



GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY

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Office Memorandum

Sub: Action points arising out of the 3rd Meeting of the newly reconstituted Development Council on Automobile and Allied Industries (DCAAI) held on 22.02.2010 at 3:30 PM in Room 47, Udyog Bhawan, New Delhi

The undersigned is directed to refer to the 3rd meeting of the Development Council on Automobile and Allied Industries (DCAAI) held on 22.02.2010 under the chairmanship of Dr. S. N. Dash, Secretary, and Department of Heavy Industry and to say that as per the minutes of the meeting, the status of action taken on some of the important issues deliberated upon in the meeting is as under:

Sr No	Action point	Comments of the DHI/Action taken
1	<p>Projects approved by Cess Committee:</p> <p>Para 6.2: Shri R.C. Bhargava, Chairman, Maruti Suzuki Ltd., advised that</p> <ul style="list-style-type: none">The intended outcome of the projects should also be reported so that the members are aware as to what would be the end object of these projects.The duration of the period and the area in which the project is concerned.	<p>It was informed that while most of these details are being enclosed as annexure, however it was agreed that, from next meeting onwards, while reporting the Cess funded project these details will be reported in brief in the main agenda documents.</p>
2	<p>ACMA-UNIDO-Cluster Programme</p> <p>Para 7.2: It was informed that The GOI-UNIDO-ACMA Programme already exists and has operated very well for last 10 years. Funding was provided by IPP for first 5 years and then by DHI for next 5 yrs. More than 120 SMEs were covered in the 10 year Programme. The programme came to an end in December 09. The new UNIDO-IPP Project that has recently been launched addresses only some parts of the country and is not Pan-India. Therefore, a Pan-India extension of programme is urgently required to continue the Programme without a break.</p> <p>Para 7.6: ACMA requested DCAAI to consider approving a tentative annual funding of around Rs. 2 to 2.5 crore for this purpose for at least 3 years Programme i.e., a total fund commitment of around Rs. 6 to Rs 7.5 crores over a 3 year period. It was suggested that the project could be reviewed periodically and extension be given beyond 3 years based on performance of the programme.</p> <p>Para 7.7: After due deliberation, the council approved, in principle, the proposal of ACMA.</p>	<p>A meeting with ED, ACMA was held by DHI in this regard. ACMA has been asked to provide certain details, upon receipt of which the case will be processed further to implement the decision of the DCAAI.</p>

3	<p>Measures to boost auto sector:</p> <p>Para 7.9: Representatives from SIAM suggested further measures to boost the auto sector. These are as under:</p> <ul style="list-style-type: none"> • Bringing excise duty on cars other than small cars at par with Central CENVAT /GST rate • Concessional Excise Duty Structure/ Equivalent GST should be applicable on small cars, MUVs, two wheelers, three wheelers and commercial vehicles • Concessional Excise Duty Structure/ Equivalent GST should be applicable on MUVs which continue to attract high rate of excise duty • Additional excise duty of Rs 15000/- levied on MUVs and Passenger Cars (other than small cars) should be withdrawn • Eliminate Rs 10,000 specific excise duty on chassis of vehicles upto GVW of 5 MT (HS 870421/31) • Extend taxi refund for 8 – 13 seater vehicles <p>Para 7.10: Incentives in the form of Income Tax relief may be given for encouraging purchase of Electric/Hydrogen/ Fuel Cell and Hybrid Vehicles.</p>	<p>Some of the issues have already been taken up Ministry of Finance during pre-budget recommendations.</p> <p>These issues will be further taken up with the MoF and also in the IMG on Taxation, Fiscal & Investment Policy.</p>
4	<p>Concession on import duty on EFV:</p> <p>Para 7.11: Representatives from SIAM suggested that no concession on import duty on EFV (including Hybrids), should be given or else it will create market distortion and adversely impact on domestic vehicle manufacturers and may also lead to missing of AMP targets.</p>	<p>In the budget of 2010-11, the custom duty on vehicles remains unchanged.</p>
5	<p>Fuel Efficiency norms and labeling of vehicles:</p> <p>Para 7.11: On the issue of fuel efficiency, it was informed that Industry is already voluntarily declaring fuel efficiency at point of sale and that the fuel efficiency of all vehicles is also available on the SIAM website. It was suggested that the Ministry of Road Transport & Highways which is regulating the Safety & Emission Regulations should also deal with the issue of fuel efficiency and that Ministry of Power through BEE should not become another regulating body for the automobile sector. It was requested that this matter needs to be taken up urgently with the MoP&NG, and MoRT&H for smooth implementation of Emission norms.</p>	<p>This issue has been taken up DHI from time to time, if required; this matter may also be taken up in the IMG on Fuel Policy and Fuel Efficiency.</p>
6	<p>Ethanol Blended Fuel:</p> <p>Para 7.12: since the availability of requisite fuel for BS III is uncertain, MOPNG is planning a roll out of the higher emission norms on a phased basis in different states. It was viewed that this in itself will create tremendous confusion and is not a practical way ahead. In the wake of these developments SIAM requested that this matter needs to be taken up urgently with the MoP&NG, and MoRT&H for smooth implementation of Emission norms.</p> <p>Para 7.14: SIAM further informed that recently the national bio-fuel policy has set a target of 20% blend of biofuels-bioethanol and biodiesel by 2017. It was informed that while setting these targets neither Industry nor the DHI and MoRTH were consulted. The assured availability of ethanol is an issue and this target will not be achievable.</p>	<p>The issue has been taken up with MORTH & MoPNG fro roll out of BS-III w.e.f 1.10.2010. MoRTH has since also issued draft notification amending the original notification in this regard.</p> <p>The concerns of the Department w.r.t to 10% mandatory blending of ethanol has already been communicate to MoPNG.</p>

7	<p>Skill Development initiative:</p> <p>Para 7.16: As far as the Detailed Project Report (DPR) is concerned it was informed that iMaCS has been contracted to conduct a detailed feasibility study and address the key issues for setting up ASDC and that the detailed report (DPR) will be submitted by SIAM/ ACMA within a month.</p>	Detailed Project Report is still awaited from industry association
8	<p>Setting up of NAAT:</p> <p>Para 8.8: Rationale for having NAAT needs to be properly evaluated.</p> <p>Para 8.11: It was felt that there is a need to have an apex body like NAAT to coordinate the growth and quality of these test centres as all the seven centres would not be on equal footing in the beginning and some of them would not even be self sustainable to start with. In view of the future technologies, future testing and R&D requirements it was decided that this initiative would be taken ahead taking into account the concerns of the various stakeholders.</p>	NATRiP is being asked to take up further action in this regard.
9	<p>Para 9.7: As the next step selection and appointment of consultant for preparing a DPR would be undertaken on global basis. Based on the DPR proposals would be submitted for approval.</p> <p>Para 9.8: The commercial viability of NADI should be examined.</p>	NATRiP is being asked to take up further action in this regard.

(V.S Yadav)

Under Secretary to the Government of India
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To

All the members of DCAAI as per the list attached.

Copy to: SIAM, ACMA and NATRiP:- with the request for early inputs on various issues.

Copy also for information to:

- (i) PS to SHI/JS(S)/ Dir(VG)
- (ii) NIC Cell:- with the request to upload this OM on the DHI website www.dhi.nic.in