Draft National Auto Policy

Why in news?

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The Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises has recently released the draft National Auto Policy.

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What are the objectives?

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- The policy envisages propelling India as an automotive industry amongst the top three nations in the world.
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- This is in terms of engineering, manufacturing and export of automotive vehicles and components.
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- It aims at making India a globally competitive auto R&D and manufacturing hub.
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- It also intends to make the automotive industry a major contributor to the country's manufacturing sector GDP.
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- It is also to aid achieving the targeted objectives of green mobility.
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What are the key provisions?

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- **Import duty** - The Policy proposes lowering of import duties.
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- This applies to capital goods, equipment and machinery for manufacture of new technology components.
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- Companies will have to declare at the beginning of every financial year the

volume of prototypes planned to be imported.
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- The import duty exemption to companies will be given only on this pre-declared volume.
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- **Green Mobility** - The policy emphasizes fast-tracking widespread adoption of green mobility in India.
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- It calls for mandating a minimum share of green vehicles among those purchased by the government and municipal agencies.
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- Accordingly:
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i. central and state governments - 25% from 2023 and 75% from 2030
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ii. municipal corporations in metros - 50% from 2023 and 100% from 2030
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- **Emission** - The policy eyes adoption of a long-term roadmap for emission standards.
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- It proposes to define emission standards that will be applicable after BS-VI.
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- The standards will be with a target of harmonizing them with the most stringent global standards by 2028.
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- Introduction of new norms will be initiated in 2026 with a 2-year phase-in period.
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- It also envisions the Corporate Average Fuel Economy (CAFE) norms till 2025 and beyond.
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- These norms are for improving the average fuel economy of vehicles, and fix incentives or penalties.
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- **GeM portal** - The draft policy suggests utilising the Government e-Marketplace (GeM) portal.
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- This is to aggregate all green vehicle orders with standard specifications and enable bulk procurement.

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- **Infrastructure** - The policy recommends conducting a detailed study on requirement of public infrastructure for green vehicles.
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- This is to make the necessary infrastructure investments for green mobility.
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- **Skill development** - The policy proposes improving the skill development and training eco-system.
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- It advocates increasing the accountability of Automotive Skills Development Council (ASDC) to achieve this.
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- Performance based funding is suggested as a measure.
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- Performance metrics include incremental employment generated, level of employment, curriculum coverage, etc.
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- **Employment** - The draft policy suggests ASDC to implement a Labour Market Information System (LMIS).
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- This is to facilitate aggregated information of certified candidates.
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- It also serves as a marketplace to match demand and supply of skilled labour.
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- It thereby helps boost employment creation in the sector.
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- **Investment** - The policy entails incentivising Public Private Partnership (PPP) based industry investments.
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- This is particularly for research and development of commercially viable technologies through a Hybrid Annuity Model (HAM).
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- The policy also calls for encouraging FDI in the country's Automobile sector.
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- This is proposed to be in coordination with Invest India to attract investments in identified areas.
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- Initiating trade pacts with countries with attractive markets for Indian automotive exports is also called for.
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- **Besides**, the draft auto policy also suggests setting up of a 'technology acquisition fund'.
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- It proposes creation of a nodal body with a two-tier structure having an Apex Body supported by the National Automotive Council (NAC).

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- The apex body will have government representatives as well as stakeholders nominated from the industry and academia.
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Source: Business Standard, Economic Times

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