

भारत सरकार  
GOVERNMENT OF INDIA  
भारी उद्योग एवं लोक उद्यम मंत्रालय  
MINISTRY OF HEAVY INDUSTRIES & PUBLIC  
ENTERPRISES  
भारी उद्योग विभाग

उद्योग भवन  
Udyog Bhawan  
नई दिल्ली -110011  
New Delhi-110011

DEPARTMENT OF HEAVY INDUSTRY

F. No. 7(01)/2011-AEI/5366

Dated the 26<sup>th</sup> March, 2018

To,

As per list attached.

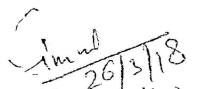
**Subject: Minutes of the meeting of Development Council for Automobile and Allied Industries (DCAAI) - reg.**

Sir/Madam,

I am directed to forward herewith the minutes of the meeting of Development Council for Automobile and Allied Industries (DCAAI) held on 20<sup>th</sup> March, 2018 at 3:00 PM under the Chairmanship of Secretary, DHI.

2. This issues with the approval of Competent Authority.

Yours faithfully,



(Simmi Narnaulia)

Under Secretary to the Govt. of India

Copy to:-

- i. PSO to SHI
- ii. PPS to JS (Auto)
- iii. PA to Dir (Auto)
- iv. SDO (NLG)
- v. DO(RKJ)

**Minutes of the Meeting of the Development Council for Automobile and Allied Industries (DCAAI) under the Chairmanship of Secretary, Department of Heavy Industry on 20 March, 2018 at 3.00 PM in Kaustubham, Udyog Bhawan, New Delhi**

The list of participants is at *Annexure-I*.

1. Member Secretary DCAAI and JS (Auto) welcomed the participants and stated that this Development Council meeting is being held after a long gap and the crucial agenda for this meeting is on the draft National Automotive Policy (NAP). He stated that M/s. A. T. Kearney have been working on NAP under DHI's guidance and they would be making a presentation on the changes incorporated after meeting with the industry on 12th March, 2018.
2. After a round of self-introductions, Dr. A. R. Sihag, Chairman DCAAI and Secretary, Department of Heavy Industry welcomed the participants and mentioned that it would be desirable to move forward with the policy through consensus and therefore, through the Development Council, the endeavour would be to build a broad consensus around the policy. He also stated that it is recognised that in any policy document it may not be possible to meet every stakeholder's aspiration; however, the effort of DHI had been to balance the needs of the OEM, the consumer as also other stakeholders.
3. The minutes of the last meeting of DCAAI were confirmed.
4. M/s. A. T. Kearney made a presentation on behalf of DHI and stated that NAP has sought to address the problems being faced by the industry. The mission is driven by AMP 2016-26. It also suggests long term roadmap for emission standards, harmonisation of standards with world standards in next five years and for this suitable evaluation is required to be done. Skillsets are sought to be improved by making ASDC more accountable. A new clause on Consumer Grievance Redressal has been introduced which would offer a mechanism for the consumers without having to seek legal recourse.
5. Thereafter, DG SIAM made a presentation and admitted at the outset that there were certain issues in the draft NAP document where no consensus could be arrived at among their members. SIAM voiced their in-principle support for a long term emission roadmap for automotive industry. It was, however, suggested that the emission chart

beyond BS-VI may either be modified or deleted as it appears to be adhoc. They also sought confirmation of the time table of BS-VI in 2020, implementation of RDE in 202 and suggested that BS-VII emission norms should be based on EU norms with adequate lead time. It was also stated that the plan to reduce CO<sub>2</sub> on annual basis is not feasible and it should be spread over a 4-5 year period and five year gap should also be put in place for improvement in CAFÉ regulations. SIAM agreed for evaluation of accession to the UNECE WP 29 1958 Agreement within next five years from the point of trade and suggested that it being a trade issue, the DOC should also be consulted. SIAM agreed that there is a need for improving skill development and training ecosystem. They supported the proposal for continuance of weighted tax deduction on R&D expenditure. It was stated that there is a need for introduction of further slabs as suggested in the Policy document. It was also agreed that mandatory standards should be notified for aftermarket safety critical components. DG SIAM sought consultation with the industry before roll out of FAME-II Scheme.

6. President ACMA in their presentation sought uniform 18% GST on all automotive components as some of the components attract 28% GST. They also sought mandatory BIS standards for aftermarket safety critical components. It was stated that there should be no NIL duty on components required for R&D purposes after 2-3 years. ACMA sought development of ecosystem for auto electronic components and a scheme for its development similar to MSIPS of MEITY. Funds tractors in NAP. It sought a review of emission norms suggested as the cost of maintenance of tractors may go up if emission standards are made mandatory. It was also suggested that a coordination meeting could be held between DHI, MORTH and Ministry of Agriculture on the above matter.

8. M/s. Mahindra & Mahindra welcomed the 10 year time frame of NAP and felt that it would give tremendous boost to the industry. It was suggested that going beyond BS-VI emission levels would require a study on economic viability. It also supported tighter CAFÉ norms and suggested that CO<sub>2</sub> should be regulated through CAFÉ norms rather than through the GST route. He cautioned that the Government should be careful before signing UNECE WP 29 1958 Agreement. Reduction in duties should be done carefully with a view to support Make in India. He added that phasing out of old vehicles would have a bigger impact on the industry.

9. MSIL stated that impediment to fair competition should be removed. It was stated that vehicular pollution comprises only a miniscule portion of the overall pollution unlike Europe because of low vehicle density in India. It was suggested that factor of

affordability should be considered and we need not follow Europe. It was further suggested that emission norms be notified for a period of 4-5 years as engine improvement cannot be done every two years. Regarding weighted tax deduction, it was advised that percentage of turnover should be combined with the amount spent on R&D. It was further stated that the proposal for a Technology Acquisition Fund in the draft NAP was unclear and it needed to be understood and drafted carefully so that the benefits of the same accrue to the nation as a whole.

10. M/s. Toyota Kirloskar stated that since a number of points have already been made, they would like to supplement by suggesting the use of CAFÉ line for GST classification. However, other members pointed out that CAFÉ norm are at the fleet level and fleet level cut-off would be more stringent and penalizing.

11. M/s. Kinetic Engineering stated that green mobility would give momentum to zero emission and sought waiving off of taxes etc. for zero emission vehicles. It was also suggested that two wheelers and three wheeler e-vehicles should be encouraged.

12. SMEV suggested that since some technologies have already taken root due to the FAME scheme, the same should not be discontinued from the purview of incentives without at least a 12 month lead time being given.

13. M/s. Hyundai Motors stated that there are more slabs in in the GST regime, which needed to be reduced.

14. Indian Institute of Foundrymen stated that supply chain projects should be undertaken for development of the auto sector in India. It was stated that 32% of the products of foundry industry are used by the Auto industry and there was a need for synergies between the two. OEMs and Foundry Industry should stay engaged for development of new materials for the automotive industry.

15. M/s. Tata Motors supported reduction of CO<sub>2</sub> and proposed its regulation through the CAFÉ route rather than the GST route. It was also suggested that there is a need for a roadmap for phasing out of old vehicles, shared mobility and last mile connectivity. It was emphasized that the NAP should also focus its attention on commercial vehicles. It was stated that since vehicle emissions are a miniscule part of overall pollution levels, the Government should focus on GHG emission of the industry which needs evaluation.



16. FADA (Federation of Automobile Dealers Association) sought infrastructure support for automobile dealers and also single point redressal of grievances.

17. SS&FA, DHI stated that public procurement is going to play a significant role in the development of the automobile sector. Drawing attention to the DIPP order on the need for identification of localization content for public procurement, he urged industry to work with DHI to give a boost to Make in India. He supported the need to boost testing infrastructure as enunciated in the draft NAP.


18. Director, ARAI stated that the End of Life of Vehicles is an important aspect and could find mention in the policy. She also suggested that linkages in the policy with testing and I&C centres would also be useful. Draft NAP could also include policy support to Intelligent Transportation Systems (ITS).

19. ASDC stated that building of R&D skills should be incentivised and India specific projects should be undertaken.

20. JS, Department of Revenue suggested that there should not be any contradiction in the overall tax policy of the Government and the suggested taxes and weighted tax deduction on R&D expenditure, as proposed in the draft NAP. It was clarified to him that such matters are expected to be ironed out during formal inter-ministerial consultations.


21. Member Secretary, DCAAI and JS (Auto), DHI proposed the next item on the agenda which was to seek the ratification of proposals approved under funds made available under Auto Cess (erstwhile). The same were read out (Annexure II) and ratified by the DCAAI. A suggestion was made to in future explore the possibility of issuing a call for proposals under the fund through an EOI/RFP process so that greater objectivity and transparency is imparted in the process for selection of projects.

22. Concluding the discussions, Chairman DCAAI and Secretary, Heavy Industry stated that the concerns of the industry have been noted, particularly, on emission roadmap and the proposed basis for the GST structure. He stated that the endeavour of the Policy is to have a long term roadmap for the industry so that all stakeholder Ministries are on board on the vision for the industry. This would considerably insulate the industry from decisions taken by various stakeholder Ministries and other institutions which otherwise are viewed by industry as impediments in their performance. He further



informed that the earlier feedback from the industry has been incorporated in the NAP. He requested the industry to send further suggestions and elaborations of the points made in the meeting in writing within a week so that these can be considered and analysed.

23. The meeting ended with a Vote of Thanks to the Chair.



**Annexure -I**

**List of Participants in DCAAI meeting held on 20.03.2018 :-**

1	Mr Asha Ram Sihag, Chairman	Secretary, DHI
2	Mr Subhash Chandra Pandey	SS&FA, DHI
3	Mr Alok Shukla	Ministry of Finance
4	Mr Vishvajit Sahay	JS (Auto), DHI
5	Mr Pravin Agrawal	Director (Auto), DHI
6	Mr Priyank Bharti	MoRTH
7	Mr Padma Ganesh	Ministry of Commerce
8	Mr Brijesh Kumar	MoP&NG
9	Mr N. L. Goswami	SDO, DHI
10	Mr R. K. Jaiswal	DO, DHI
11	Ms Simmi Narnaulia	US, DHI
12	Ms Rashmi Urdhwarashe	ARAI
13	Mr Vishnu Mathur	SIAM
14	Mr K K Gandhi	SIAM
15	Mr Sugato Sen	SIAM
16	Ms Ritika Changia	SIAM
17	Mr Nirmal Kumar Minda	ACMA
18	Mr Vinnie Mehta	ACMA
19	Mr Sushil Rajput	ACMA
20	Mr Sunil K. Chaturvedi	ASDC
21	Mr R C Bhargava	MSIL
22	Mr Rahul Bharti	MSIL
23	Mr Sushant Naik	Tata Motors
24	Mr Shyam Sunder	Tata Motors
25	Mr Vikram Kirloskar	Toyota Motors
26	Mr Pawan Goenka	Mahindra & Mahindra
27	Mr T R Kesavan	TMA
28	Mr A V Rajamany	TMA
29	Mr Anoop	TMA
30	Ms Sulajja Firodia Motwani	Kinetic Engineering
31	Mr Rakesh Yadav	Kinetic Engineering
32	Mr Narendra Kukreti	Toyota Motors
33	Mr A. K. Anand	IIF
34	Ms Sheela Bhide	IIF
35	Mr Rakesh Jazdan	JBM Group
36	Ms Indira Menon	FADA
37	Mr Nikunj Sanghi	FADA
38	Mr Vinkesh Gulati	FADA
39	Ms Srividya	Invest India
40	Mr Manoj Khurana	Invest India
41	Mr Vikram Sitaram Kasbekar	Hero Motors Corp. Ltd.
42	Mr Manu Sharma	SMEV
43	Mr Sohinder Gill	SMEV
44	Mr Girish Pothige	Hyundai Motors
45	Mr Young Jin Ahn	Hyundai Motors
46	Mr B C Datta	Hyundai Motors



# Sanctioning Committee Meeting held on 09-03-2017

S. No.	Project Name	Implementation Organization	Project cost (Rs. Lakh)	DTI Grant Sanctioned (Rs. Lakh)	Fund released till date (Rs. Lakh)
1	Study on Automotive Electronics	ACMA	60	30	30
2	Study on impact of Trade Agreements on Auto Component in Indian Industry	ACMA	43.70	21.85	21.85
3	To establish test facilities for evaluation of filtering system on engine (air, fuel, oil etc.)	CIRT	350	350	350
4	ACMA 1 <sup>st</sup> North East Aftermarket Expo	ACMA	70	40	40



S. No.	Project Name	Implementation Organization	Project Cost (Rs. Lakh)	Diff Grant Sanctioned (Rs. Lakh)	Final Release Date (Rs. Lakh)
1	New Delhi Real World Emission Study by ICAT/NATRIP	ICAT	465	438	438
2	Internal Noise Measurement, Analysis, Source Identification and Design Counter Measures for Truck and Buses	IIT Indore (MHRD-UAY Project)	65	16.25	16.25
3	Facility for Measurement of Tyre Rolling Resistance	CIRT	600	600	NIL
4	Measurement of Wet Grip Adhesion of Tyres (Class C1 i.e. passenger car- regulation ECE R 30)	CIRT	600	600	600