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EASE OF VEHICLE OWNERSHIP INDEX

State-wise Rankings and Used Vehicle Transfer Reforms

Ease of Vehicle Ownership Index: Latest News

India's pre-owned vehicle market is booming, with used cars expected to outsell new cars at a ratio of 1.7:1 by 2030. However, complex and inconsistent state-level rules often force buyers and sellers to depend on costly intermediaries for ownership transfers.

A new report — the Ease of Vehicle Ownership Index (EVOI), released recently by the Minister of State for Road Transport and Highways — reveals major disparities across states in how easily vehicles can be bought, sold or transferred.

1. What the EVOI Report Says

The index was prepared by IndiaTech.org, a startup industry body, in partnership with Consumer VOICE.

It covers 15 states, accounting for over 85% of India's organised used-car market.

State-wise Rankings (Score out of 10)

- Andhra Pradesh: 5.91 — highest
- Kerala: 5.74
- Delhi and Tamil Nadu: 4.58 — tied
- Karnataka, Gujarat, Madhya Pradesh, Maharashtra, Telangana, Punjab, Rajasthan and Haryana follow.
- West Bengal: 2.56; Bihar: 2.51; Uttar Pradesh: 2.47 — lowest.

Key finding: No state crossed a score of 6. Even the top performers lack a fully functional ecosystem. Only two states scored above 5.5, while eight states scored between 3.8 and 4.3, indicating widespread structural issues.

2. How States Were Evaluated

The index assessed states on six metrics:

- Clarity and consistency of ownership-transfer rules.
- Functional availability and reliability of online systems.
- Speed, predictability and procedural burden.
- Fee clarity, application tracking and grievance mechanisms.
- Consumer protection, dealer support and trade infrastructure.
- Official fees versus the actual all-in market cost of transfer.

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3. The Core Problem: Hidden Costs

Cost is the weakest pillar: 12 of the 15 states scored below 3.5 on this metric. Manual verification and informal payments inflate real transfer costs to nearly ten times the statutory fee.

Examples of Hidden Costs

- In Bihar, a single transfer can cost ₹13,000–₹14,000 above the official VAHAN fee.
- At border RTOs in Tamil Nadu, including Hosur and Krishnagiri, an official fee of ₹800 can rise to ₹7,000–₹8,000.

4. Delays and Procedural Burden

Registration Certificate (RC) transfer times vary significantly across states:

- Andhra Pradesh: 7–10 days, using biometric authentication for the buyer, seller and lender.
- Uttar Pradesh: more than 30 days.
- In 13 of the 15 states, applicants must file online and still submit physical copies to the RTO, defeating the purpose of digitisation.

5. Uneven Road Tax: Another Layer of Complexity

- Road tax on a ₹6 lakh petrol car varies from 3% in Uttar Pradesh to 14% in Karnataka — a difference of more than ₹66,000 on the same vehicle.
- Only Andhra Pradesh and Telangana have a functioning refund mechanism for vehicles leaving the state.

6. Market Size and Trends

- India's pre-owned vehicle market was valued at $36.4 billion in 2024–25 and is projected to reach $73.5 billion by 2030.
- The used-to-new vehicle sale ratio is expected to rise from 1.3:1 to 1.7:1 by 2030. This remains below the 2.5:1 to 3:1 ratio in mature markets such as the US and Europe.
- Around 60–65% of used-car buyers are first-time car owners, highlighting the segment's role as a gateway to mobility for emerging middle-income households.
- The average used-car price rose from ₹4.49 lakh in 2021 to ₹5.47 lakh in 2025; the average new-car price was around ₹11.5 lakh in 2024.

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7. Proposed Solutions

- Fix a stepwise timeline for vehicle transfers through an amendment to the Motor Vehicles Act.
- Accept DigiLocker and mParivahan documents as primary evidence at every RTO, ending dual online-and-physical submission.
- Enable real-time integration between banks and VAHAN so that hypothecation is automatically removed once a loan is closed.
- Allow authorised dealers to clear pending challans during transfer without requiring the owner's OTP.

8. Conclusion

The EVOI exposes a fragmented and inconsistent used-vehicle transfer ecosystem across India, where state-level governance gaps, hidden costs and procedural delays undermine a rapidly growing market.

As India's pre-owned vehicle sector scales towards global benchmarks, harmonising rules, fully digitising processes and ensuring fee transparency will be essential to make vehicle ownership genuinely accessible to India's expanding middle class.

