



BUDGET 2021-
22:
AUTOMOTIVE
INDUSTRY

INTRODUCTION

NATRAX Indore, a Unit of NATRIP Implementation Society for Automotive Testing and R&D under Department of Heavy Industries, Govt of India, welcomed the budget for financial year 2021-22, presented by Hon'ble Finance Minister on the floor of Parliament. The budget is fully growth oriented and covers all the aspects of our overall growth with the commitment of "ATMA NIRBHAR BHARAT" to achieve the vision of our Hon'ble Prime Minister to enhance the Indian economy size of \$ 5 trillion. NATRAX being a service provider to Indian Auto Industry, will contribute substantially to achieve the vision of Govt. of India in auto sector mainly in the following aspects:

1. Public Transport
2. Production Linked Incentive Scheme for Automobile and Automobile components.
3. Voluntary Scrapping Policy

1. Automobile sector gets boost in public transportation enhancing safety requirements across the massive road infrastructure coming up as per budget.

- Road fatalities are posing a huge concern across the globe, especially for a country like India that has earned an infamous reputation for registering a significant number of road fatalities.
- Over the years, efforts have been taken up to mitigate the number of road fatalities by enacting the stringent standards. However, that has not helped much.
- With massive budget allocation in automobile and capital expenditure, safety in public transportation will be an important area. Budget 21-22 sharply increases the capital expenditure to Rs 5.54 Lakh Crore with additional Rs 2 Lakh crore for the states and autonomous bodies. Rs 1.08 lakh crore has been allocated for the ministry of roads.
- Advanced driving assist system (ADAS) has steadily emerged as the most preferred adoption route for the automotive industry to make road safer.
- Ministry of road transport and highways (MoRTH) has talked about making ADAS mandatory by the year 2023.
- Infrastructure needs will get massive improvement to increase safety and viability for development of ADAS system in the Indian context.
- NATRAX will be working on ADAS testing on its mammoth test tracks viz., dynamic platform, multi-friction braking track and the new high-speed track (Asia's largest) in the areas of forward collision warning, cruise control, lane assist, autonomous emergency braking etc.

2. A. PLI for Automobile and Automobile Components

Production-Linked Incentive (PLI) Scheme to create manufacturing global champions in Auto Sector under AATMA NIRBHAR BHARAT has been announced with an aim to enhance India's Manufacturing Capabilities and exports in automobile and automobile components sector. NATRAX provides a perfect platform for the Indian Automobile and Components Industry to test and validate the performance of their products inside the country in its mammoth proving ground enhancing their manufacturing and export capabilities.

Key Benefits:

- PLI scheme envisages making the Indian automotive Industry more competitive and aims to enhance globalization of the Indian automotive sector.
- The scheme also envisages increasing sourcing from India and will additionally incentivize R&D in India.
- This initiative will help bring scale and size in Indian Auto sector which will create and nurture global champions and provide jobs to youth.
- This will definitely contribute to enhance the Indian economy size of \$ 5 trillion as per the vision of our Hon'ble Prime Minister with the help of growth of our manufacturing sectors.

2. B. PLI for advanced chemistry cells making Atmanirbhar Bharat.

- EVs are going play to play an important role in the public transportation in near future. The emerging Electric vehicles mobility paradigm is an important opportunity to foster Make-in-India for the advanced chemistry cells or EV batteries and its components.
- GOI is providing modified special incentive package scheme and tax incentives that will be helpful in developing the indigenous testing and development ecosystem.

- Towards this NATRAX is working on the EV battery testing and development facility to work for the prospective EV makers to become self-reliant in the field of battery technology reducing the dependence on the import from China, Thailand & Japan.
- One most important task will be setting up of lithium-ion battery recycling facility. NATRAX having basic EV testing facilities and infrastructure is contemplating and looking for synergic partners to set up such recycling facility at NATRAX to reduce the cost of EV batteries for mass application.
- NATRAX working on EV ACC/Battery testing is part of mission to make Atmanirbhar Bharat.

3. Voluntary Scrapping Policy

As Announced by Hon'ble Finance Minister, the voluntary vehicle scrapping policy to phase out old and unfit vehicles will help in encouraging fuel efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill. As stated by the Hon'ble Finance Minister, "Vehicles will undergo a fitness test in automated fitness centres after 20 years in case of personal vehicles and after 15 years in case of commercial vehicles". Also, Hon. Minister of MoRTH stated that "The policy would cover an estimated 51 lakh light motor vehicles (LMVs) that are above 20 years of age, while another 34 lakh LMVs are above 15 years. It would also cover 17 lakh medium and heavy motor vehicles, which are above 15 years, and currently without valid fitness certificates,". This would enhance safety.

NATRAX is contemplating setting up Recycling Units for scrapped vehicles and looking for synergic partners to establish the facility at NATRAX.

Key Benefits:

- Recycled material from old vehicles will help reduce the prices of the new vehicles which will directly impact to the ultimate user of the vehicle.
- India was the 5 most polluted country in 2019, with Ghaziabad in the National Capital Region ranked as the most polluted city in the world. Among other factors Vehicle exhaust /vehicular pollution is one of the main contributors in our country. This will definitely contribute to reduce the pollution in India.
- By Voluntary Scrapping the old vehicle as per the proposed policy 15 years and 20 years for personal vehicle and commercial vehicle respectively, it will create further demand of new vehicle requirements.
- Generally, 15-20 years old vehicles have features of old technology by which the user of the old vehicles are compromising on safety aspect as well. In this regard, the proposed policy will also save and protect the human life.
- This policy will also help to avoid the use of older vehicles which consume more fuel and are unsafe to run.