

TAXING CLUNKERS: THE HINDU EDITORIAL ON RAISING TAX ON OLDER VEHICLES

Relevant for: Environment | Topic: Environmental Conservation, Sustainable Development, and EIA

The Centre's proposed policy to [raise road tax on vehicles of a certain age](#) from April 1 next year has the potential to renew a big part of India's vehicular fleet, reducing air pollution, raising fuel efficiency, and improving safety standards. It has taken the government years to finalise a "tax on clunkers" proposal, under which commercial transport vehicles will have to pay 10%-25% extra on road tax after eight years when renewing the fitness certificate, and, similarly, personal vehicles after 15 years; public transport is given concessions, while hybrids, electrics and farm vehicles are exempt. A higher tax in the most polluted cities, and on diesel engines is also on the cards. States, which enforce motor vehicles law, now have to weigh in on the proposed changes. Unlike similar programmes, such as the post-2008 recession CARS rebate plan in the U.S., India's scheme relies on penal taxation to persuade owners to scrap their old vehicles, with no cash-for-trade-in arrangement. For this approach to work efficiently, the additional tax proposed should exceed the resale value of the polluting motor, making its disposal more attractive, with enough safeguards to ensure that it is indeed scrapped and recycled under a monitored system. Equity features can be built into the scheme, offering a discount to income-vetted marginal operators such as autorickshaw drivers, on the lines of the 2009 stimulus given under the JNNURM scheme for buses. This should ideally be part of a green post-pandemic recovery plan, with an emphasis on electric vehicles.

When the scrappage policy was on the drawing board last year, Road Transport Minister Nitin Gadkari envisioned a reduction in automobile prices of 20% to 30%, driven by recovery of scrap steel, aluminium and plastic, all of which would be recycled. Now that he has a better-scoped plan, the focus must be on building capacities in the organised sector to manage the task of efficient materials recovery. Provisions will have to be built in to see that the sudden demand stimulus available to the auto industry does not disadvantage consumers, particularly those selling junk vehicles. The vehicle registration database for all States also requires updating, to reflect true numbers of old vehicles on the road, eliminating those scrapped; a significant number, more than 15 years old, still run. Such data will help target scrappage policy benefits better. Moreover, many transport vehicles are operated by small entrepreneurs who lack the resources to transition to newer ones and need help as loans and grants. India's policy to eliminate polluting fuel guzzlers has had a long gestation, and States should see the value of operationalising it as planned. New vehicles and cleaner fuels should help clear the toxic air in cities and towns and make roads safer.

You have reached your limit for free articles this month.

Already have an account ? [Sign in](#)

Start your 14 days free trial. [Sign Up](#)

Find mobile-friendly version of articles from the day's newspaper in one easy-to-read list.

Enjoy reading as many articles as you wish without any limitations.

A select list of articles that match your interests and tastes.

Move smoothly between articles as our pages load instantly.

A one-stop-shop for seeing the latest updates, and managing your preferences.

We brief you on the latest and most important developments, three times a day.

*Our Digital Subscription plans do not currently include the e-paper, crossword and print.

Dear reader,

We have been keeping you up-to-date with information on the developments in India and the world that have a bearing on our health and wellbeing, our lives and livelihoods, during these difficult times. To enable wide dissemination of news that is in public interest, we have increased the number of articles that can be read free, and extended free trial periods. However, we have a request for those who can afford to subscribe: please do. As we fight disinformation and misinformation, and keep apace with the happenings, we need to commit greater resources to news gathering operations. We promise to deliver quality journalism that stays away from vested interest and political propaganda.

Dear subscriber,

Thank you!

Your support for our journalism is invaluable. It's a support for truth and fairness in journalism. It has helped us keep apace with events and happenings.

The Hindu has always stood for journalism that is in the public interest. At this difficult time, it becomes even more important that we have access to information that has a bearing on our health and well-being, our lives, and livelihoods. As a subscriber, you are not only a beneficiary of our work but also its enabler.

We also reiterate here the promise that our team of reporters, copy editors, fact-checkers, designers, and photographers will deliver quality journalism that stays away from vested interest and political propaganda.

Suresh Nambath

Please enter a valid email address.

From the abrogation of the special status of Jammu and Kashmir, to the landmark Ayodhya verdict, 2019 proved to be an eventful year.

Subscribe to The Hindu now and get unlimited access.

Already have an account? [Sign In](#)

Start your 14 days free trial [Sign Up](#)

You can support quality journalism by turning off ad blocker or purchase a subscription for unlimited access to The Hindu.

[Sign up for a 30 day free trial.](#)

END

crackIAS.com