

2-wheeler firms get over 2-year breather on emission sensor

Rule deferred as trial results were 'far from satisfactory'

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The government has deferred the regulatory requirement of deploying sensors on two-wheelers that can indicate whether the exhaust emission control device is functioning optimally. This comes as a respite for the industry reeling from a protracted slowdown, as the move would have resulted in added costs.

An official of the ministry of road transport and highways (MoRTH) confirmed the decision. "The (requirement of) fixing sensors to assess the performance of the catalytic converter has been deferred to April 1, 2025," said the official.

A catalytic converter converts toxic gases and pollutants from an internal combustion engine into less toxic pollutants.

The norm, part of the On-Board Diagnostic (OBD) phase II regulations for manufacturers of motorcycles and scooters, was to come into effect from April 1, 2023. The official, however, clarified that the manufacturers would still have to comply with the other requirements of the OBD II regulations.

The two-wheeler industry has been witnessing a slowdown since 2018 due to the multiple cost increases that have come on the back of a slew of regulations. Compliance with yet another regulation would have jacked up the prices of entry-level models by ₹1,000-1,500 each, denting the sales



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further, said company executives.

The decision to defer the rule was arrived at after extensive stakeholder consultation, said the MoRTH official cited above. "It's the only one (requirement) that has been deferred among a host of other things that are to be complied with," he added. The official said extensive trials were carried out by various manufacturers, but the results were far from satisfactory.

The performance of the sensor is not getting established conclusively. That's the reason the ministry thought of deferring it. There's no point in rolling it out if the system "is not fool-proof", he added.

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This will include many of India's biggest trading partners in the West. Then there is China, which has continued imposing its extremely strict zero-Covid policy.

"The Indian economy will be impacted by the slowdown in the West. Both our exports and imports will be hit and that in turn may impact excise and goods and services tax (GST) collections. On the GST front, there is also the matter of base effect," said a second official.

Officials say the slowdown will affect manufacturing and other related sectors, and, hence, policymakers will have to remain vigilant.

In pre-Budget meetings with Sitharaman, industry bodies and economists sought some relaxation on personal income taxes to boost demand, and rationalisation of the capital gains tax. However, major tax changes are unlikely.

On the expenditure front, policymakers are bracing for another year of high spending commitments for flagship welfare and subsidy schemes. However, the expectation is that the ongoing exercise to curb non-priority spending is going to lead to greater savings in the coming year.

2-wheeler...

Citing an example, he said that sometimes the OBD lamp (attached to the sensor) might start glowing even when the catalytic converter's performance was as expected.

The exact location of the sensor on a two-wheeler has yet to be ascertained. Globally,

Europe has also not been able to do it. The time extension in Europe, too, is 2025.

"In case, the rider gets a false alarm, the owner will unnecessarily get hassled and feel he or she has been short-changed by the manufacturer," the official said.

Welcoming the decision, Sanjeev Vasdev, founder and MD, Flash Electronics, said, "I am very glad that the government has deferred this by two years. It would have otherwise been a big blow to the two-wheeler industry." Flash is a manufacturer of electrical, electronics, gears and transmissions, and counts almost every two-wheeler maker in India as its customer.

According to Vasdev, the additional sensor would have made a huge cost impact. "It also would have required changes to be made to the design of the catalytic converter. This would have led to cost escalation," he said.

Gold prices...

In the domestic market, however, precious metals will beat equities if India's external economic indicators remain weak.

"Gold may outperform the equity market if India continues to run a large current account deficit and capital inflows remain weak, putting pressure on the rupee," said G Chokkalingam, founder and managing director, Equinomics Research & Advisory Services.

However, if the price of crude oil declines, leading to an