maruti Suzuki argues that promoting hybrids can reduce pure diesel and petrol vehicle sales, leading to an overall reduction in pollution.

Rahul Bharti, senior executive officer, corporate affairs at Maruti Suzuki, said, "EV penetration in India is still around 3%. While all efforts should be made to maximize this, it still leaves 97% unaddressed. If we have to achieve the national objectives of decarbonization and oil import reduction, this 97% cannot be ignored. A technology like Strong Hybrid reduces CO<sub>2</sub> emission by 26-32% and improves fuel efficiency by 35-44% over pure petrol/diesel. However, it has a viability gap which needs to be addressed, as many countries of the world and many Indian states are already doing by incentivizing hybrids."

The reluctance among states to include incentives for hybrid vehicles comes at a time when the automobile industry is locked in a sharp contest over a provision in Delhi's EV policy. *Mint* reported on 30 May that top automakers including Tata Motors, Mahindra and Mahindra and Hyundai Motor India Ltd had approached the heavy industries ministry and federal thinktank Niti Aayog after the Delhi government proposed to include incentives for hybrid vehicles on par with EVs in its upcoming EV policy.

Tata Motors, MG Motor India, Mahindra and Mahindra and Hyundai Motor India are India's leading EV manufacturers. Maruti Suzuki, Toyota India and Honda Cars India are the only companies offering hybrids.

## Policy dilemma

"In India, the broader policy consensus so far has been not to incentivize hybrids, with most benefits reserved only for BEVs," said Nikhil Dhaka, vice-president at consultancy firm Primus Partners.

As companies slug it out, independent experts are also split on whether or not to incentivize hybrid vehicles.

"(Not incentivizing hybrids) could be a missed opportunity, especially since our EV infrastructure is still developing. Only a few states like Delhi and Uttarakhand have taken steps to support strong and plug-in hybrids by offering some incentives," Dhaka of Primus Partners said, adding hybrids can reduce fuel use and emissions right away, making them a useful option while India builds a stronger EV ecosystem.

Sharif Qamar, associate director of transport and urban governance at The Energy and Resources

Institute (Teri), differed.

"The objective of the EV policy is to cut down emissions of vehicles and also contribute to improving the air quality," he said. "When it comes to the emission reduction objective, currently, only zero-tailpipe emission vehicles need to be prioritized. Incentives should be crafted to encourage players to move towards zero emission vehicles."

Meanwhile, both hybrids and EVs have gained traction in India. In FY25, 107,000 electric cars and 83,000 hybrid vehicles were sold, both growing 18% each.