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How easily can you buy, sell and transfer used vehicles? Depends on the state you live in

Used vehicle transactions are often cumbersome, with lengthy procedures and hidden costs. A new report finds that while some states make the process easier than others, all face structural challenges.

Written by: **Dheeraj Mishra**

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Used cars are expected to outsell new ones at a ratio of 1.7:1 by 2030. (File)

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The sale of pre-owned or **used vehicles** has emerged as a strong market in India, growing significantly every year. Used cars are even expected to outsell new ones at a ratio of 1.7:1 by 2030, thanks to lower upfront costs for middle-income households.

But complex rules and a lack of transparency often force people to rely on intermediaries to transfer vehicle ownership, adding to the cost.

So, where can a person or dealer buy, sell or transfer a pre-owned vehicle easily? It depends on the state you live in, shows a new report that was recently released by Minister of State for Road Transport and Highways Harsh Malhotra.

Ease of owning a vehicle: What the report says

According to the new Ease of Vehicle Ownership Index (EVOI), released by the minister on November 4, Andhra Pradesh is the leading state in terms of a smooth process involving used vehicle transactions.

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The report, prepared by startup industry body IndiaTech.org in partnership with consumer organisation Consumer VOICE, gave Andhra Pradesh a score of 5.91 out of 10, followed by Kerala at 5.74 and Tamil Nadu at 4.58. Uttar Pradesh came last at 2.47, just behind Bihar (2.51) and West Bengal (2.56). Delhi is at fourth place in the ease of vehicle ownership index, with 4.58 score out of 10.

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Karnataka ranks fifth in terms of ease of vehicle transfer among the 15 states covered in the index, followed by Gujarat, Madhya Pradesh, Maharashtra, Telangana, Punjab, Rajasthan and Haryana.

None of the states crossed a score of six, showing that even the top performers do not have the entire ecosystem in place to help people buy and sell pre-owned vehicles. Only two states achieved an overall score above 5.5, while eight states scored between 3.8-4.3, showing that most of them face similar structural challenges.

What is the key problem?

The report is based on the performances of 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 mechanism; consumer protection, dealer support and trade infrastructure; and official fees versus actual all-in market cost of transfer.

The index covered 15 states — Andhra Pradesh, Kerala, Tamil Nadu, Delhi, Karnataka, Gujarat, Madhya Pradesh, Maharashtra, Telangana, Punjab, Rajasthan, Haryana, West Bengal, Bihar and Uttar Pradesh — which account for more than 85% of India's organised used-car market.

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According to the report, the cost is the weakest pillar in the pre-owned vehicle market. This is an area in which 12 out of 15 states scored below 3.5. This means people have to pay well above the cost prescribed for the transfer of vehicles, thanks to multiple manual stages, court notaries, MV inspection and multiple departmental signings.

"Manual verification and informal payments push the real cost of a transfer to nearly 10 times the statutory fee. In Bihar, a single transfer can cost Rs 13,000 to Rs 14,000 over and above the fee prescribed on VAHAN. At border RTOs in Tamil Nadu such as Hosur and Krishnagiri, an official fee of about Rs 800 becomes Rs 7,000 to Rs 8,000," said Consumer VOICE.

It said registration certificate (RC) transfer times run from seven to 10 days in Andhra Pradesh, where buyer, seller and lender authenticate biometrically, to more than 30 days in Uttar Pradesh. In 13 of the 15 states, applicants file online and are still asked to deliver physical copies to the RTO.

The uneven road tax among states adds to another layer of problem for the pre-owned vehicle market. "The road tax on a Rs 6 lakh petrol car ranges from 3% in Uttar Pradesh to 14% in Karnataka, a difference of over Rs 66,000 on the same vehicle. Only Andhra Pradesh and Telangana run a working refund for vehicles that leave the state," it said.

How big is the market

According to the report, India's pre-owned vehicle market was valued at $36.4 billion in 2024-25 and is expected to grow to $73.5 billion in 2030. If this happens, the sale ratio of used and new vehicles will also increase from 1.3:1 to 1.7:1 by 2030. While the projections are impressive, it is well below the 2.5:1 to 3:1 ratio seen in mature markets like the US and Europe, signalling that there is room for expansion.

The industry data also indicates that 60-65% of buyers in the pre-owned vehicle market are first-time car owners. "This suggests that affordability and lower upfront costs are enabling a new cohort of consumers to enter the vehicle ownership market. This reinforces the importance of the used-car segment as a gateway to mobility for emerging middle-income households," said the report.

The average selling price of a used car in India has moved from Rs 4.49 lakh in 2021 to Rs 5.47 lakh in 2025, while the average price of a new passenger vehicle has risen to approximately Rs 11.5 lakh in 2024.

What is the solution?

The minister, Malhotra, said the Union government is working on policies to ease this process.

"The used car market in India is very big, and many people buy their first car as a second-hand or used car. While there are hassles and challenges in the transfer of ownership, the integration of policies and their implementation across states is very important, as differences in state-level governance often lead to problems," he said.

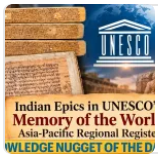
The report recommends that a stepwise timeline for the transfer of vehicles should be fixed through an amendment to the Motor Vehicle Act. It also said that DigiLocker and mParivahan documents should be accepted as primary evidence at every RTO to end the dual online and physical submission.

There should be real-time integration between banks and VAHAN, so that hypothecation is removed automatically when a loan closes, it said. The organisation also said that the authorised dealers should be allowed to clear pending challans during a transfer without the owner's OTP.

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