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The current Indian auto market is riding high on MPVs, SUVs and sedans with diesel powertrains but it looks like things might change in the near future. The government has been asked to increase the prices of luxury diesel cars and SUVs and sedans by imposing an additional tax of Rs. 1.62 lakh per vehicle. This raise in pricing has been communicated in letter to the Finance Minister by Centre for Science and Environment (CSE) keeping in mind the upcoming Union Budget. Led by Ms. Sunita Narain, the environmental agency has asked for an additional duty of Rs. 1.62 lakh on private diesel cars above 1400cc category and Rs. 81,000 for the cars below this category.

According to CSE, levying this additional tax will help the government in offsetting the gap between petrol and diesel fuel prices in India, a thing every consumer has been complaining about. CSE apart from talking about levying extra tax on diesel cars has also challenged the SIAM report's claim that diesel consumption by private cars was a meagre 0.6% of the total diesel consumption. The SIAM report also contradicts the Kirit Parikh Committee report that puts private diesel consumption at 15% as of February 2010. CSE has also mentioned in the letter that diesel cars are 40% of the new car sales already and about 40% of the total diesel powered cars are sold of above 1500cc range.

SIAM retorted back the CSE's challenge claiming that their report was based on primary data from Planning Commission while CSE wasn't so. SIAM also clarified about the "others" segment who are using diesels telling that the "others" include Railways and power generators, gensets used in residential blocks, building sector and many other industries. If we talk about emissions, diesel emits higher quantities of NOx and particulate matter which is totally absent in petrol vehicles. However, petrol cars have higher percentage of carbon-dioxide. SIAM has also stated that the with the introduction of BSIV norms, the particulate matter quantity has come down drastically.



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