



Waive taxes and provide microfinance to promote cycle ownership in India, says TERI's new report

- *The government must come up with policy mechanisms for the cycling industry to make it globally competitive*
- *Cycling infrastructure, a must, to popularize cycling in urban areas*

New Delhi, August 27: The Government should waive taxes on cycles that cost less than Rs 5,000 to promote cycle ownership in the country, says a new study. The Energy and Resources Institute (TERI) in association with the 'All India Cycle Manufacturers' Association' launched the report, "*Pedalling towards a Greener India: A report on promoting Cycling in the country*" at an event in New Delhi today. It is a detailed study on cycling and the cycle industry in India. The far-reaching recommendations to promote cycling in both urban and rural India include:

- Initiating a technology support scheme: Cycle Industry Upgradation Fund Scheme (CUFS) should be introduced to provide support to the bicycle industry;
- Ensuring provision and maintenance of cycling infrastructure in cities; and,
- Enhancing the export competitiveness of the cycle industry.

Dr Harsh Vardhan, Hon'ble Union Minister for Health and Family Welfare, said: "TERI's report could prove to be a blessing in disguise for the future of the health of the nation. Physical activity is a must, and promoting cycling should become a huge movement. We need to ensure that no single person should be deprived of it. 'Health For All' should become a reality now."

Speaking on the occasion, **Dr R K Pachauri**, Director General, TERI, said: "Cycling as a means of providing mobility has substantial benefits, such as lower levels of air pollution and affordability for the poorest sections of society. Additionally, for urban

dwellers leading sedentary lives, the use of bicycles provide physical exercise which is good for physical and mental health".

Mr Pankaj Munjal, Co-Chairman and MD, HERO Cycles and Member, AICMA, said: "Cycles are not merely a means of commuting, but also a tool for empowerment and an economic opportunity for rural India. India can prosper only if its poorest of the poor are linked to the larger economic system."

"The Indian industry is presently worth \$1.2 billion. However we have the potential to grow to \$5 billion with government support. With its cost efficiency, India can become an export hub if the government provides special export packages, including Technology Upgradation Fund, Special Export incentives and measures to offset inland freight disadvantage to bring us to the level of China, which manages higher exports even after the anti-dumping duty in Europe. The Government of India should also negotiate MFN status with the European Union to reduce import duties in Europe. This status is already enjoyed by Bangladesh, Cambodia, Tunisia and Turkey," Mr Munjal added.

The report examines the key trends and issues with regard to the growth in cycle ownership and its use, as well as the growth of the Indian cycle industry. It also recommends that the Government should waive the taxes on cycles bought by low-income populations (cycles costing less than Rs 5,000). The government should also ensure easy availability of cycle finance, by including cycles under the priority sector lending. It should also work towards increasing ownership of cycles by school children by distributing free or subsidized cycles to them.

http://www.teriin.org/files/Cycling_Report_LR.pdf

Key Trends

The report finds that the growth of cycle ownership has been very slow and the household cycle ownership increased by only three per cent annually during the last decade. Moreover, the share of cycling as a mode of transport has been steadily declining, despite average trip lengths in cities being convenient for cycling. Some of the key recommendations of the report include: Ensuring provision and maintenance of cycling infrastructure in cities; making non-motorized transport (NMT) projects a mandatory requirement for Central funding; implementing city-wide cycle-sharing schemes; and, initiating awareness campaigns to promote cycling.

The report finds that the bicycle production capacity has recorded a moderate average annual growth of four per cent during the last five years. Bicycle sales have recorded a moderate growth rate of about six per cent in the last five years. Exports have grown at

an average rate of about 10 per cent annually in the last five years, but imports have grown at a much faster rate (about 25 per cent annually) during the same period, primarily due to imports from China.

Strengthening the sector

To promote the Indian cycle industry's growth and competitiveness in the global market, the report calls for technological upgradation/transfer support. It strongly recommends that a technology support scheme – Cycle Industry Upgradation Fund Scheme (CUFS) should be introduced to provide support to component manufacturers of bicycles. Establishing state-of-the-art bicycle research and development and testing facilities will go a long way in promoting the sector. The report also says that the existing bicycle research and testing facility in Ludhiana should be upgraded to meet international standards for testing.

The report adds that a monitoring mechanism must be designed to ensure adherence of safety standards by manufacturers. To enhance export competitiveness of the industry, the report recommends reducing the import duty on components/parts that are not manufactured in India; freight subsidy for domestic freight; and, negotiating import duty on Indian bicycles in Europe

For view the full report: http://www.teriin.org/files/Cycling_Report_LR.pdf

ABOUT TERI:

The Energy and Resources Institute (TERI), a dynamic organization with a global vision and local focus was established in 1974. A unique research institution with its headquarters in New Delhi, TERI is deeply committed to every aspect of sustainable development. From providing environment-friendly solutions to rural energy problems, to helping shape the development of the Indian oil and gas sector; from tackling global climate change issues across many continents, to enhancing forest conservation efforts among local communities; from advancing solutions to growing urban transportation and air pollution problems to promoting energy efficiency in Indian industries, the emphasis has always been on finding innovative solutions to make the world a better place to live. While TERI's vision is global, its roots are firmly entrenched in Indian soil. All activities at TERI move from formulating local and national-level strategies to suggesting global solutions to critical energy and environment related issues.

It is with this purpose that TERI has established regional centers in India at Bangalore (Karnataka), Panaji (Goa), Guwahati (Assam), Mumbai (Maharashtra) and Mukteshwar

(Uttarakhand), and has international presence in Japan, Finland, Malaysia, Belgium, Netherlands, the UK, USA, UAE and Africa.

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