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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 22nd November 2021

Auto parts industry body hopeful of 15 per cent growth in FY22

'Passenger, CV demand will spur growth'

AYUSHI KAR

Mumbai, November 21

The auto components industry is poised for a 10-15 per cent growth in fiscal 2022, following a 3 per cent slide in FY21 during peak Covid pandemic, according to Sunjay Kapur, the recently-appointed president of the Auto Components Manufacturing Association.

In an exclusive interaction with *BusinessLine* Kapur said, that though the industry is facing a lot of challenges including chip shortage, logistics issues, container shortages and rising fuel prices, demand is picking up.

With the passenger vehicle segment poised to continue its growth momentum at 8 per cent, and commercial vehicles expected to see a 20 per cent volume bump, Kapur predicts that the component makers will see a 10-15 per cent uptick by the end of FY22. Growth has already commenced in the first half of this fiscal year, he said.

Focus on innovation

The PLI scheme announced in September will prime the industry to focus on future technologies, he said. "The components industry is very disruptive at the moment. A lot of innovation and new technologies are coming. The fact that we have had the PLI scheme is very encouraging as it gives a boost to the industry, by incentivising them to invest in future technologies," he said. The key focus area for innovation will be electrification as well as alternative fuels. Companies have around 60 days to respond to the government regarding which direction they would like to go in, what components they will be looking to manufacture and the amount that they will invest. "Component makers are keen to invest under the PLI, however, this PLI will also enable other players to enter into the components business as well," Kapur said.

Localisation

According to Kapur, the two-wheeler segment will be a major driver for localisation, domestic value addition and exports as it gains momentum in India.

Kapur believes that the impact of the chip shortage is likely to continue into the first quarter of FY23 next year. He added that in anticipation of the uptick in demand expected in the commercial vehicles segment, component makers have been investing in capacity expansion, which should tide them over the shortage of chips.

The Economic Times 27th November 2021

Auto Cos Drive in Hybrid Culture to Office Space

Cost efficiencies the driving factor behind the working model, but duration of the arrangement yet undecided

Ketan.Thakkar@timesgroup.com

Mumbai: Jeep, the iconic US manufacturer of off-road vehicles, is closing its 4,500-sq-ft office in Mumbai's prime location of Bandra Kurla Complex in December.

The manufacturer of the Compass SUV will move some of its desk roles to the company's technical centre office in Pune, while a majority of office employees will work from home or remotely.

While life is gradually returning to normal after the pandemic, many conglomerates globally are adopting the hybrid work model for the long term because of the cost efficiencies they witnessed in the past year and half. In India's automotive industry, factories are staffed 100%, but many of the desk roles are being managed remotely though most companies are yet to decide how long the arrangement will continue.

Jeep's decision is in line with that of Stellantis, its Netherlands-headquartered parent that has implemented a "new era of agility" programme, which requires only 30% of employees to work from offices. Citroen, Stellantis' French automotive brand that entered India recently, is also adopting the model.

Citroen India is not renewing the lease of its vast office in Chennai and has mandated that only 30% of staffers need to come to office on a roster basis. It is exploring options if it could move to a much smaller office space or co-working spaces in Chennai, said people in the now.

The closure of Jeep's office in Mumbai and Citroen's decision, which come after the exit of some US automakers from India, have raised concerns in the industry.

But Stellantis sees it "business as usual", with its spokesperson saying that Jeep is just moving its office from Mumbai to the much more cost-effective location of Pune.

Staying Agile

The 'new era of agility' program at Stellantis aims to move **70%** office staff remotely and **30%** to shared work spaces

The **Jeep** brand to close its office in prime location in **Bandra Kurla Complex** and move to smaller office in **Pune**

Citroen brand not likely to renew its office lease in **Chennai,** exploring co-working spaces

Renault, Toyota Kirloskar and **Honda** have moved to optimise their spends on office space

The program is being rolled out in India in 2021

The organisation, which recently named Nipun Mahajan to head the Jeep brand and Saurabh Vatsa to lead the Citroen brand in India, is trying to ensure the "best operating efficiency" while keeping in mind the well-being of the employees, the spokesperson said.

"We are streamlining our processes ... we are in the process of shifting our office to Pune to have better proximity to our Ranjangaon JV manufacturing facility, engineering operations and our parts distribution centre in Chakan. We are also giving our employees the flexibility of a hybrid working system as our employee base is spread across Mumbai, Pune and Chennai," the Stellantis spokesperson added.

The decision of the multinational automobile manufacturer, formed by the merger of Italian-American Fiat Chrysler Automobiles and France's PSA Group, is likely to be replicated for the long term by several other companies as well in the sector. Mahindra & Mahindra and Tata Motors are already operating on the hybrid model. The ratios of work from home and work from office may vary from a corporate to corporate.

A Tata Motors spokesperson told ET that the company transitioned into a hybrid working model from February 2021 and that this will continue even beyond the pandemic as this model has been received well by its employees, making it successful and leading to a more digitally fluent and resilient workforce. Working out of office and from home/remotely is also a cost-effective combination, he added. But employees in some critical functions will have to work regularly from office.

Business Line 16th November 2021

Falling auto sales dampen forging industry

PRESS TRUST OF INDIA

Mumbai, November 15

With the ripple effect of declining automobile sales, the forging industry is facing a sharp decline in demand and substantial production cuts, industry body AIFI said on Monday.

Also, the rise in steel prices have further hammered the industry with some car makers already indicating that vehicles will be more expensive from the coming months, the forging and auto component industries are anticipating a "bleak" festival season this year, the Association of Indian Forging Industry said. The domestic forging industry primarily caters to the automotive industry, which accounts for 60-70 per cent of the forgings.

With the auto sector witnessing the slowdown, the forging industry has witnessed an average slowdown of 50 per cent of the total capacity, the Association said. Due to various factors such as semiconductor chip shortages, rising input costs, rising commodity prices, and rising fuel costs, total automotive sales in India have declined in double digits in FY20 and FY21.

Therefore, the overall auto-components and forging industry have not seen an improvement in their order books, AIFI said.

"The automobile industry is still going through challenging times after the second wave. The sector faces new obstacles on a regular basis. The industry is currently concerned due to the lack of semi-conductor chips. It has an indirect impact on India's forging sector," said Vikas Bajaj, President, AIFI.

Rising costs

"Furthermore, the rise in steel prices has harmed India's forging industry. Steel is a basic requirement in the forging industry and the current price

Capacity of forging industry has slowed by an average 50%

hike has disturbed the supply chain. If this continues to exist, the high steel prices will reach inflation levels more than what the country is currently witnessing," said Bajaj.

Additionally high raw material and fuel prices continue to have an impact on customers and purchase decisions, he said.

The Association said it had earlier this year raised its concern over high steel prices to the Prime Minister Narendra Modi besides writing to various ministries such as Micro, Small and Medium Enterprises, Heavy Industries, Steel, and Commerce and Industry.

The domestic forging industry, which is the second largest in the world, comprises 85 per cent of the MSME sector, employing over 3 lakh people directly and an equal number of people indirectly.

Yash Jinendra Munot, Vice-President, AIFI said, "The government must take a comprehensive approach for its revival and provide the necessary impetus. The industry is hoping that the government will take a few immediate steps," he said.

With an annual output of about 20 lakh tonnes, the domestic forging industry has close to 400 forging units, of which 80 to 82 per cent can broadly be categorised as tiny and small enterprises, 10 per cent are medium segment, the remaining ones large scale, according to AIFI. While SMEs contribute 30 per cent of production, the medium and large units contribute 70 per cent.

Business Line 19th November 2021

Festival season auto sales worst in last decade: FADA

Chip shortage hits production across companies

OUR BUREAU

New Delhi, November 18

The automobile industry has faced the worst festival season this year, in the last decade, and segments like passenger vehicles (PVs) and two-wheelers (2W) have degrown by double-digits on a year-on-year (y-o-y) basis.

According to data shared by the Federation of Automobile Dealers Associations (FADA) on Thursday, the 42-day festival season saw PV retail sales decline (26 per cent y-o-y) to 3,24,542 units compared to 4,39,564 units in the same period last year.

Similarly, two-wheeler sales also declined by more than 18 per cent y-o-y to 15,79,642 units against 19,38,066 units in the festival season of 2020.

"Semi-conductor shortage, which was already a full-blown crisis, showed its true colours when, inspite of an above-healthy demand, we could not cater to customers' needs as SUV, compact-SUV and luxury categories witnessed a huge shortage of vehicles. On the other hand, entry-level cars saw subdued demand as customers in this category continued to conserve money due to their family's healthcare needs," Vinkesh Gulati, President, FADA, said.

Sales during 42-days festival period (in units)

Category	Festival 2020	Festival 2021	y-o-y %
Two-wheelers	19,38,066	15,79,642	-18.49
Three-wheelers	34,419	52,802	53.41
Commercial vehicles	70,361	77,066	9.53
Passenger vehicles	4,39,564	3,24,542	-26.17
Tractors	73,925	56,841	-23.11
Total	**25,56,335**	**20,90,893**	**-18.21**

Source: FADA Research

Two-wheelers hit

The 2W category continues to face the brunt of low sales with entry-level category being the biggest spoilsport. The rural distress in retails, coupled with frequent price hikes, high fuel prices and customers conserving funds for healthcare emergencies kept the demand low. In fact, walk-ins and customer inquiries were also ultra-lean during the said period, he said.

However, the commercial vehicle (CV) and three-wheeler (3W) segments witnessed growth during the season compared to last year's festival period.

"In CV, while entry level and small CVs have already grown post unlocking and due to intra-city goods movement, medium and heavy CV are now showing strength due to low base and infrastructure projects coming up in different States. Buses as a category is yet to see any revival in demand," Gulati said.

With normalcy returning in business, the 3W category has started to witness usual demand. This aided with extreme low base of last year, is also helping 3W post a healthy growth, he said adding "it is noteworthy to mention that we are witnessing a tactical shift from internal combustion engine (ICE) to electric vehicles (EVs) as EV share in 3W has now crossed the 45 per cent mark".

Backlog of orders

Sharing the near-term outlook, Gulati said though the festival period is now over, there is still a huge backlog of orders in the PV segment. "If PV manufacturers are able to re-align supply with demand, we can still see a good year end retail. Attractive schemes can be rolled out for customers so that demand, especially in the entry level category, can be revived," he added.

Business Line 16th November 2021

Now, semi-conductor shortage impacts premium two-wheeler sales

Domestic share of the vehicles sold fell from 18% in April to 10% in Aug

AYUSHI KAR

Mumbai, November 15

Demand for premium two-wheelers is extremely robust BLOOMBERG

The ongoing chip shortage, which has affected automakers, especially the passenger vehicle segment, for the past year, is now impacting the premium two-wheeler segment.

According to data provided by the Society of Automobile Manufacturers, since April, the premium bike segment has seen major degrowth unable to keep up with the demand surge. For the first half of the 2022 fiscal, monthly production of high-end two-wheelers rarely crossed 2 lakh units. Though the production numbers for October was 2,18,549 units, the premium two-wheeler automakers will not be able to meet the demand surge, producing 22 per cent lower units than what was produced at the same time last year.

The domestic share of premium two-wheelers sold has shrunk from 18 per cent in April to 10 per cent as of August.

Hemal Thakkar, Director at CRISIL, said this is a clear indicator of supply-side issues. "Demand for premium two-wheelers is extremely robust at the moment, especially given that the customer segment for premium is not facing an income pinch," Thakkar explained. Chip shortage is the primary reason for the supply side issue because, "the two-wheeler OEMs' economy and executive segments are yet to recover to their former sales numbers as a result of the economic downturn," Thakkar said adding "this means that they have production lines that are free to be able to cater to the premium demand surge, but they are unable to source the chips."

Demand for chips

According to Anish Rankawat, Equity Research Analyst (Autos) at Centrum Broking Limited, "Bikes which are 150 cc and above (the premium segment) have a higher demand of semiconductors (chip density) in comparison to entry-level bikes, especially to enable technologies such as anti-lock breaking system, which needs an electronic control unit (ECU) chipset."

Major OEMs including Bajaj and Royal Enfield have raised supply-side issues related to the chip shortage in their earnings call. Bajaj, TVS, Royal Enfield and Honda Motorcycle and Scooter India Private Limited are likely to be affected.

According to Royal Enfield, "The ongoing global shortage of semiconductor chips and the recent lockdown in certain source markets impacted volumes for the last quarter. We have been able to manage the supplies through close monitoring of the situation and appropriate actions by our agile supply chain team. The situation saw an improvement towards the end of September, and we expect the availability of parts to scale up during this quarter."

Queries sent to Bajaj Auto and TVS, remained unanswered.

Thakkar, however, believes that it will be quite some time before the premium bike makers come out of the woods. "There is no doubt that this category is going to see growth in the second half of FY22. However, the shortage of semiconductors is going to remain a dampener for quite some time," he warned.

According to reports, semiconductor shortage is likely to continue for at least another year.

Business Standard 19th November 2021

Auto registration falls 5.33% YoY in October

SLAMMING THE BRAKES

Category	Oct '21	Oct '20	YoY%
2W	996,024	1,060,337	-6.07
3W	39,077	22,467	73.93
PV	228,431	257,756	-11.38
TRACTOR	44,262	55,874	-20.78
CV	56,732	44,865	26.45
Others	3,002	2,816	6.61
Total	1,364,526	1,441,299	-5.33

Source: FADA

SHALLY SETH MOHILE

Mumbai, 18 November

Vehicle registrations in October, including all segments, declined 5.33 per cent year-on-year (YoY). The fall was a sharper 26.63 per cent when compared to October 2019, Federation of Automobile Dealers' Association (FADA) said in a statement on Thursday.

A total of 1,364,526 units were retailed during the month as compared to 1,441,299 units in October 2020. The fall in sales widened the gap with October 2019 volumes, when 1,860,098 units were sold.

Alluding to the 42-day festive period (October 7 to November 17), the dealer body said, it was the worst festive season for the automobile market in a decade with overall retail sales dropping by 20 per cent YoY and 20.82 per cent, as compared to 2019.

"We have witnessed the orst festive season in the last decade. Semiconductor shortage, which was already a full blown crisis, showed its true colors when in spite of an above healthy demand, we could not cater to the customers' needs," said Vinkesh Gulati, president, FADA.

While SUVs and luxury cars saw a huge shortage, demand for entry-level cars was subdued as customers in this segment are wary of spending and are prioritising saving for emergencies.

The two-wheeler segment continues to face the brunt of low sales with the entry-level category being the most impacted, FADA said in the statement. As a result of the poor demand during the festive season, two-wheeler dealers are saddled with an average inventory of 40-45 days.

Automobile sales worst in last decade, but customers want top-end trims

High-end features, tech attracting new-age customers

S RONENDRA SINGH

New Delhi, November 23

Automobile sales are down and are going through the worst phase in the last one decade, but the demand for feature-rich vehicles are more than the entry-level models, according to manufacturers.

Companies like Maruti Suzuki India (MSIL) and Hyundai Motor India (HMIL) said they see more demand for mid-level or top-end models in each category of the vehicles.

"Overall, the hatchback percentages have come down in the last four-five years and there has been an increase in demand in the upper end of a segment of any brand. For example, the Alto VXi and VXi+ were at 46 per cent last year, which this year is about 54 per cent.

Similarly, S-Presso VXi and VXi were at around 71 per cent last year and are now at around 73 per cent, slightly up...so there are some models which are doing great in the upper-end trims," Shashank Srivastava, Senior Executive Director, Marketing and Sales, MSIL, told *BusinessLine*.

Hyundai Motor saw good traction for cars starting from Nios to Aura to i20 and Venue and Creta in the premium categories

He said the gap has come in all categories of hatchbacks — whether entry level (like Alto, S-Presso) or mid hatch (like WagonR, Celerio) or premium hatch (like Baleno) — in the overall numbers.

The only segment that saw demand for even base (entry level) variants, is of the small or compact sports utility vehicles (SUVs) because of customers opting for the SUVs over any other segments.

"The SUV demand was at 11 per cent in 2017-18, went up to 11.2 per cent in 2018-19, 13 per cent in 2019-20, 16.4 per cent in 2020-21 and so far this year, it has already gone up to 21 per cent because of many new launches," he said.

Shift to mid-levels

Similarly, Tarun Garg, Director (Sales, Marketing and Service), HMIL, said the demand is shifting from entry level cars to at least the mid-levels.

"This shows that the Indian customer is definitely evolving. Very clearly, they don't want to compromise on the features in the new cars...even in the pre-owned cars space, they don't want to compromise and they want to go for quality products," he said.

Garg said the company does not have good traction for entry level cars like the Santro, but seeing good traction for cars starting from Nios to Aura to i20 or Venue and Creta in the premium categories.

One of the reasons why customers are opting for top-end trims is because manufacturers are launching products with high-end features and technologies, which the new-age customers want in their cars.

This was one of the reasons why Hyundai had launched a nationwide campaign called 'Beyond Mobility', reinstating the company's global vision of 'Progress for Humanity'— to help people understand and believe that tomorrow's hyper connected automobiles will not only have advanced technology power to their core, but also have intuitive features, greatly enrich their lives.

Luxury cars

In the luxury cars segment, market leader Mercedes-Benz India is seeing good traction of its performance-based cars —the AMG series and increased its AMG portfolio this year — which is contributing a lot to its overall sales now.

"Mercedes-Benz sales volumes in the first three quarters of 2021 has already crossed last year's volumes (7,893 units) and we are looking at a double-digit growth for the 2021 calendar year. We are positively optimistic for the fourth quarter, and will put in all the efforts to produce as many cars we can," Martin Schwenk, MD and CEO, Mercedes-Benz India, said.

He said the only set back is that the supply remains an issue. But, "the overall positivity in the business environment, an uptick in economic activities combined with an updated product portfolio have spurred customer interest this festival season," he added.

PRESS REPORTS
ON
TWO – THREE WHEELERS

The Economic Times 16th November 2021

HMSI Planning New Bikes to Take on Enfield

Co targeting sales of 3L units per annum in mid-weight segment in next 3 yrs: President

Premium Ride

HMSI currently has **2 products – CB350** and **CB350RS** – in mid-weight motorcycle segment

300 BigWing outlets it aims to have in next **3 yrs**, up from **70 now**

BigWing is its exclusive chain for retailing and servicing premium bikes

Royal Enfield's market share in the category during Apr-Oct 2021 was 88.6%, down 700 bps YoY

HMSI's share rose to 6.8% from 0.5% in the same period

Sharmistha.M@timesgroup.com

New Delhi: The country's second largest two-wheeler maker Honda Motorcycle & Scooter India (HMSI) is looking at introducing multiple products to take on Royal Enfield in the 250-500 cc or mid-weight motorcycle segment.

HMSI currently has two products — CB350 and CB350RS — in that space and the company is targeting sales of 300,000 units per annum in the category in the next three years with the new portfolio of locally produced mid-size motorcycles.

"Sooner or later we will also have our new line-up, with additional products (in our) portfolio. The number of models in mid CC segment will increase year by year. Surely (sales will go up to) to 3 lakh within three years. (That is) Our internal target," Atsushi Ogata, president, HMSI, told **ET** in an exclusive interaction.

To expand reach, HMSI, which currently has around 70 BigWing outlets — its exclusive chain for retailing and servicing premium bikes — will expand presence to 300 customer touchpoints in the next three years. The company is working at putting in place 100 BigWing outlets to cover top 50 UIO (units in operation) areas by the end of the ongoing financial year. HMSI aims to accelerate dealer expansion to cover the top 100 UIO areas in the next financial year. "Our sales teams are working hard to utilise existing BigWing dealers to consider the small branch concept in small towns as well. We have confidence to take BigWing touchpoints in the next 3 years to 300," informed Ogata.

According to the Society of Indian Automobile Manufacturers' data, as many as 276,365 motorcycles with engine capacity of 250-500 cc were sold in the local market in the first seven months of this financial year, which is an increase of 4.2% compared to the year-ago period. Overall sales of motorcycles declined 1% to 5,369,358 units in the same period.

With sales of 244,964 units, Royal Enfield commanded 88.6% share in the category between April and October 2021. However, the company's sales have been facing heat from competition with its market share falling 700 basis points over the year-ago period. Meanwhile, HMSI's share in the segment has increased to 6.8% compared to 0.5% in April-October FY21.

While HMSI's products are priced in ₹1.89-1.99 lakh range (ex-showroom, Delhi), Royal Enfield's entry model Bullet 350 is priced upwards of ₹1.38 lakh (ex-showroom). The company also has on offer BSVI-compliant versions of Classic 350 (priced upwards of ₹1.84 lakh), Himalayan (priced upwards of ₹2.10 lakh) and Meteor (priced upwards of ₹1.98 lakh) in the segment.

Business Standard
16th November 2021

Two-wheeler sales second lowest in 7 yrs

ENTRY-LEVEL SEGMENT HITS A ROADBLOCK

Volumes 2021 (yoy growth %)

	May	Jun	Jul	Aug	Sep	Oct
Economy (<110cc)	67	14	-2	-12	-15	-20
Executive (110-150cc)	19	-2	-13	-24	-28	-36
Premium (>150cc)	57	23	-2	-39	-40	-29
Scooters	-27	-10	10	-1	-7	-21
Mopeds	-45	-12	-16	-25	-11	-31
Total	26	4	-2	-15	-17	-25

Sources: CRISIL, Siam

SHALLY SETH MOHILE
Mumbai, 15 November

Domestic two-wheeler sales in India may have recovered marginally in the seven months to October of the current financial year, but are still in pandemic phase.

They are likely to end the year with a 3-6 per cent year-on-year decline, revealed CRISIL Research estimates.

In the seven months to October, volumes rose marginally to 8,059,237 units, from 8,037,492. This is the second lowest in seven years, according to the latest sales data (factory-gate despatches) from the Society of Indian Automobile Manufacturers.

A proxy for India's economic well-being, declining volumes shows not all is hunky-dory with one of the world's largest economies.

"There is a dual-income effect playing out, with the lower income class being impacted structurally. This has weighed on the sales of entry-level motorcycles (110cc to 125cc) that have seen significant slowdown," says Hemal N Thakkar, director, CRISIL Research.

This is pronounced even in other consumer-facing product categories, including housing, consumer durables, and passenger vehicles — those at the bottom of the income pyramid have tightened their purse strings amid economic distress unleashed by the pandemic.

On the contrary, the affluent class is splurging on pricier cars, motorcycles, and high-end products.

"The status of the two-wheeler industry is a reflection on the bottom half of the economy because two-wheelers are used by the lower middle class," Rakesh Sharma, executive director, Bajaj Auto, told investors after the company's Q2 earnings last month.

Two-wheeler manufacturers had been riding on the festival season for a sales turnaround, but the period turned out to be a dampener.

A total of 1.56 million two-wheelers got registered over the last 45 days (the whole of October and the first 15 days to November). These include the 30-day festival period starting from Navratri and ending with Bhai Dooj.

In 2020, 4 million units of two-wheelers got registered in October and November. Going by the current month's sales, if one were to extrapolate the full month's registration, the total number of registration of two-wheelers retailed will be close to 2.13 million units.

The slowdown seen in the segment is structural in nature and unlikely to be corrected anytime soon, says CRISIL's Thakkar. The estimated 3-6 per cent decline comes on an already low base of the last few years. It is only from 2022-23 that one can expect some growth, he adds.

Saddled with inventory, two-wheeler companies are now pinning their hopes on the upcoming wedding season. The season typically leads to a higher offtake of motorcycles and scooters.

Market leader Hero MotoCorp has a current inventory of five to six weeks, the company's management told investors in a post-earnings call on Saturday, conceding that the festival season hasn't been as good as last year's.

Impacted by the delayed monsoon and harvesting, the company's festival season sales declined in double digits. It is hopeful of making a recovery in the upcoming wedding season on the back of multiple positive indicators.

So, what is ailing the world's largest two-wheeler market?

This segment of the automotive market has been at the receiving end from every quarter — be it regulation on safety and insurance, skyrocketing fuel prices, a patchy and delayed monsoon, sluggish infrastructure projects in rural India, increase in prices or disruption caused by electric two-wheelers. Among other reasons, a sharp 25 per cent jump in prices of two-wheelers in the last few years has dissuaded buyers, particularly entry-level.

Others like Bajaj Auto, TVS, Eicher Motors' Royal Enfield have also been hiking prices to offset input-cost pressures.

More on business-standard.com

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 25th November 2021

Small CVs poised for big leap as last mile connectivity picks up

Driven by a boom in e-comm segment, a slew of launches are in the pipeline

G BALACHANDAR
Chennai, November 24

The small commercial vehicle (SCV) segment, which serves the last mile cargo transportation, is set to witness intense competition with numerous product launches in the pipeline as leading players seek to take advantage of favourable long-term growth potential in the segment, driven by e-commerce and associated intra-city consumption categories.

Quicker recovery

In the post-Covid era, small commercial vehicle segment (sub-3.5 tonne), which comprises mini-trucks [0-2 tonne GVW (gross vehicle weight)] and pick-ups (2-3 tonne GVW), reported quicker recovery than other categories and has been reporting significant growth, supported by boom in e-commerce business.

SCVs account for a major chunk of the LCV segment (below 8-tonne-goods) with more than 90 per cent share. The growth outlook remains bright due to increasing traction in the hub-and-spoke model and boom in intra-city goods movement.

For the April-September 2021 period, overall SCV volumes grew 35 per cent at 1.67 lakh units against 1.24 lakh units in the year-ago period. Of this, total mini-truck sales jumped 50 per cent at 66,656 units compared to 44,289 units in the year-ago period. Pick-ups grew 27 per cent at 167,428 units (123,607 units).

Positive prospects

"The growth prospects for the SCV market remain positive, supported largely by the requirement for last-mile transportation, which has been spurred further by the digitisation of sales channels leading to robust growth in the e-commerce segment. Additionally, over the past year-and-a-half, stable demand from rural and allied sectors has also been a positive factor supporting the demand for SCV segment," says Shamsher Dewan, Group Head and Vice-President - Corporate Sector Ratings, ICRA Ltd.

All three major players — Mahindra & Mahindra, Tata Motors and Ashok Leyland — which have a combined market share of about 94 per cent in the SCV segment, are chalking out aggressive product expansion plans with slew of new product introductions, including alternative fuel and electric variants, packed with new features.

While Mahindra is the leader in the pick-up segment, Tata Motors continues to dominate the mini-truck segment.

The growth prospects for the SCV market remain positive

Mahindra aims to consolidate its position with 17 new launches (including passenger models) by 2026.

"Eight of them will be electric. Also, there will be CNG options in 12 products. A lot of these products are underway already and a new pickup range will come starting from early next year, while the company is working on some new platforms. We will have a very exciting product portfolio in the last mile mobility," Rajesh Jejurikar, Executive Director - Auto & Farm Sectors, Mahindra & Mahindra, said during a recent earnings' call.

M&M's proposed strategy will also include some new platforms for strengthening its position in the lower tonnage mini-truck segment, where the company is relatively weak.

Market share

With a revamped strategy, Tata Motors improved its market share in the SCV market to 39.3 per cent from 37.9 per cent in FY20. Its product and distribution-led strategy targeting each sub-segment has helped the company recover lost market share.

Its new intra range for small pick-ups and Yoddha brand for the large pick-up category are expected to help strengthen the company's presence. "We are planning an electric model for the last mile and intra-city applications, supported by a right ecosystem," said Girish Wagh, Executive Director, Tata Motors.

Pick-up category

Ashok Leyland has been focusing only on the pick-up category with its 'Dost' vehicle. Its launch of Bada Dost for the large pick-up category last year has brought in incremental volumes for the company and thereby increasing its market share. It seeks to further strengthen its presence with alternative fuel and electric variants.

Business Line 18th November 2021

CV industry poised for growth; worst is over, says Tata Motors' Girish Wagh

Infrastructure push, e-commerce and rural demand to drive growth

AYUSHI KAR

Mumbai, November 17

The commercial vehicle industry, which faced major headwinds in the past two years, is poised for growth, according to Girish Wagh, Executive Director, Tata Motors.

While the major headwinds for the recovery for the industry remain, and these include rise in commodity and fuel prices, but Wagh believes that the worst is over.

The industry is expected to witness strong growth driven by infrastructure push, e-commerce growth and rural demand. The bus segment still fares poorly, with not much demand from schools, staffing transport, state transportation units and touring services, he said at a media round table on Wednesday.

The commercial vehicle segment went through a major downturn during the peak Covid-19 pandemic, according to Wagh.

While the rest of the world saw, approximately 1 per cent degrowth in the CV industry on account of the pandemic, India was much worse, with the industry shrinking 50 per cent during FY20 and FY21. The CV industry touched decadal lows with the middle to heavy segment seeing degrowth of 60 per cent falling back to FY03 levels. Even now, as the industry commences recovery, the growth is dampened by commodity inflation and other major factors.

Global factors

"Since it is the global economic factors that are causing the commodity inflation, the situation is very unique," Wagh explained. Rising fuel prices have led to CNG's prominence, with Tata Motors seeing a 40 per cent conversion to CNG utilisation, amongst transporters using intermediate and light commercial vehicles.

"The uptick in CNG is particularly high in cities with good gas infrastructure," Wagh explained. Tata Motors, which saw 40 per cent growth in the CV space during the first half of the 2022 fiscal year, expects another 20 per cent growth by the end of the fiscal. "Although starting from a low base....improving GDP and other economic conditions augur well for growth," said Wagh.

Girish Wagh, Executive Director, Tata Motors

Gains market share

Tata Motors has gained market share during the first half of the 2022 fiscal in all four product segments and overall business, compared to FY21. According to SIAM reports, for the medium and heavy commercial vehicle segment, the gain was 3.6 per cent, for intermediate and light commercial vehicle segment it was 2.4 per cent, passenger commercial vehicle segment saw 2.9 per cent while small commercial vehicle and pick-up segment saw a gain of 1.6 per cent.

While the commercial vehicle segment has largely remained unscathed by the semiconductor shortage, due to low demand volumes, Wagh said the small commercial vehicle segment faced chip shortage. The issue remains a cause for concern. "We have taken steps to de-risk against chip shortage, which include reducing our dependency on a single chip, seeking alternative fuel options etc," Wagh added.

Low-profit margins for freight operators, retail CV customers facing difficulty in getting loans from financers, who faced a long period of defaults during the second wave, have also slowed down recovery for Tata Motors.

Business agility plan

Amidst this, Tata Motors has been guided by a dynamic business agility plan. This includes generating demand through network interventions – setting up smaller dealerships with lower break-even points, partnerships with financers, including the State Bank of India, and bundling value-added services such as uptime guarantee and fuel management programmes. In light of the high commodity prices, Tata Motors has also increased prices by 1-2.5 per cent for five consecutive quarters.

Tata Motors is also focusing on new product launches, including CVs as well as new last-mile EVs that will be unveiled soon for intra-city cargo applications.

Business Standard 18th November 2021

Eye on cargo segment, TaMo to launch commercial EV

SHALLY SETH MOHILE
Mumbai, 17 November

Encouraged by the demand for electric vehicles in the last-mile delivery segment, Tata Motors will be launching an EV model for the segment soon. It is working with e-commerce companies to understand their requirements with regards to range and performance, said Girish Wagh, executive director, commercial vehicle business unit, Tata Motors.

Also in the works is a pure electric platform for the cargo segment, he said.

"With increasing awareness of EVs, there is a good pull for EVs offering in the last-mile delivery segment. We have studied the sector in detail and are looking to deliver a solution and not just a vehicle. While the launch is still some months away, we are already working with some end-users to understand their needs," Wagh told reporters at a round table conference on Wednesday.

Rival Ashok Leyland, too, has plans to launch EV offerings in the last mile delivery segment. Its EV arm, Switch Mobility, will be launching its first electric light commercial vehicle (e-LCV) in India by the end of December; it has secured 2,000 orders. The group has plans to invest $150-200 million in the EV space in the next few years.

Meanwhile, with improved availability of CNG and high diesel prices, Tata Motors — the commercial vehicle market leader — has seen demand for CNG-powered vehicles go up substantially in the segments between 5 tonne to 16 tonne. It now accounts for 41 per cent of total sales.

"There is a dying need for CNG vehicles. If CNG availability is not an issue in an area, people are moving towards it — lock stock and barrel," said Wagh. Allocation of gas for transportation has improved substantially and this, in turn, will improve CNG penetration in the country.

Commenting on the overall commercial vehicle market he said, even as the sector is seeing a rapid recovery every quarter, overall fleet utilisation for transporters is still to catch up with the 2018-19 levels. "CV is a cyclical industry but this time, both amplitude and duration have been greater when compared with the previous cycles. Thankfully, we have scratched the bottom and are on a recovery path," said Wagh.

On a low base of the past two years, the commercial vehicle market leader expects the CV industry to grow by over 20 per cent YoY. This is based on the GDP growth estimate of 9 per cent for the current financial year. In the first half of the current year, the CV market advanced 44 per cent YoY.

Even as one is encouraged by the recovery, demand is being led by additional buyers, and replacement demand constitutes a small percentage of the overall sales.

Also, retail buyers (those owning less than 10 trucks) who account for almost half the total sales remain cautious. "Hit by the high level of delinquency, lenders are still wary of extending credit to the retail buyers," said Wagh.

BUMPY RIDE

- The firm sees CV market to end the year with over 20% growth
- Retail buyers still wary of new purchases
- Fleet utilisation for transporters still to catch up with FY19 levels

The Economic Times 16th November 2021

'With Core Sector Doing Well, CV Sales Set to Rise'

Our Bureau

Mumbai: Commercial vehicles major Ashok Leyland said that with the economy improving and core sector businesses doing well, commercial vehicle sales will improve after a protracted poor performance. The company also said that it was talking to investors to raise funds for its UK-based electric vehicles (EV) arm Switch Mobility, which will be handling the group's EV business.

"All the ingredients are starting to fall into place," Vipin Sondhi, the managing director of Ashok Leyland, said on Monday. "The "ingredients" that will aid demand recovery include the improving economic activity in the country, higher fleet utilisation for transporters, better availability of financing and a scrappage policy that makes older vehicles costlier to run," he said.

The company has sold 41,866 vehicles between April and September this year, almost twice of what it sold in corresponding period last year. However, sales were a third less than what they were pre-Covid. Lower sales meant that the company has reported consolidated losses for the first half of the ongoing financial year.

"The losses are happening because volumes are still not fully [recovered]," said Gopal Mahadevan, the chief financial officer at Ashok Leyland. "So as things open up and the volume starts to grow, you will see that commercial vehicle manufacturers will become more profitable."

Extremely low bus sales since the onset of Covid-19 also impacted the business of the Chennai-based company. Experts expect bus sales to improve slowly once offices and education institutions open with higher vaccination.

To be sure, CV makers across the board in the preceding quarter pointed to signs of demand recovery. However, sales have been slow to take off. Ashok Leyland was also talking to investors to raise capital for its EV arm Switch, according to Sondhi.

VIPIN SONDHI, MD, ASHOK LEYLAND

PRESS REPORTS
ON
PASSENGER CARS

The Economic Times 30th November 2021

PV Sector Stares at Huge Production, Revenue Loss on Global Chip Shortage

Industry may suffer production loss of up to 6L units, take a revenue hit of over $5b, say execs

Ketan Thakkar & Ashutosh R Shyam

Mumbai: India's passenger vehicle industry is set to lose 500,000-600,000 units in production and more than $5 billion in revenue this fiscal year due to the global shortage of semiconductors, say industry executives.

Since the beginning of the financial year in April, automakers have suffered a production loss of 300,000-350,000 units till the end of October because of the shortage of the microchips that are a key component in new-age vehicles. The production loss also resulted in an abysmal festive season for the industry.

While the supply scenario for chips has become better now, with Malaysia resuming supplies as the Covid situation in that country has improved, vehicle makers are still expected to lose 250,000-300,000 units in the second half of this fiscal year 2022, say industry experts. Market leader Maruti Suzuki is set to lose about 20% of its annual output, or 310,000 units, this fiscal year, resulting in a revenue loss of $2.2 billion (based on the net realisation of the September 2021 quarter). The rest of the market is set to incur a similar loss in revenue though the volume loss may be marginally lower.

Suzuki Motor, the Japanese parent of the Indian market leader, has guided investors that it is set to lose 370,000 units outside of Japan, Credit Suisse said in note released on Monday. According to Swiss brokerage, 85% of this volume loss will be for Indian operations.

Maruti Suzuki had stated that the company had lost 116,000 units in the fiscal second quarter due to the shortage of chips. Going by the global guidance, the impact is going to be almost double at 200,000 units in the second half of fiscal year, even as the November output was expected to be 85% of its normal monthly production.

Suzuki Motor, in its volume forecast after the second-quarter earnings, has considered a 6% YoY volume decline for Indian operation to compute its volume forecast for automobiles, compared with 11% growth in the previous quarter. Maruti Suzuki had produced 867,000 units between April and October 2021, according to the company's filings with stock exchanges. Its monthly average production was 109,000 vehicles during the August-October period.

Parent Suzuki's volume guidance assumes that the level of production loss in October 2021 would continue for the rest of the year.

In an emailed response to **ET**'s questions, a Maruti Suzuki spokesperson said: "We don't think a limited-period impact of semiconductor shortage, just like Covid-related disruptions, should be of medium/long term consequence to the business or its stakeholders."

During the peak festive months of September and October, the car industry output was down 25-40% with production slipping below 200,000 units in September. Though the output improved to 250,000 units in October, it was still way short of the production of 340,000 units a year earlier.

The industry output was pulled down mainly by the drop in volume at Maruti Suzuki. The maker of the Swift and Dzire operated factories at 40% and 60% capacity in September and October due to the chip shortage, as Malaysia shut its factories due to the Covid pandemic.

M&M suffered a production loss of around 32,000 units in the September quarter due to the chip shortage. As a result, the auto industry was sitting on its lowest inventory, enough to meet less than two weeks' deliveries, ahead of peak festivities as against usual six weeks. As the season concluded, the industry had over half a million customers waiting for the cars and SUVs they had booked.

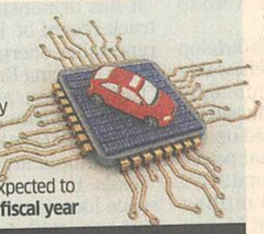
Slowing Down

Since beginning of fiscal in Apr, automakers have suffered **production loss of 300k-350k units** till end-Oct because of chip shortage

Production loss also resulted in abysmal festive season for industry

While supply scenario for chips has become better now, with **Malaysia** resuming supplies, vehicle makers still expected to lose **250k-300k units** in **2nd half** of this **fiscal year**

Market leader **Maruti Suzuki** set to lose about **20%** of annual output, or **310k units**, this fiscal, resulting in **revenue loss** of **$2.2 b**



PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Line 2nd November 2021

New start-ups power up electric 2-wheeler boom

Centre's policy push, Ola-created market buzz lead the EV charge

SHALLY SETH MOHILE & SHINE JACOB
Mumbai/Chennai, 29 November

Skyrocketing fuel prices have come as a blessing in disguise for electric two-wheeler manufacturers, in addition to government subsidies.

Most manufacturers have seen demand outstrip supply, prompting them to undertake expansion sooner than they had planned.

On Monday, Ather Energy said it has commissioned its second plant, given that the current one in Hosur — with an installed capacity to 120,000 units per annum — has reached optimal capacity within 10 months of starting production. The Hero MotoCorp-backed company has seen demand quadrupling in the past seven months.

"Customers expect electric scooters to wow them. This customer expectation is driving demand for the 450 Series — the 450X and the 450 Plus," says Tarun Mehta, co-Founder and chief executive officer (CEO), Ather Energy.

The world's largest internal combustion engine-powered market for scooters and motorcycles — that account for 70 per cent of local gasoline consumption — is seeing rapid shift to battery-powered two-wheelers.

The surge in demand is prompting research firms to revise upwards their electric two-wheeler forecasts.

Nomura Research, for instance, expects the segment to have more than 30 per cent contribution in the overall two-wheeler market by 2030.

"Whether it is Ather Energy or anyone else, manufacturers are going to consider ramping-up their production volumes simply because of a lower base. All of them, barring Ola Electric, started operations on a low base," says Harshvardhan Sharma, head-automotive retail practice, Nomura Research.

Moreover, due to the government's policy push and Ola-created market buzz, electric two-wheelers have come into the consumer's consideration set, he adds.

"Others, too, will gain from this movement. Therefore, it would be prudent to revise the electric two-wheeler forecast, particularly in the wake of the semiconductor shortage easing. We are still working on the revised forecast," said Sharma.

Ather's new plant is expected to go onstream next year. It will have an installed capacity to make 400,000 units. To fuel expansion plans, Ather has outlined an investment of ₹650 crore in the next five years. It has been registering 20 per cent month-on-month sales growth since November 2020.

The sector is led by Hero Electric, which for the first time sold more than 50,000 units in the seven months to October. It plans to add a capacity of 1 million units every year for the next five years to ride the electric mobility wave.

Others, too, are ramping up faster than they had anticipated.

Coimbatore-based Boom Motors commenced bookings for its electric bike Corbett on November 12. Within a span of 17 days, it got 36,000 pre-orders for the brand, forcing the company to sign a memorandum of understanding with the Tamil Nadu (TN) government to start a new factory in Coimbatore to meet rising demand. Boom is even getting export queries from markets like Bangladesh, Nepal, South Africa, and Turkey.

"This sudden rise in demand happened in the last nine months," says Anirudh Narayanan, CEO, Boom Motors.

Others, too, aren't leaving anything to chance.

Last week, Greaves Cotton inaugurated a new electric vehicle (EV) production facility at Ranipet in TN, which has a capacity to make 1 million electric two-wheelers a year. "Some of our models have an eight-week-long waiting period," says Nagesh Basavanhalli, managing director, Greaves Cotton.

"Since, the introduction of subsidies, we have seen a lot of traction. The demand is solid; the finances are improving. Most importantly, the biggest limitation for EVs till recently was awareness and range. Both have improved significantly since the past two quarters," adds Basavanhalli. Encouraged, there are more start-ups looking to ride the EV boom.

Suhas Rajkumar, founder and CEO, Simple Energy, says since the unveiling of its flagship electric scooter Simple One, the company has received "overwhelming response" from customers. The firm is currently focused on the pre-production phase. It has received 30,000-plus pre-bookings to date and will go into production next year.

Electric scooter rental start-up Bounce is entering the space as well. Co-founder and CEO Vivekananda Hallekere says the start-up has outlined ₹742 crore over the next 12 months across manufacturing of electric scooters and is expanding the battery-swapping infrastructure.

"We will unveil our first electric scooter on December 2 and commence deliveries by February next year," says Hallekere.

Its factory in Bhiwadi, Rajasthan, has a production capacity of 180,000 scooters per year, he adds. Vadodara-based EV maker Wardwizard Innovations & Mobility is also planning to launch its home-grown scooters in 2021-22.

SMOOTH RIDE

Ather Energy
- **₹650 cr** Planned investment over next 5 years
- **400,000 units** Capacity at firm's 2nd manufacturing unit
- **20%** month-on-month growth since Nov 2020
- **4X** growth in vehicle booking in first 7 months of FY22

Greaves Electric Mobility
- **₹700 cr** Investment for E-mobility
- **120,000 units** expected capacity at newly established unit in Ranipet by FY22-end
- **35 acre plant** to produce EVs for domestic and export markets

Boom Motors
- **100,000 units** per annum in the new facility
- **36000 units** preorders in 17 days for Corbett
- **9,000 units** monthly production targets by April 2022 from 1,000 now

Business Standard 18th November 2021

Ashok Leyland charts a global EV path

Plans to expand business to Europe, Africa, Southeast Asia, West Asia and Japan; draws roadmap to come up with end-to-end zero carbon mobility

SHINE JACOB
Chennai, 17 November

By roping in Hinduja Renewables, Ashok Leyland is trying to ensure the availability of solar power for its EVs in the long run. (*Pictured*) Dheeraj Hinduja

DRIVING THE CHANGE

309 units: EV bus sales in Q2 2021 from around 300 units in Q2 last fiscal

87 units: Sales in October

Major players: Tata Motors, JBM Auto, Olectra, Ashok Leyland, PMI

6,265 units: Buses sanctioned by Ministry of Heavy Industries for 65 cities

- Number of electric buses in India increased nine-fold from 2018 to now
- In cargo segment, the rise was over three-fold from 2018

Source: Govt of India & JMK research

This month, two third-generation members of the Hinduja family — cousins Dheeraj Hinduja and Shom Ashok Hinduja — joined hands to take forward Ashok Leyland's ambitious journey on electric vehicles (EVs).

Shom, son of Ashok Hinduja (the youngest of four brothers), was inducted into the board of the Chennai-based commercial vehicles (CV) major headed by Dheeraj, son of Gopichand Hinduja (Ashok Hinduja's brother). Shom is also in charge of the group's renewable business. By roping in his Hinduja Renewables, Ashok Leyland is trying to ensure the availability of solar power for its EVs in the long run and, thereby, becoming an end-to-end zero carbon mobility provider.

Along with this, the board also cleared the transfer of Ashok Leyland's EV business to its step-down subsidiary, Switch Mobility Automotive (Switch), for ₹240 crore on a slump-sale basis. Through this, Switch — a combined entity of Ashok Leyland's electric CV operations and the former bus manufacturer Optare of the UK — will act as a separate OEM (original equipment manufacturer) focusing on buses and commercial vehicles in the EV space.

Switch EVs marked their presence at the COP26 summit in Glasgow as a feeder for delegates, showcasing the double-decker EV buses. Switch is also scouting for strategic and financial investors to raise funds for expansion.

All this points to the business house's global game plan under the Switch brand, headquartered in London. The Indian flagship company first evinced an interest in the EV space in 2013 by acquiring British busmaker Optare Plc. The company already has expertise in the arena, having supplied over 400 vehicles in India. What may be advantageous for the company is the fact that the sector is still in its nascent stage.

Based on government data, EVs operational in the medium and heavy passenger vehicle category have increased from 124 in 2018 to 1,356 now. The number of electric vehicles registered for transport of cargo has increased from 6,246 in 2018 to 27,645 in 2021. The government is also set to come up with over 6,200 EV buses in 65 cities in the near term, which in itself is considered to be around ₹8,000 crore of business for players in the segment.

"In the UK, they are better placed because of Optare. In India, they have won very few orders compared to others. They are playing a global game"

On Tuesday, Switch had announced that it will be supplying and operating around 300 (12-metre electric buses) for the Bengaluru Metropolitan Transport Corporation.

"There is huge potential for OEMs in terms of public transport as EVs will become mainstream in the next three to five years. Here is a win-win situation for state transport utilities and OEMs. The operating cost of EVs is very low. If you run for long years, capital investment will get paid off," said Mahesh Babu, chief executive officer, India and COO, Switch Mobility. The per km cost of EV buses is ₹48-50 against ₹70-90 for compressed natural gas and ₹100 for diesel, according to industry experts.

Babu said this global game plan will start with an aggressive foray into the Europe market through Spain and later expand to other parts of Europe, Asia, Africa, Southeast Asia (except China), West Asia and Japan. In addition to a manufacturing facility in Leeds, it is exploring opportunities for manufacturing in Europe.

Switch will also be launching its first electric light commercial vehicle (e-LCV) within the next 12 months. When in full swing, Switch wants to make use of the dealership network and service touch points of Ashok Leyland. In addition, a subsidiary of Switch called Ohm Global Mobility is also on track in the eMaaS (e-mobility as a service) space, and will look at the operational side, including maintenance, installation of charging points at depots and other on-ground work.

But the India ride may be bumpy. "In Mumbai and Delhi, buses are already going electric. In that sense, Ashok Leyland is already a little late in India compared to its competitors like Tata Motors, Olectra and JBM Auto," said a Mumbai-based analyst, on condition of anonymity, adding, "In the UK, they are better placed because of Optare. In India, they have won very few orders compared to others. They are playing a global game."

In fact, market shares for second quarter of FY22 are not that encouraging for the company: JBM Auto accounts for 50 per cent, Tata Motors 35 per cent, and Olectra, with just 7 per cent, trails Haryana-based PMI at 8 per cent, according to data available with JMK Research, a consultancy firm that focuses on renewables, EVs, and battery storage. "This is because of bulk orders and on an annual basis, we have better numbers," Babu added.

To cope with this, the company is planning to invest $150-200 million in the EV space in the next few years. Gopal Mahadevan, whole-time director and chief financial officer of Ashok Leyland, said last week that Switch is in talks with multiple players for strategic and financial investors. This comes close on the heels of Tata Motors closing a deal to raise ₹7,500 crore from TPG Rise Climate and Abu Dhabi's ADQ for 11-15 per cent stake in its EV subsidiary, which is considered as the first major fundraising by an Indian carmaker in EV space.

In July end, US-based drivetrain-maker Dana had picked up 1 per cent stake in Switch for $18 million. "This is minuscule compared to the Tata Motors stake sale. The real value of Switch can be assessed once they rope in partners for a larger stake of 10-15 per cent," the analyst from Mumbai said. "In India, they may be on slow pace, but it is ultimately a global race."

The Economic Times 22nd November 2021

Watch Out Tesla, Apple Car's Coming

If Apple enters the mobility market, it could be a "clear negative" for carmakers, says report

Bloomberg

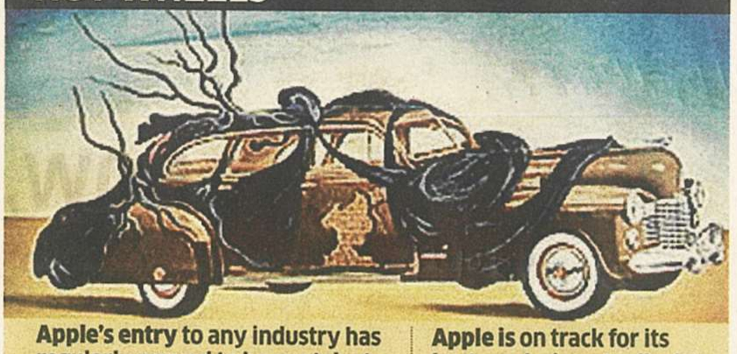
Apple venturing into cars might shake up the electric vehicles market in the same way the iPhone revolutionised the mobile communications industry in 2007. So says Morgan Stanley.

The world's biggest company by market value plans to launch a car with full self-driving capabilities by 2025, Bloomberg News reported. The $10 trillion global mobility market is up for grabs and if Apple enters the space, it could be a "clear negative" for carmakers such as, Ford Motor and Tesla, Morgan Stanley autos analyst Adam Jonas wrote in a note. Apple shares rose nearly 3% to a fresh all-time high on Thursday, wrestling back its crown as the world's most-valuable listed company from Microsoft. The stock extended gains on Friday, rising as much as 0.7%. Even if the firm were to take just a 4% share of the global mobility market, Morgan Stanley sees its revenue base doubling as a result. And there's more: If cars can drive themselves, people could use time otherwise spent at the wheel on their iPhones.

KATY HUBERTY
Tech Analyst, Morgan Stanley

Our experience suggests an even greater bias to the upside on autonomous vehicles adoption within a few years of an Apple Car launch

HOT WHEELS



Apple's entry to any industry has regularly proved to be a catalyst in scaling up new technologies

Apple is on track for its best week since April with a 5.6% advance

SALVADOR DALI, *The Special Automobile*

Apple's entry to any industry has regularly proved to be a catalyst in scaling up new technologies. "Our experience suggests an even greater bias to the upside on autonomous vehicles adoption within a few years of an Apple Car launch," Morgan Stanley technology analyst Katy Huberty wrote in a separate note.

HOLIDAY SEASON LOOMS

While computer-driven cars are still some way off, the holiday shopping season is about to start. Recent gains in Apple and Amazon.com Inc. shares suggest investors are more optimistic that the companies can overcome supply chain snags in the most important retail quarter of the year.

Business Line 18th November 2021

E-2W market will see big surge in sales on lower cost of ownership: BCG report

Demand to be driven by B2C, B2B segments

G BALACHANDAR

Chennai, November 17

The Indian electric two-wheeler (E2W) market, though in nascent stage now, is well-positioned to explode in the next 5-7 years by a push from both demand and supply sides. E2Ws may account for 20-25 per cent of the total two-wheeler volumes by then, says a Boston Consulting Group report.

Innovation, activity

The electric 2-wheeler (E2W) market in the country is fast emerging as a new space for innovation and activity. It is abuzz with excitement as old and new players are introducing new forms of technology, distribution, and customer service every day.

Sales of high-speed E2W in the first half of FY22 have already surpassed the sales achieved in FY21 (about 145,000 units).

On a conservative estimate, the market may reach at

least 2.5-3 million units by FY25 and 6-8 million by FY30, translating into 20-25 per cent penetration of the overall 2-wheeler industry. Most of this demand will come from the metro and urban regions.

Govt push

But, with the right push from the government and compelling initiatives from players, the market can potentially expand beyond these estimates and subsequently comprise nearly 50 per cent of the 2-wheeler market.

The expected expansion of the E2W market will be accompanied by shifts in models of distribution, models of ownership, models of monetisation, and models of customer segmentation. While some disruptions will be driven by OEMs, others will come from new players who will offer unique propositions to carve a niche for themselves, it said.

The demand for E2Ws will be driven by both the B2C (business to consumer) and B2B (business to business) segments. B2C demand will stem from consumers using vehicles for intra-city travel. B2B demand, on the other hand, will be majorly from e-commerce platforms, aggregators, courier services, etc., and others as they shift their fleet to E2Ws to leverage the better economics.

e-scooters dominate

While the market will continue to be dominated by e-scooters, the nature of these scooters will shift drastically.

Though high upfront cost and uncertainty on residual value has impacted the attractiveness of E2Ws, demand for E2Ws will come from its lower Total Cost of Ownership (TCO) compared to ICE 2-wheelers. Even if we remove residual value, E2Ws fare at par with ICE 2Ws, if not better, from a TCO lens, the report said.

Business Standard 26th November 2021

E-bike Corbett creates a boom with 30K pre-orders in 14 days

SHINE JACOB

Chennai, 25 November

At a time when Ola is stealing the show in the electric two-wheeler space, Tamil Nadu-based Boom Motors is creating waves in tier 2 and 3 markets by getting 30,000 pre-orders worth ₹330 crore within a fortnight since bookings started for its bike brand Corbett.

The company has tied up with TVS Group's Ki Mobility Solutions for its after-market service.

It has also signed a memorandum of understanding with the Government of Tamil Nadu this week to set up a new unit in Coimbatore.

It was on November 12 that the company started bookings for Boom Corbett — it can hit a top-speed of 75 kilometre per

Boom has tied up with TVS Group's Ki Mobility for after-market service

hour with the two-battery option and support 200-kilo loading. The company is set to start its first delivery this week for some business-to-business customers. "We have so far received 30,000 pre-orders that may bring in ₹330 crore revenue for the company. More than 60 per cent of these orders are from tier 2 and 3 cities like Coimbatore, Kanchipuram, Chittoor, Ernakulam, Mysuru, and Visakhapatnam," said Anirudh Narayanan, chief executive officer, Boom Motors.

The tie-up with Ki Mobility Solutions, a part of TVS Automobile Solutions, will ensure customers get access to a wide service network across 250-plus towns for service, insurance, roadside assistance, charging stations, and spare parts availability.

Ki Mobility Solutions, through myTVS, is associated with 2,500 garages across the country.

It is India's first full-stack online-to-offline digital platform that operates the myTVS brand. It has started training 500 technicians across the country to service electric vehicles.

Business Line 26th November 2021

BMW India to roll out three electric cars in 180 days

S RONENDRA SINGH
New Delhi, November 25

BMW Group India on Thursday said it is taking the next major step in its product offering with pure-electric mobility and will launch products in the next 180 days. This includes the BMW iX in 30 days, Mini Electric in 90 days and BMW i4 in 180 days.

Recyclable materials

The company will deliver on its commitment to sustainability making comprehensive use of natural and recyclable materials and they will be produced with 100 per cent green electricity with no use of rare earth metals or raw materials from deep-sea mining, Vikram Pawah, President and Chief Executive Officer, BMG Group India, told *BusinessLine*.

"You will see a lot of customer oriented technology, we are calling as 'Shy Tech' (or stealth technology) which is basically, the features are there but they are not visible, they are visible when you want them to be. Basically all those things are sitting there but they are not intruding in your eyes, not in the way you interact with the car, but they are right there when you need them," Pawah said in an interview.

Vikram Pawah, President and CEO, BMG Group India

Shy Tech in BMW iX

For instance, Shy Tech in the BMW iX will include intelligence panel in the BMW kidney grille with integrated sensors, camera and radar tech; proximity sensors integrated discreetly into the black body edging at the front and rear; flush-fitted door openers; filler neck for windscreen washer fluid under front BMW logo; and rear-view camera with cleaning system integrated into rear BMW badge.

The iX is the first BMW vehicle without any numerals in its model designation. The "iX" stands for the first BMW electric all-wheel drive vehicle (SAV – Sports Activity Vehicle), he said adding the BMW iX is the BMW Group's new technology flagship. Though the cars will be imported as completely built units (CBUs), they will be high on technology and no compromise on safety, he said.

Latest technologies

"Our policy has been to locally produce for local consumption and that is why we set up our plant 15 years ago when we set up the capacities for catering to India. We localise more than 50 per cent of content in our local productions. What we are looking at is some kind of mechanism where you can bring these technologies much earlier before the demand picks up, with this rapidly changing technology right now," he said.

Need govt support

Pawah said the idea is to leapfrog India into the latest technologies with more products so that companies can make them locally in near future and for that need some support from the government as well – may be a short window of some rebate on the taxes.

The Economic Times 22nd November 2021

Ola Defers its Scooter Delivery to Dec 2nd Half

Cites global chip shortages as reason for delay

Alnoor.Peermohamed
@timesgroup.com

Bengaluru: Ola Electric has yet again pushed back delivery timelines for its electric scooters, informing customers who have booked the vehicles that it would begin deliveries only in the second half of December owing to the global chip and electronics shortages.

The company had until recently maintained that it would begin deliveries of its S1 and S1 Pro e-scooters later in November. This was already a month behind the delivery schedule that Ola Electric had indicated to prospective buyers when it opened a two-day window for booking in mid-September.

"Due to the ongoing global shortage of chipsets and electronic parts, there are some unavoidable delays to your Ola S1 delivery," Ola Electric said in an email to a customer. "We apologise for this delay and assure you that we are ramping up production as fast as we can so you can get your Ola S1 at the earliest."

ET has reviewed a copy of the email. A company spokesperson attributed the latest delay to continuing global chip shortages that have plagued several OEMs in India and elsewhere.

The earliest delivery timelines for the S1 and S1 Pro will now be December 15-31, the company indicated in its email to customers even as it drums up more hype around its vehicles, offering test rides in nine cities including Bengaluru, Mumbai and Delhi, and promising to expand availability of test rides to customers in 1,000 cities by December 15. "This is the largest ever direct-to-consumer experience initiative in the history of Indian automotive retail," Ola said in its mail. "We want to make test rides available to all customers as soon as possible and hence are prioritising allocation of the scooters we produce over the next few weeks for enabling test rides in 1,000+ cities across India."

Two persons who have paid over ₹20,000 to book the Ola Electric scooters told ET that they did not feel confident that the company would adhere to its revised delivery timeline. One of them said it is disconcerting that the company wants to prioritise its limited supplies to give test rides to prospective buyers rather than speed up deliveries to those who have paid it hard cash.

Both persons declined to go on record for fear of their booking getting cancelled or delayed further.

The company has assured customers that the amount paid for booking, or even the full amount paid, is fully refundable until it actually delivers the vehicle.

Ola is also working to iron out bugs in early production versions of S1 and S1 Pro, with multiple people and publications that test rode the scooters reporting complaining about buggy software, overheating issues, a laggy throttle, and lack of some promised features. The company has said these issues will be rectified before deliveries begin.

Set Back

Ola had said earlier that it would begin deliveries of the e-scooters later in November

Now, the earliest delivery timelines for the e-scooters will be December 15-31

COMPANY'S ASSURANCE

Amount paid for booking, or even full amount paid, is fully refundable until it actually delivers the vehicle

PRESS REPORTS
ON
COMPANY NEWS

Business Line 19th November 2021

Japan's Kubota acquires additional 5.9% stake in Escorts for ₹1,873 crore

Analysts see the deal as a winning combination

OUR BUREAU

New Delhi, November 18

Farm equipments manufacturer Escorts on Thursday said its Japanese partner Kubota Corporation will acquire an additional 5.9 per cent stake in it for ₹1,872.74 crore, taking the total holding to 14.99 per cent and becoming a joint promoter.

Escorts will issue 93.64 lakh equity shares through a preferential issue to Kubota at an issue price of ₹2,000 per equity share, aggregating ₹1,872.74 crore, subject to shareholders' and necessary regulatory approvals, said a company statement. Kubota had 9.09 per cent in Escorts earlier.

Open offer

"Kubota will also make an open offer to the public shareholders of Escorts to acquire up to 26 per cent of the share capital in accordance with SEBI regulations...the Board accorded its approval to change the name of the company from "Escorts Limited" to "Escorts Kubota Limited" or any other name containing the trade names "Escorts" and "Kubota" as may be approved by the Central Registration Centre (CRC), RoC and other regulatory authorities," the statement said.

Nikhil Nanda, CMD, Escorts

Escorts further said its board has also approved entering into or continuing to enter into related party transactions for a period of five years with Kubota or relevant subsidiaries subject to an aggregate limit of ₹4,500 crore per annum under mutually-agreed terms and conditions.

As part of the agreement, the two companies have also decided to take necessary steps to evaluate and consider the feasibility of merger of Kubota's subsidiaries in India— Kubota Agricultural Machinery India (KAI) and Escorts Kubota India — into Escorts, subject to necessary approvals, it said.

"This will enable both companies to enhance the value they have created by leveraging each other's strengths — be it in technology, market access, manufacturing processes or engineering excellence. With this, Escorts is positioned to become an institution that will serve Indian and global farmers for decades and centuries," Nikhil Nanda, Chairman and Managing Director, Escorts, said.

Kubota Corporation will become a joint promoter along with the Escorts existing promoter Nanda family, who are not selling any shares of the company. The current promoters of the company hold a 36.59 per cent stake in Escorts.

The statement said that Kubota also intends to have Nanda engaged in his individual capacity as a non-employee with the proposed designation of Senior Managing Executive officer and General Manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations of Kubota.

Besides, there is a proposal to induct him as a Director on the Board of Kubota's European business holding company, Kubota Holdings Europe BV Netherlands.

'Positive development'

According to analysts, the deal is a positive development for Escorts.

"With Kubota's knowhow in the farm equipment, mechanisation and construction equipment space, we see this as a winning combination and shall expand the product offerings at Escorts. It shall also entail greater sourcing by Kubota from its Indian arm for its other global markets," Shashank Kanodia, Research Analyst at ICICIdirect, said.

Shares of Escorts closed at ₹1,802.90 apiece on the BSE on Thursday, up 10.60 per cent from the previous close.

Business Line 16th November 2021

Ashok Leyland looking for investors for EV arm Switch Mobility

Plans to launch CNG models to take on competition

G BALACHANDAR

Chennai, November 15

Leading truck and bus maker Ashok Leyland (AL) is scouting for 'right investors' for its electric vehicle arm. The company had earlier indicated that EV business should raise its capital/funds independently either through debt or equity.

"The Switch Mobility Management team is in talks with some investors and the company is looking for right investors — both strategic and financial — as the EV initiative of AL is going to be very, very crucial. We are looking at investors in Switch for the development of new products and technologies for electric buses and LCVs not just for India but also for global markets," said Gopal Mahadevan, Whole-Time Director & Chief Financial Officer of Ashok Leyland.

In July, Ashok Leyland's EV arm Switch Mobility attracted $18 million from Dana, the UK-based drivetrain and e-propulsion system supplier.

Gopal Mahadevan, Whole-Time Director & CFO, Ashok Leyland

New CNG launches

Meanwhile, Ashok Leyland plans new CNG vehicle launches in the ICV (intermediate commercial vehicle). Though the company managed to maintain its market share in the medium and heavy truck segment at about 28 per cent in FY21, it lost some share this fiscal. Industry sources say its share dropped to 23.6 per cent in H1 of this fiscal compared to a year-ago period.

Lower volume

The major factors for its market share drop include sudden high growth in the ICV-CNG segment, where Ashok Leyland has limited presence. Also, lower volume growth in its major market — Southern India — in relation to the growth trends in the rest of the country also dented its share.

The share of ICV in overall M&HCV volumes became significantly higher than what Ashok Leyland expected, mainly driven by the e-commerce boom. Also, in the ICV segment, CNG models started growing very fast due to lower cost of operations when compared with diesel vehicles. The company is unable to take advantage of the market shift due to absence of CNG models. Its competitors Tata Motors and VE Commercial Vehicle have a strong CNG line-up.

Market shift

But, Vipin Sondh, Managing Director & CEO of Ashok Leyland, said it was not a cause for concern as the company would be responding to the market shift with new CNG launches.

Mahadevan said Ashok Leyland would make its presence felt in the ICV-CNG segment by introducing CNG models by Q4 of this fiscal. "CNG impact is a short-term affair and we will catch up in market share with new launches," he added.

On last mile segment growth, Sondhi said the company gained market share with its Bada Dost, a new pick-up vehicle launched a year ago.

"We are upwards of 20 per cent in the market in the segment we operate — which is 50 per cent of the total market. Bada Dost is complementing Dost and we are gaining in market share," he added.

Business Standard 26th November 2021

Hero, Honda festive period output lowest in 7 yrs

SHALLY SETH MOHILE
Mumbai, 25 November

SKIDDING PRODUCTION

HERO MOTOCORP

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
October	661,756	636,266	622,303	770,959	512,234	804,742	538,228
November*	506,361	516,271	633,468	559,294	591,102	590,000	352,000
Total	1,168,117	1,152,537	1,255,771	1,330,253	1,103,336	1,394,742	890,228
HONDA MOTORCYCLE AND SCOOTERS INDIA							
October	405,309	468,547	469,415	511,699	393,427	501,680	393,555
November*	319,179	346,876	471,181	482,935	437,402	435,988	260,000
Total	724,488	815,423	940,596	994,634	830,829	937,668	653,555

*Estimates

Source: Siam, industry sources

Production at India's top two-wheeler makers, Hero MotoCorp and Honda Motorcycle and Scooters India (HMSI), has been estimated to have slumped to its lowest in seven years in October and November.

Sales of motorcycles and scooters failed to gather momentum even during the festive months, leaving the companies saddled with a pile of unsold stocks.

The two firms account for close to 60 per cent of the domestic two-wheeler market and the skidding production volumes reinforce the poor demand and structural slowdown facing the world's largest two-wheeler market. The companies have stocks for 45-55 days at their channels, according to dealer sources.

For the first time in seven years, Hero MotoCorp, the market leader, produced fewer than a million units during the festive months. It is estimated to produce a cumulative 890,228 units during the two months against nearly 1.4 million units in the same period last year.

In addition to a sharp 25 per cent increase in prices of motorcycles and scooters in the last couple of years, a slowdown in rural sales, coupled with high fuel prices, has been keeping buyers away.

The sluggish rural sales have been attributed to agri-sentiment caused by an uneven monsoon and delayed harvesting across regions.

In urban markets, the delay in reopening schools and colleges, job losses and salary cuts (after the pandemic came), and extended work from home policies have affected sales, said ICRA in a recent report.

"One can also not discount the disruption created by e-two wheelers, which are a lot easier on the wallet with all the incentives and lower running costs," said a dealer, adding, if one took into account all the high and low speed e-two wheelers launched in the past year and a half, they would constitute 4-5 per cent of the market.

THE TWO COMPANIES ACCOUNT FOR 60% OF THE DOMESTIC TWO-WHEELER MARKET. DECLINING PRODUCTION VOLUMES REINFORCE THE POOR DEMAND AND STRUCTURAL SLOWDOWN FACING THE WORLD'S LARGEST TWO-WHEELER MARKET

An analyst at a domestic brokerage concurred. "E-two wheelers have started nibbling at the market of internal combustion engine-powered two wheelers."

A spokesperson for Hero MotoCorp said the company had witnessed sequential growth in dispatches in October 2021 over September 2021. While the first phase of the festive season was slow to take off, the demand in the second phase of the festive season saw an uptick, the spokesperson added.

"After the festive season, our inventory is for five-six weeks, and with the delay in harvesting due to the late withdrawal of monsoon in many parts of the country and the ongoing marriage season, a pickup in demand is expected," he pointed out.

The company expects the demand to pick up in the coming quarters on the back of improving macro-economic indicators and vaccination.

Like Hero, HMSI curtailed production in the two aforementioned months. The local arm of the Japanese two-wheeler maker, which, on average, produces more than 800,000 units, made 653,555 in the festive months of the current year, the lowest in seven years.

Y S Guleria, director (sales and marketing), HMSI, declined to comment.

Though in a smaller proportion, other two-wheeler makers including TVS Motor and Bajaj Auto cut production in October and November to align supply with slow demand and correct inventories at their channels.

ICRA Ratings estimates domestic two-wheel volumes to contract by 1-4 per cent year-on-year in 2021-22, following a weak festive season performance for the industry.

CRISIL Research also estimates two-wheeler sales to end the year with a 3-6 per cent year-on-year decline.

Business Line
19th November 2021

Volkswagen Group will focus on EVs, not hybrids: India head

Boparai flags high import duties as a stumbling block

S RONENDRA SINGH
New Delhi, November 18

German automobile manufacturer, Volkswagen (VW) Group, which also owns Czech-based car maker Skoda Auto, on Thursday said the company will focus on electric vehicles rather than hybrids in the long term, even though import duties are among the highest here.

"Hybrid vehicles, we as a group believe, are not sustainable solutions. Hybrid vehicles for a medium term is a step to satisfy the CO_2 norms, but it becomes too expensive – the vehicle complexity – you have to manage both electric drivetrain as well as internal combustion engine (ICE) drivetrain...it's not a long-term solution," Gurpratap Boparai, Managing Director of Skoda Auto Volkswagen India, told *BusinessLine*.

Speaking on the sidelines of unveiling of Skoda Slavia, a sedan car which will be launched early next year, he said the VW Group has started with the high-end (luxury) cars and already sold out EV models such as the Audi e-tron till the end of January 2022 and also the Porsche Taycan with its first batch.

Gurpratap Boparai (right), MD, Skoda Auto Volkswagen India, and Zac Hollis, Brand Director, Skoda Auto India, unveiling the Skoda Slavia

He said the Group will look at further steps, be it assembly or local manufacturing, in due course. But, for the EVs to really grow and match with the ICE vehicles, there needs to be reduction in duties. He said the high-end cars come with great technology and till local manufacturing takes place, the duties structures, which are becoming stumbling blocks, need to be addressed.

Slavia's appeal

Speaking about the Slavia, Boparai said it represents a new growth area for Skoda Auto and the Slavia will appeal to discerning customers in India, and will also be appreciated in markets around the world.

"We are confident that the Skoda Slavia will continue the benchmarks set by the Octavia and Superb, and will help us to further strengthen our dominance in the segment. The successful start of the India 2.0 project with the Kushaq truly highlights what can be achieved with global collaboration here in India. In addition to the increasingly sought-after SUVs, the premium sedan segment offers tremendous potential, and it's a territory that we have made our own. The sophisticated Slavia stands for prestige and style," he said.

Localisation level

The Slavia has a localisation level of up to 95 per cent and will be powered by Skoda's TSI engines. It will compete with the likes of Honda City and Hyundai Verna in the mid-size sedan market.

Business Standard 24th November 2021

Maruti-Toyota JV opens scrap unit, first with govt nod

More tax concessions on cards, says Gadkari

SHALLY SETH MOHILE
Mumbai, 23 November

Maruti Suzuki Toyotsu India (MSTI), a joint venture (JV) between Maruti Suzuki India (MSIL) and Toyota Tsusho Corporation, has opened its first government-approved end-of-life vehicle (ELV) scrapping and recycling unit in Noida in Uttar Pradesh.

Built with an investment of ₹44 crore, the 10,993-square metre facility, with a capacity to scrap and recycle over 24,000 ELVs annually, was inaugurated by Union Minister of Road Transport and Highways (MoRTH) Nitin Gadkari on Tuesday. It's a step towards a circular economy, with the aim to promote organised, transparent, and environment-friendly dismantling of ELVs. The government is considering a proposal to provide tax-related concessions on vehicles purchased after scrapping old ones under the recently launched National Automobile Scrappage Policy, Gadkari said.

Union Minister Nitin Gadkari flagged off the 10,993-sqm facility built with an investment of ₹44 crore PHOTO: PTI

All equipment being used at the facility is manufactured in India. The unit follows globally-approved quality and environment standards. These include complete solid and liquid waste management, ensuring zero discharge of liquid and gases from ELVs. The JV in which MSIL controls 50 per cent and Toyota Tsusho Corporation and its India subsidiary 25 per cent each was formed in 2019.

This is the third authorised scrapping unit. Currently, two facilities — one each in Noida and Chennai — developed by a JV between state-owned MSTC and Mahindra are authorised to do vehicle scrapping.

In August this year, Tata Motors signed an agreement with the Government of Gujarat, through the ports and transport department, to support setting up a registered vehicle scrapping facility in Ahmedabad for end-of-life passenger and commercial vehicles. The scrappage centre will have the capacity to recycle up to 36,000 vehicles a year.

Gadkari said MoRTH's National Vehicle Scrappage Policy is aimed at creating an ecosystem for phasing out unfit and polluting vehicles.

MoRTH announced the scrappage policy in March this year to increase business. Through this policy, the government is looking to incentivise scrapping vehicles older than 15 years and replacing them with new ones, while discouraging the use of old vehicles.

"I would request Maruti and other stakeholders to build and create an ecosystem of similar scrapping and recycling units across the country. This would make roads safer, air cleaner, and raw material cheaper for their cars," he said.

Kenichi Ayukawa, chairman, MSTI, and managing director and chief executive officer (CEO), Maruti Suzuki India, said until now there was no scientific, clean, and healthy way to dispose of a car at its end-of-life. "MSTI uses global process methodology to address this gap," he said.

Toyota Tsusho Group has engaged in the ELV recycling business since 1970 in Japan, said Naoji Saito, CEO for the metal division of Toyota Tsusho Corporation.

The Times of India
23rd November 2021

Tatas to set up ₹3,000cr solar plant in TN

Rajesh.C@timesgroup.com

Chennai: Tata Group's solar power arm is in final stages of negotiations with the Tamil Nadu government as it plans to set up a 4GW integrated solar photovoltaic cell manufacturing unit in Gangaikondan near Tirunelveli.

"The investment by Tata would be around Rs 3,000 crore with an employment potential of 2,000 locals, predominantly women," highly placed officials in the Tamil Nadu government said. The investment commitment by Tata Group is viewed as "significant", as it will help the state to showcase itself as an attractive solar power manufacturing location. It is also expected to boost investments to southern states which have not attracted too many till now.

The state is already home to Vikram Solar, which inaugurated its factory in July to make panels with 1.2GW capacity in Oragadam. US-based First Solar is breaking ground for its greenfield plant in Pillaipakkam near Chennai on Tuesday. First Solar is investing $684 million in a fully vertically integrated photovoltaic thin-film solar module manufacturing facility with a capacity of 3.3GW and is expected to commence operations in the second half of 2023.

Solar panel manufacturing is the next hot area for investment flows as the scramble for renewable energy, more specifically solar, gains momentum. More so with the Prime Minister committing to meet 50% of the country's energy requirements from renewable energy by 2030.

Officials said the plan by Tatas would have an employment potential of 2,000 locals, mostly women

Billionaire Mukesh Ambani-led Reliance Industries would build four 'Giga' factories in Jamnagar to make solar photovoltaic cells, green hydrogen, batteries and fuel cells for Rs 60,000 crore. Adani Group is also getting aggressive on the solar front with plans to manufacture photovoltaic cells for 3.5GW of solar power.

Business Line 27th November 2021

Vipin Sondhi steps down as Ashok Leyland MD-CEO

OUR BUREAU

Chennai, November 26

Vipin Sondhi

In a sudden development, leading truck and bus-maker Ashok Leyland has announced that its Managing Director & CEO, Vipin Sondhi, has resigned due to certain personal and family commitments.

Sondhi, who took charge in December 2019, will officially step down from the current post with effect from December 31.

"My decision is purely a personal one as I need to take care of my personal and family responsibilities, which have become a top priority," Sondhi said in a company communication.

The board has requested Dheeraj Hinduja to step in as Executive Chairman with immediate effect for business continuity and a seamless transition. The board will meet shortly to decide on the further course of action for identifying the next CEO and MD.

Sondhi's period was marked by Covid-related disruptions and the struggle for recovery from the impact of the pandemic.

"I would like to place on record Vipin's significant contribution in Ashok Leyland navigating the disruption caused by the Covid19 pandemic and seeding firm actions to pursue our Vision," said Chairman Dheeraj Hinduja.

The Hinduja flagship has lost market share in the Medium and Heavy Commercial Vehicles segment due to some structural shift in the intermediate commercial vehicle segment though it vows to regain the lost ground with new products.

Business Line 27th November 2021

Tata group in talks with 3 States to set up $300-m semiconductor assembly unit

REUTERS

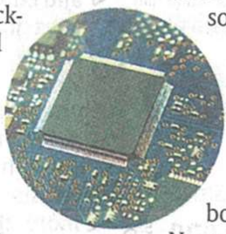
New Delhi, November 26

Tata group is in talks with three States to invest up to $300 million to set up a semiconductor assembly and test unit, two sources familiar with the matter said, as part of the conglomerate's push into high-tech manufacturing.

Tata is talking to Tamil Nadu,Karnataka and Telangana and scouting for land for the outsourced semiconductor assembly and test (OSAT) plant, the sources said-,declining to be identified as the matter is not public.

While Tata has previously said it would likely enter the semiconductor business, this is the first time news about the group's foray into the sector and its scale has been reported.

An OSAT plant packages, assembles and tests foundry-made silicon wafers, turning them into finished semiconductor chips.



Potential locations

Tata has looked at some potential locations for the factory-,one of the sources said, adding a venue was likely to be finalised by next month.

"While they (Tata) are very strong on the software side of things ... hardware is something they want to add to their portfolio, which is very critical for long-term growth," the source said.

Tata group and the three States did not respond to requests for comment.

Tata's push will bolster Prime Minister Narendra Modi's 'Make in India' drive for electronics manufacturing,which has already helped turn the nation into the world's second-biggest maker of smartphones.

Business Line 29th November 2021

M&M reinvents itself with big digital focus

THOMAS K THOMAS
VINAY KAMATH

Mumbai, November 28

The Mahindra Group, the $22-billion auto to IT services conglomerate, is going big on rolling out separate new- age digital platforms across multiple areas including SME financing, insurance, agritech and healthcare as part of its strategy to use technology to deliver better products at lower costs to consumers

Speaking to *BusinessLine*, Anish Shah, who has recently taken over as the first professional Managing Director and Chief Executive Officer of Mahindra Group, said: "Digital piece is a very important piece for us. If you look at SMEs segment — the Mahindra group buys ₹30,000 crore worth of products from auto component makers and other small businesses. We are thinking of making an SME receivable finance platform which will be a great starting point. Similarly, in agtech space, we work with a number of farmers and start-ups. Insurance is the third area. These are areas where we have enormous strength in our group businesses and trust in our brand by our consumer. We are leveraging that to build our digital platforms."

In the insurance space, Mahindra has an insurance brokerage firm, which also has a platform as a marketplace today. "While we scale this marketplace, we are looking at a digital-led insurance company where we may set it up on our own or do it with a partner," Shah said.

Digital financing

Mahindra has also set up a digital finance company for personal loans and credit for buying consumer durables. "The next one will be around SME financing, agtech will be soon after that or in parallel, insurance comes after, and then comes health," Shah explained.

"Healthcare is a little further away, because we need to find the right set. There are a number of things happening in healthcare right now. But it has to be truly differentiated something where the consumer would say, that's what I really want. So it will be tech enabled, again, with, obviously a significant focus on digital as well as the ability to have data in a way that makes sense for the consumer," he added.

Anish Shah, MD and CEO, Mahindra Group

Roping in entrepreneurs

But how will Mahindra compete with start-ups which are faster and more agile? Shah reckons that Mahindra already has good presence in each of the areas. "For us to convert to a platform is much easier. For example, if we look at agtech, we're working closely with a very large number of farmers today on a wide range of technologies. We have an app that is used by them regularly. So these are not start-ups, these are scale ups. They are starting from a base which is far greater than what any start-up would have," Shah said.

Mahindra is also planning to bring in entrepreneurs to run these new platforms. "That's the reason why we are calling it separate as a new-age digital platforms. We will not control them; we will allow the entrepreneurs to run them independently. Because that agility, that speed, the ability to pivot where required, all of those things are going to be very essential for them. We will give it all the ammunition, and we will say here, this is a tremendous amount of ammunition, go run with this now and scale up," Shah said.

Business Standard 24th November 2021

EV volumes too small for local assembly: Audi India

SHALLY SETH MOHILE
Mumbai, 23 November

Audi India, the VW Group firm, has got an "overwhelming response" to its electric vehicles (EVs) in the country, said its India head Balbir Singh Dhillon. The car maker presently has five EVs in India priced around the ₹1-crore mark.

The German luxury carmaker has no immediate plans of commencing local assembly of these models. "An assembly unit will need fresh investment and, as of now, the volumes are too small to justify that," said Dhillon.

On Tuesday, Audi launched the facelift version of the 5-seater SUV Q5 in two variants – Technology and Premium Plus – priced at ₹63.77 lakh and ₹58.93 lakh (ex-showroom), respectively. These cars compete with Mercedes-Benz GLC Class, BMW X3 and Land Rover Discovery Sport in India. The Q5 is the ninth model launched by Audi in the domestic market in 2021.

> On Tuesday, Audi launched the facelift version of the 5-seater SUV Q5 in two variants – Technology and Premium Plus – priced at ₹63.77 lakh and ₹58.93 lakh

"The year 2021 has been great for Audi India. Our sales have grown by over 100 per cent in the first 10 months and we are confident that the launch of Audi Q5 will only take this further," Dhillon said.

The company phased out the model (Q5 BSIV variant) 18 months ago as a run up to the transition to BSVI emission norms. Dhillon attributed the gap in launch of the BSVI to "homologation delays."

Audi India is gearing to end this year on a high note and is preparing to launch key models in 2022, he added.

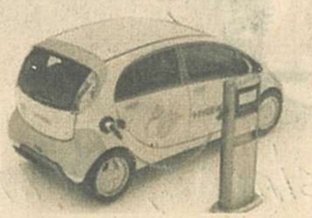
PRESS REPORTS
ON
ECONOMY

Business Standard 23rd November 2021

CNG, EVs could kill fuel demand growth: CRISIL

Says refiners may need to trim capacity expansion plans

TWESH MISHRA
New Delhi, 22 November



The demand growth for petrol and diesel is going to be severely impacted as compressed natural gas (CNG), ethanol blending, and electric vehicles (EVs) get a push-through. According to a CRISIL Ratings report, the demand growth for petrol and diesel will likely decline 1.5 per cent annually this decade, compared with the earlier decade's 4.9 per cent.

"The trend will also be persuaded by policy interventions as India targets net-zero carbon emissions by 2070. As if on cue, oil refiners would be altering their production mix in favour of alternatives, such as petrochemicals, which should also support their profitability," said the rating agency.

CRISIL said its analysis shows government initiatives to check emissions will have a bearing on the transportation sector on three major counts this decade.

"Through 2024-25 (FY25), the aggressive adoption of CNG and ethanol blending will help slow down growth in demand for petrol. Beyond that year, there will be further flattening as EVs hit the road rapidly," said CRISIL.

These initiatives will displace a significant portion of diesel and petrol sales in the years to come.

"Diesel consumption will log a compound annual growth rate (CAGR) of around 4 per cent between 2021-22 (FY22) and FY25, but will slow to approximately 2.5 per cent between FY25 and 2029-30 (FY30), given the continuous penetration of CNG vehicles. The brakes will slam harder on petrol sales, slowing it from an already low CAGR of around 2 per cent between FY22 and FY25 to a mere 1 per cent CAGR between FY25 and FY30," said CRISIL.

Commenting on the prospects for oil-refining companies, CRISIL said, "The 40-60 million tonne per annum (mtpa) of capacity addition lined up by refiners — over and above approximately 110 mt that will come onstream by FY30 — may need to be trimmed as these may not be needed," it said.

"Even excluding these 40-60 mtpa capacities, we see utilisation of refiners remaining below 100 per cent all through most of this decade for the first time in years," the report added.

Business Line 30th November 2021

No plan to recognise Bitcoin as currency, says FM

RBI asks govt to widen the definition of bank notes to include digital currency

OUR BUREAU
New Delhi, November 29

The government has no plan to recognise Bitcoin as a currency in the country, Finance Minister Nirmala Sitharaman informed the Lok Sabha on Monday.

In response to another question, the Finance Ministry said the Reserve Bank of India has urged the Centre to amend the RBI Act, 1934 to widen the definition of bank notes to include digital currency. This will facilitate the introduction of the Central Bank of Digital Currency (CBDC).

Asked "whether the Government has any proposal to recognise Bitcoin as a currency in the country," Sitharaman said in written response, "No Sir." This response comes at a time when the government is planning a Bill to regulate cryptos in India.

On the CBDC, Minister of State for Finance Pankaj Chaudhury, in a written reply, said: "The government has received a proposal from Reserve Bank of India in October, 2021 for amendment to the Reserve Bank of India Act, 1934 to enhance the scope of the definition of 'bank note' to include currency in digital form."

It is believed that the RBI's request will be incorporated in 'The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021', scheduled for the Winter Session.

Nirmala Sitharaman, Finance Minister

Chaudhury said the RBI has been examining use-cases and working on a phased implementation of the CBDC with little or no disruption.

"Introduction of CBDC has the potential to provide significant benefits, such as reduced dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk.. It could also lead to a more robust, efficient, trusted, regulated and legal tender-based payments option," he said while admitting that there are also associated risks that need to be evaluated.

The RBI has indicated doing a pilot of the CBDC in the first quarter of FY23. With the RBI considering it for retail and international trade payments, the CBDC could have a larger impact on the financial ecosystem, say experts.

While many see CBDCs as a legalised replacement of cryptocurrencies, in reality, the CBDC could just be a digital replica of the physical cash in circulation.

Business Line 30th November 2021

CFOs optimistic about growth in FY22

Deloitte India survey notes rising trend in business revenues and expenditure

OUR BUREAU

Mumbai, November 29

The uncertainty associated with the Covid pandemic is reducing with the economy gradually re-opening and there is a willingness to invest, according to CFOs' perception survey by Deloitte.

Many CFOs are focussing on post-pandemic opportunities and challenges, said Deloitte Touche Tohmatsu India LLP's (Deloitte India) annual 'CFO Survey 2021: A resilient India is poised to thrive in the New Normal'.

M&A was considered a key growth driver for FY22, with 88 per cent of the Indian CFOs interested in drafting advanced strategies (both offensive and defensive) for expansion of assets.

Porus Doctor, Asia Pacific CFO Programme Leader, and Partner, Deloitte India, said Covid has completely revolutionised the way businesses were operating in India. With most organisations trying to adapt to the changing business paradigm, it is important to understand growth areas and align with the 'new normal'.

Great optimism

The survey found great optimism among business leaders to recover and thrive by converting challenges into opportunities, he said. About 70 per cent respondents expect the economy to clock a growth rate of 5-10 per cent or more in FY22. Not every business though was fortunate enough to successfully navigate through these uncertain times.

Nearly 18 per cent from automotive companies are not quite optimistic; some also anticipate negative economic growth. The auto industry, which was severely affected by the pandemic, is skeptical about growth prospects. Only 36 per cent expect to record any revenue increase in the current financial year.

Say Covid has revolutionised business operations in India

Overall, the Deloitte India survey noted an upward trend in revenue and expenditure growth. About 77 per cent CFOs expect an increase in revenue in FY22. Those from the Life Science and Healthcare industry are particularly optimistic as people are still observing caution and taking preventive medication.

On the other hand, 61 per cent respondents foresee an increase in operation expenditure due to changes in business strategies, workforce expenses and cost of debt.

Reassessing priorities

To thrive in a competitive post-Covid world, CFOs have started resetting their priorities. Apart from revenue growth (20 per cent) and margin improvement (18 per cent), they are actively reassessing their priorities to create a conducive environment for growth.

Amid the need for agility and automation, enhanced customer experience and protection against cyber and data security threats, digital and finance transformations (17 per cent) were rated among the top priorities for an organisation.

The survey indicated that the primary objective for adopting digital in finance was to bring in efficiency in financial processes and significantly enhance the role of finance as business.

The Economic Times 30th November 2021

Fuel Prices May Fall in Line with Decline in Global Crude Rates

Our Bureau

New Delhi: Domestic fuel prices are expected to fall in line with the decline in global crude prices that have tumbled below \$76 a barrel from the high of \$85 three weeks ago.

Rates of petrol and diesel were last cut on November 4 to reflect the reduction in duties by the Centre. In some places, prices fell further the next day to factor in tax cuts by several state governments. Since then prices have remained static.

In Delhi, petrol and diesel sold for ₹103.97 and ₹86.67 per litre, respectively, on Monday, the same rates as on November 4.

Meanwhile, crude oil, which is refined to produce petrol and diesel, has witnessed extreme volatility. Crude oil prices rose from \$81 on November 4 to \$85 on November 9, before falling to below \$73 on Friday.

The sharp drop of \$10 per barrel on Friday came on worries that Omicron, the latest variant of Covid-19, could derail the global economic recovery.

Oil prices recovered to nearly \$76 a barrel on Monday as traders tried to assess the impact of the virus on the economy and oil demand. If oil prices would sustain at the current level or significantly change would largely depend on the outcomes of the OPEC+ meeting slated for later this week, said an industry executive.

OPEC+, the group of nearly two dozen oil producers led by Saudi Arabia and Russia, has to decide if it needs to stick to its plan to expand supply in January in the wake of Omicron and the new supplies from strategic reserves of many countries, including the US and India.

State-run oil company executives said domestic fuel prices could fall only if oil prices sustain at the current low level. Companies are expected to daily revise pump prices after factoring in the international fuel prices and the exchange rate but they don't stick to it.

Prices have been falling for the past three weeks but domestic fuel prices haven't come down.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 26th November 2021

Gujarat wants to be global hub for futuristic industries

To roll out comprehensive policy in run up to Vibrant Gujarat Global Summit

KR SRIVATS

New Delhi, November 25

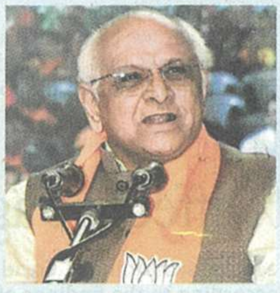
Gujarat wants to emerge as a global hub for green hydrogen and other futuristic industries including electric mobility, robotics and chip manufacturing and is working on a new policy that will encourage innovative projects through incentives, a top official said.

This comprehensive policy will get rolled out in the run up to the 10th edition of Vibrant Gujarat Global Summit (VGGS) 2022 slated to be held on January 10-12, Rajiv Kumar Gupta, Additional Chief Secretary, Government of Gujarat told *BusinessLine* here. He was in the capital for the VGGS2022 roadshow that was addressed by Gujarat Chief Minister Bhupendrabhai Patel on Thursday.

For the first time ever, a series of high profile pre-summit events as well as national and international roadshows have been planned from December beginning. These pre-summit events – as many as nine have been lined up– will collectively highlight sector-specific business opportunities available in Gujarat, Gupta said.

'Extensive collaboration'

"From Aatmanirbhar Gujarat to Aatmanirbhar Bharat" is the overarching theme for the VGGS2022.



Bhupendra Patel

The previous edition of Vibrant Gujarat summit was held in 2019. Due to the pandemic, this year's edition had to be dropped and now slated for January 2022. Vibrant Gujarat Global Summit, organised once in two years, was conceptualised in 2003 under the leadership of the then chief minister Narendra Modi. Gupta highlighted that the Gujarat government had for this edition of the Summit collaborated extensively with the central government ministries and is in constant touch with PMO, MEA, NITI Aayog, DPIIT, Invest India and several other central government departments.

"We want to be self reliant in those sectors where we are currently relying on imports. We intend to attract investment in such sectors as defence, technology and robotics, making us Aatmanirbhar. The State is committed to fulfilling the vision of an Aatmanirbhar Gujarat", he said.

Gujarat's GSDP (at current prices) grew 10 per cent CAGR in the five years to 2020-21at $ 221 billion from $137 billion in 2015-16.

GSDP growth

Gujarat accounts for about 17 per cent of India's industrial output with 11 per cent of factories.

In 2019-20, manufacturing sector's share as a percentage of State's GSDP was 37.5 per cent compared to 17 per cent in the national GDP. Gujarat exports goods and services to over 180 countries with a 21 per cent share in India's total exports (exports valued at $ 60.5 billion in FY 2020-21).

Gujarat had in 2020-21 attracted highest FDI equity inflows worth $21.9 billion (₹1.63-lakh crore), which is 37 per cent of the total FDI equity inflows across States in India.

Economic Times 21st November 2021

Labour Laws Come Into Focus Amid Protest Threat

Centre yet to finalise timeline for notifying rules to four labour codes

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New Delhi: With Prime Minister Narendra Modi announcing that the three contentious farm laws would be repealed, the focus has now shifted to the government's other major reform agenda - the revamp of labour laws passed by Parliament in 2019 and 2020 that have yet to come into effect and now faced with the possibility of intensified protests.

On November 11, 10 central trade unions said they had planned demonstrations on November 26 seeking repeal of both the farm laws and labour codes, terming them as 'anti-people' and brought in without due consultations.

Following Modi's announcement, farmers' and workers' unions have declared that they would continue to protest seeking a repeal of the four labour laws as well.

Under Threat Now

The revamp of labour laws, passed by Parliament in 2019 and 2020, yet to come into effect

On November 11, 10 central trade unions said they had planned demonstrations on November 26 seeking repeal of both the farm laws and labour codes

The Centre itself is seen to be dithering on the notification of the rules to the four labour codes

The Centre has **pushed its own targets of June and October further** and is now faced with a significant electoral deterrent in the form of assembly polls

The Centre itself is seen to be dithering on the notification of the rules to the four labour codes. Those in the know say that the call is more political than executive.

Having burnt its fingers with the farm laws, threats of more protests amid upcoming crucial assembly elections may force the government to put the much-awaited labour reforms on the backburner.

More so, as the Centre wants to implement the four labour codes at one go across the country.

Since labour law is a subject under the Concurrent List, the implementation of the four labour codes requires that rules for the same are notified both by the Centre as well as states.

The Centre has pushed its own targets of June and October further and is now faced with a significant electoral deterrent in the form of assembly polls in Uttar Pradesh and Punjab.

Sources in the labour ministry maintained that work was on to publish the labour codes in most states but were non-committal on when the Centre would do so.

ET gathers that no immediate timeline has been finalised for the same.

Most BJP-ruled states have published the rules but only 10 states have done so for all four codes. Opposition-ruled West Bengal, Kerala, Tamil Nadu, Andhra Pradesh and most North-eastern states have yet to publish rules to any of the codes.

The Times of India 24th November 2021

'Give benefit of ₹1.5L for scrapping old cars'

Will Ask FM To Push GST Council For Offering Incentives To Adopt Green Vehicles: Gadkari

Pankaj.Doval@timesgroup.com

New Delhi: Transport minister Nitin Gadkari wants the car industry to offer benefit worth Rs 1-1.5 lakh to every individual who has scrapped an old polluting vehicle, even as he will approach the finance minister with a proposal to request the GST Council for incentives to those making a switch-over to cleaner vehicles.

Gadkari said the vehicle scrappage policy of the central government will lead to incremental sales for auto companies, while also helping them get access to cheaper raw material that would be salvaged from the scrapped cars. "I have requested that whoever comes with a scrappage certificate should be offered a minimum (discount) of Rs 1-1.5 lakh in benefits. This is a request and is not mandatory," the minister said, as he inaugurated a new vehicle scrappage facility set up by Maruti Suzuki Toyotsu India — a JV between carmaker Maruti and Toyota Tsusho Group.

The end-of-life vehicles (ELVs) facility, situated in Noida in Delhi-NCR, has an annual capacity to scrap and recycle over 24,000 ELVs, and has been built with an investment of over Rs 44 crore.

Gadkari said that vehicle scrapping through modern facilities will not only help in retiring old, polluting vehicles efficiently, but will also ensure recovery of precious inputs such as steel, aluminium, copper, plastic and rubber as part of efforts to have a circular economy.

> The GST revenue of both the Centre and states will rise due to the scrappage policy... I will discuss with the finance ministry how to provide more (tax-related) concessions under the new policy

> The final decision (on more incentives under National Automobile Scrappage Policy) will be taken by the finance ministry and the GST Council

> Scrapping will help automakers realise incremental sales of 12-15%, which will help the industry

> I feel that some of the raw material procurement cost will come down by as much as 50%, and import bills on inputs will reduce for companies

> In the next two years, the country will have 200-300 more scrapping centres

NITIN GADKARI | TRANSPORT MINISTER

"The scrapping will help the automakers realise incremental sales of 12-15%, which will help the industry. Also, I feel that some of the raw material procurement cost will come down by as much as 50%, and import bills on inputs will reduce for companies. Thus, this will be a win-win for all, and will also benefit the environment and tackle pollution."

On the issue of fiscal benefits for those scrapping polluting vehicles, Gadkari said he will request the finance ministry for incentives.

"The state and central govts are also gaining due to higher GST on new vehicle sales. So, they should also give more incentives. I have taken some decisions at my level, and now will take up the matter with the finance ministry in order to facilitate this even more as it helps tackle pollution and meet the PM's commitment at COP26 of net zero carbon emissions by 2070. Can we give more concessions? Have we planned anything more? I will be requesting the finance minister once again to take up the issue with state governments and the GST Council to consider further incentives. The decision is in their hands."

Business Line 28th November 2021

TN plans EV supply chain cluster in Coimbatore

Looks to leverage strong auto parts supply base; floats RFQ for consultant

G BALACHANDAR
Chennai, November 27

The Tamil Nadu government plans to create an electric vehicle cluster in Coimbatore in order to facilitate development of electric motors and associated parts as the State seeks to be at the forefront of EV manufacturing in the country.

While Tamil Nadu has attracted a host of electric vehicle manufacturers, including traditional players and new entrants into the sector, the government is now trying to to give a fillip to the EV supply chain. The State's globally recognised auto parts and associated engineering sectors present it with a good opportunity to foray into EV parts manufacturing.

"We are planning a mega cluster for the electric vehicle industry in Coimbatore. This will be for electric motors and associated parts. We have floated an RFQ (request for quote) to select a consultant, who will most likely be appointed by next month," said V Arun Roy, Secretary-MSME, Government of Tamil Nadu.

The State will be creating common infrastructure around Coimbatore REUTERS

Opportunities for MSMEs

The consultant will work with Codissia (Coimbatore District Small Industries Association) and SMEV (Society Of Manufacturers of Electric Vehicles) and come out with a blueprint on what needs to be done to promote the EV supply chain industry. The consultant may be asked to submit the report in six months.

While the State government has identified some land for the proposed project, the EV cluster may provide opportunities for MSME units as well. Several medium and large auto players from the State have already taken a plunge into electric vehicle parts manufacturing and have been supplying to global as well as domestic OEMs.

"The idea is to create common facilities and infrastructure initially to encourage motor manufacturers in and around Coimbatore to work on electric EV motor and parts without upfront costs from their side. If any of them will be willing to put a unit for electric motors and parts later, the government will facilitate the same," said Roy.

The Tamil Nadu government has already identified EV, EV cell/battery and green fuel technology among its 12 sunrise sectors. "With a host of companies across the EV supply chain located here and in the process of setting up their operations, Tamil Nadu has emerged the EV capital of India. The new EV manufacturing units will further strengthen the EV ecosystem with a wide pool of technical personnel, strong R&D capabilities, ancillary auto components and manufacturing experience," Pooja Kulkarni, MD and CEO, Guidance Tamil Nadu, said.

MISCELLANEOUS REPORTS

The Economic Times 28th November 2021

APPROACH GOVT LATER: PAWAN GOENKA

'India Inc Must Step Up, Solve Problems First'

Says India has a great opportunity, as the world looks beyond China for sourcing

Our Bureau

Mumbai: There are several challenges that Indian companies need to overcome to be competitive at a global stage, but they must overcome a majority of these hurdles themselves before approaching the government to solve the remaining few, Pawan Goenka, head of the Steering Committee for Advancing Local Value-Add and Exports (SCALE), said on Saturday.

The former Mahindra and Mahindra managing director was speaking at Isha Leadership Academy's business leadership programme called 'Isha Insight: The DNA of Success'. As the world looks beyond China for sourcing, it presents a tremendous opportunity to India, but domestic companies must innovate and develop distinct business propositions to attract global buyers, he said.

"We do have some disabilities in growing in exports. Some of it has to be solved by the industry, including MSMEs, and some of it has to be solved by the government," Goenka said. "You have to solve seven out of 10 (problems), for the remaining we go to the government and ask it to solve it for us. But if you don't solve seven out of 10, then we have no right to ask the government to solve the remaining problems."

Indian businesses must create a clear customer proposition and differentiation rather than only competing on cost, Goenka opined. "You have to define what will differentiate you from others. Don't end up being a commodity. You have to remain ahead of the game. And no matter what you are doing, technology will play a big role in staying ahead of the game," he said.

Highlighting the importance of risk taking, he said unless companies take calculated risks, they cannot make big gains. He shared the anecdote of Mahindra and Mahindra investing ₹600 crore in developing a new vehicle ground-up — the Scorpio — around the turn of the century.

"In those days for a company like Mahindra and Mahindra to invest ₹600 crore in a new product was like betting the future of the company. If it didn't succeed, the company may not even have existed today," Goenka said.

"But the bet succeeded beautifully. All the risks we took during development, all paid off," he added.

We do have some disabilities in growing in exports. Some of it has to be solved by the industry, including MSMEs, and some by govt

PAWAN GOENKA
Head, SCALE