Industry pins hope on vehicle scrappage policy to spike demand

NEW DELHI: The much-awaited vehicle scrappage policy would help in curbing air pollution, reducing fuel consumption and curtailing fatalities in road accidents, while generating demand for new vehicles in the country amid the coronavirus pandemic, industry sources said.

The proposed scrappage policy requires support from both the central and state governments, an industry source said. The governments at both levels would need to come together to make this programme successful by providing fiscal incentives for fleet modernisation, another industry source added.

An incentive based mechanism will make the scheme lucrative and encourage people to scrap their old vehicles and replace them with new ones, he added. When contacted over the matter, SIAM President Rajan Wadhera told PTI that the industry body has been engaging with the Government of India, requesting for an incentive-based scrappage policy with monetary incentives in the form of 50 per cent rebate in GST, road tax and registration charges.

Similarly, SIAM Director General Rajesh Menon said an incentive based policy will help in mitigating pollution, improving road safety and conserving fuel. "And more importantly in the current context of impact of COVID 19 on the Indian auto sector, also could kickstart demand," he added.

A vehicle scrappage policy is in the works for some time now. The policy aims to put a cap on the life of vehicles in terms of years run. Last week, Union Minister Nitin Gadkari had said that the scheme is likely to be finalised soon to boost the automobile sector. (PTI)