

Greenbody asks government to increase tax on cars

Warning that the unchecked growth of cars are contributing heavily towards energy and environment insecurity, Centre for Science and Environment (CSE) Thursday said India must increase taxes on all cars.

'India is in the grip of an impending energy crisis as we are consuming more oil than ever before and the growing transport sector is guzzling a lot of this,' said a new CSE study on fuel economy in the transport sector.

The report, released Thursday here, said the 2007-08 union budget must address this 'linkage between vehicles and energy insecurity'.

The report underlines that private vehicles account for 62 percent of diesel consumption in the transport sector. More and more vehicle manufacturers are introducing diesel variants.

The transport sector is the single biggest user of oil and oil products using up around 30 percent of the total consumption in the country.

'If the numbers and usage of cars grow unchecked and the government fails to introduce fuel economy standards to make them more fuel-efficient, India will hurtle towards a serious energy crisis,' said the report, adding that since 2001, the union budget has lowered taxes on cars successively resulting in a phenomenal increase in car numbers.

Anumita Roychoudhury, associate director, CSE and the team leader of the study, said industry estimates suggest that car sales crossed the one million mark in just 11 months in 2006.

'With economic growth there has been a steady shift towards bigger cars. While the share of the smallest cars with 800 cc engine have dropped from 21 percent in 2001 to 11 percent in 2004, the sales of mid-size cars has grown from 12 percent in 2001-02 to 17 percent in 2004-05. The share of bigger cars is also increasing steadily,' she said.

The report suggests that with this growing number, the pollution is increasing phenomenally.

'Carmakers make tall claims about the fuel efficiency of their products, but there is almost no official data or a certification system to back them. While a large number of countries have begun to enforce fuel economy standards for vehicles, India is shying away,' it stresses.

The report suggests Finance Minister P. Chidambaram should enforce mandatory fuel economy standards. 'Fiscal policies targeted at energy efficiency should be linked to fuel economy of vehicles and promotion of advanced technologies like hybrid electric vehicles.

'Raise taxes on all cars, but maintain a differential in favour of small cars and fuel-efficient vehicles. Our regulations will have to push the industry to produce the most fuel and emissions-efficient vehicles,' it added.

The study emphasises that India should discourage diesel cars without efficiency and clean emissions standards. The car industry is pushing diesel cars in the name of fuel-efficiency, but these

cars are several times more polluting than petrol cars.

India's most popular small diesel car is more than 20 to 30 percent less fuel-efficient and 50 percent more polluting than its counterparts in Europe.

The study further adds that while cess should be imposed on diesel cars, incentives must be there for efficient public transport system.

'We must introduce fuel economy standards and mandate a roadmap for the future. Many countries, including China, have introduced such measures primarily for energy and environmental security,' Roychoudhury said.

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