ACMA
(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

ACMA
(Western Region)
AUTOMOTIVE COMPONENT MANUFACTURERS ASSOCIATION OF INDIA
80, Dr. Annie Besant Road, Worli, Mumbai 400 018
Phone: (022) 24933507, 24980502, 24975877 Fax: (022) 24936527
E-mail: acmawr@acma.in

PRESS REPORTS ON AUTOMOTIVE INDUSTRY

CONTENTS

AUTOMOTIVE INDUSTRY — Page No.

ELECTRIC VEHICLES

COMMERCIAL VEHICLES

TWO-THREE WHEELERS

COMPANY NEWS Page No.

RAW MATERIAL

GOVERMENT POLICY

****

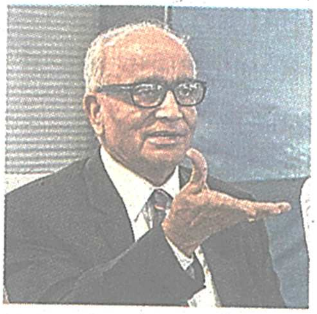
PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 26th August 2021

Auto industry hits out at govt for 'lip service', wants concrete action

OUR BUREAU
New Delhi, August 25

The auto industry on Wednesday hit out at the government officials for only paying lip service to the sector and not taking any 'concrete action' to reverse the decline in growth over the past few years.



RC Bhargava, Chairman, Maruti Suzuki India

Venu Srinivasan, Chairman and MD, TVS Motor

Rise in costs

RC Bhargava, Chairman, Maruti Suzuki India, said, "We have been going through a situation where this industry has been declining over a long period of time...I am afraid words don't get us very much in the terms of extra sales but you need concrete action to make this happen. High tax structures, additional costs in order to meet new emission and safety norms have led to increase in cost of automobiles, making them unaffordable for consumers."

Speaking at the 61st Annual Convention of Society of Indian Automobile Manufacturers (SIAM), Bhargava said even after contribution of the auto industry towards India's growth, cars are considered as luxury that only the rich could afford.

Affordability issue

"I don't think the car industry would revive either with internal combustion engines (ICE) or with the CNG, biofuels and such things or electric vehicles (EVs) unless we address the question of affordability of cars for the customer," he said.

Bhargava added that if the auto industry is to drive the economy and the manufacturing sector, the penetration of cars in India has to move from 25 or 30 per 1,000 people to even 200 per 1,000 which requires millions of cars to be made every year.

High GST

Echoing Bhargava's statement, Venu Srinivasan, Chairman and Managing Director, TVS Motor Company, said a two-wheeler which is "the basic mode of transportation in the country" is being taxed at 28 per cent GST, the highest and at a level equal to that of a luxury product.

He said the Indian automobile industry, which provides direct and indirect employment to around 30 million people, has moved from importing and assembling to designing and making in India with both homegrown firms and MNCs making large investments in design infrastructure.

"At the same time, I would like to say, are we being recognised? Is the automotive industry being recognised for what it has contributed to employment, to revenues and to earning of foreign exchange?," he asked.

From the government's side, Amitabh Kant, CEO, NITI Aayog said, "It will be impossible for India to grow at high rates for a long period of time without the automobile sector being the key driver of India's growth."

Call to innovate

Speaking on EVs, Kant said India is a centre for compact car manufacturing, but if it does not innovate, make a radical transformation, the country will lose this opportunity to become a leader in EV manufacturing.

"At NITI Aayog, we are taking all measures to boost innovation, efficiency and investments in the automobile sector, especially to bring down the initial upfront cost of EVs to the consumers. I am stressing on EVs because I'm a strong and firm believer that this transition is inevitable," he added.

, Heavy Industries Minister Mahendra Nath Pandey said the government is working on establishing charging infrastructure across the country in order to promote faster adoption of EVs.

"We are looking to promote environment-friendly vehicles. We came up with FAME-I, and after it received good response, we announced FAME-II scheme with an enhanced outlay of ₹10,000 crore," he said.

The government is keen to establish charging infrastructure as well, and working in a way so that the EVs become a public movement, he added.

Business Standard 18th August 2021

Foreign brands ride on track cars

PAVAN LALL
Mumbai, 17 August

The uppermost segment of sports cars has witnessed steady volume growth in the past decade, despite lamentations that the luxury car market has failed to achieve the numbers it was projected to in this period.

This is partly due to a growing number of young buyers, increasing discretionary income and a proliferation of test tracks. And it is also in some measure due to the performance cars that manufacturers are bringing into the country as completely built units.

Mercedes-Benz, Ferrari, Porsche and Lamborghini are some marquee badges that have introduced track cars to excite hard-core customers who want to push their cars to the limit.

A "track car" is a vehicle that, like its name suggests, is built for the race track and is equipped with sporty suspension, a high-powered engine and super fast acceleration that allows a speed of 100 kmph in two seconds. Ferrari 488 Pista, Mercedes-Benz AMG GT series and Porsche 911 GT3 are among track cars sold in India.

Lamborghini India recently launched the Lamborghini Huracán STO-Super Trofeo Omologata: a road-homologated (officially approved) super sports car priced at ₹4.99 crore (ex-showroom) and a bona fide track car. Despite an overall reduction in car sales in the last year on account of lockdowns, Covid-19 and an economic slump, the supercar-maker that is part of the Volkswagen Group worldwide has seen recent sales and bookings push its projections back to brighter prospects for the rest of the year. "We already sold over 10 (Huracán) cars and the challenge is not demand but supply," said Sharad Agarwal, head of Lamborghini India. "We have exhausted what we were planning to sell in the next 12 months or so."

Lamborghini recently launched the Huracán STO-Super Trofeo Omologata, a super sports car priced at ₹4.99 crore

One of the striking features of Lamborghini for buyers is the raw engine power as well as aggressive styling in exciting bright colours that makes it stand out, according to Dinesh Thakkar, chairman and managing director of stock brokerage firm Angel Broking and a supercar aficionado.

"Its service, above all, is excellent and I have been positively surprised in recent times. Empathy is most important for supercar owners at a service level. Get a part that is needed from anywhere on the globe, if required," said Thakkar, who gets his track cars to professional circuits such as the ones in Noida and Chennai to hit the fast lane.

Sales for Lamborghini have been steadily increasing. It sold 45 cars in 2018, 52 in 2019 and is expected to have sold around 30 per cent less than the year before (indicative) in 2020. This year, however, it is bang on track to beat the numbers from the best performing year. Demand moved in a V-shape after the first wave of Covid-19 in India and then subsided again during the subsequent lockdown. Now, after the second wave, there's an ever sharper V-wave recovery happening, Agarwal said.

Lamborghini isn't an exception. Santosh Iyer, vice-president, sales and marketing, Mercedes-Benz India, said, "Our performance car segment, AMG, has shown tremendous resilience and has exceeded our expectations by growing three times in H1 2021. Customers, who are performance purists, eagerly wait for these high-end AMGs since their global debut and these vehicles are highly aspired for because of their unmatched performance, exclusivity and the pride associated with owning an AMG."

Analysts say that the market size for track cars ranges between 350 and 300 units a year and is growing. Mercedes-Benz counts the AMG GT R, AMG GT 63 4 Door Coupe and AMG E 63 S 4Matic among the track cars it sells here. It also plans to launch its AMG GT "Black Series", a million-dollar track car, later this year in India.

Whether it's revenge buying or thrill-seekers pursuing the object of their passion, sales this year have been growing. According to Agarwal, 2021 is set to be a record year for Lamborghini. The company sells three different model ranges — the Huracán, the Aventador and the Urus, which is an SUV.

Lalit Choudary, chairman and managing director of Infinity Cars that also runs a Lamborghini dealership, said "the past decade has seen the supercar market evolve from infancy to adolescence". Consumers are very aware, supercar clubs are hyperactive, and pride and joy of ownership is at a peak. "Buyers of these cars are primarily owners of legacy businesses and celebrities. Of late, we are witnessing start-up founders join the queue as well."

Business Line 23rd August 2021

SUV sales may soon race past cars

New launches, with a slew of features at preferred price points, boost sales

G BALACHANDAR
Chennai, August 22

The Indian passenger vehicle (PV) market is expected to witness a significant development with the sales of SUVs expected to surpass car volumes very soon. Going forward, the momentum is expected to continue, with the share of SUVs estimated to exceed 60 per cent of the PV market.

In the post-lockdown phases, the SUV segment has been reporting explosive growth in volumes. In Q1 of FY22, the share of SUVs was estimated at 38-40 per cent, up from 32 per cent in FY21 and 26 per cent in FY20.

As a result, the sales gap between SUVs and cars has been narrowing. It was just 6,000-plus units in July 2021 when SUV sales stood at 1,24,057 units against car volumes of 1,30,080 units. The gap was 26,000-plus in June 2021.

SUV revolution

The changing aspirational and driving needs, and numerous new launches at preferred price points, have aided the SUV revolution in the country. The sedan segment has been impacted deeply due to this shift, with its share dropping to 10 per cent now from 23 per cent five years ago.

Industry analysts say that buyers have started to shift to SUVs due to their higher stance and seating positions, which provide greater road visibility when compared with cars. Also, the current SUVs offer much more features than premium cars.

"The aspiration levels of Indian car buyers were always on the SUV side. Earlier, there were not many SUVs fitting into their aspirations and pockets. Now, there is a range of SUVs in the price

Room to zoom SUVs provide greater road visibility than cars

bracket of ₹6 lakh to ₹12 lakh, while the second range of SUVs comes in the price bracket from ₹9-10 lakh to ₹20 lakh.

"So, this segment has the right products and price points now to attract buyers. SUVs will maintain a strong momentum and garner 60-70 per cent share in the market, going forward. The shift towards SUVs is going to be permanent," says Sanjeev Garg, Practice Leader-Automotive, Praxis Global Alliance.

SUV market leaders such as Maruti, Hyundai and Mahindra are sitting on a huge order book for SUVs, while Renault, which triggered the SUV revolution in India with the launch of Duster, continues to boost its share with a new range – Kiger and Triber.

Huge order book

Though the shortage of semiconductors has caused some production constraints, booming SUV sales has also led to car makers adjusting their productions in favour of SUVs to fetch higher margins during this pandemic-induced period. "SUVs are making up a large chunk of the market. Also, many new SUVs have been launched, so naturally OEMs will ramp up production of those models to cash in on the novelty factor of the models," says Ashim Sharma, Partner & Group Head Business Performance Improvement Consulting at Nomura Research Institute.

New opportunities

Indians' growing love for SUVs has also thrown open new opportunities for companies such as Nissan, which has been struggling to improve its share despite being present in India for a decade.

Nissan's recently launched compact SUV Magnite has garnered more than 60,000 bookings, and has been helping the company accelerate sales. Brands such as Skoda and Volkswagen are also betting on their new SUVs to boost sales.

Business Line 25th August 2021

Protect dealers from sudden exits by MNCs, FADA tells govt

Dealers' body seeks industry status for auto retail sector

OUR BUREAU

New Delhi, August 24

The Federation of Automobile Dealers Associations (FADA) has asked the government to put in place a system to protect dealers from sudden exits by multinational manufacturers from the country. It said MNC exits not only hamper entrepreneurship of the dealers, but also hurt India's brand value.

It demanded industry status for the auto retail sector in order to get priority lending from banks, external commercial borrowing, financing from top lenders, private equity investments, easier access to domestic and global funds and more tax benefits.

"This will boost the confidence of the sector and result in scaling up infrastructure by bringing in new investments. We, therefore, request you to kindly accord industry status to the auto retail sector," Vinkesh Gulati, President, FADA, said here on Tuesday.

Sudden exit by MNCs not only hampers entrepreneurs' zeal but also hurts India's brand value, says dealers' body

Addressing the third Auto Retail Conclave, which was attended by Minister of Heavy Industries Mahendra Nath Pandey, Gulati said the Ministry gives permissions to MNCs such as auto original equipment manufacturers (OEMs) to set up businesses in India and with Prime Minister's 'Make in India' initiative, more MNCs will come to India.

"Once they begin their journey, they appoint dealers as their long-term partners. It is their sudden exits which hamper both, an entrepreneur's zeal to do business with them and the customers who are left high and dry with no proper support for after sales," Gulati said.

Harley Davidson exit

For instance, American cult bike maker Harley Davidson's exit last year had caused hardship forits dealership community. Similarly, dealers of US auto major General Motors were left in the lurch when the company decided to pull out of India in 2017. Speaking at a session, Kenichi Ayukawa, President, Society of Indian Automobile Manufacturers (SIAM), urged the government to let dealer workshops function as inspection and certification centres under the Vehicle Scrappage Policy.

Inspection centres

"This is because the dealer organisation already has equipment, investment and expertise in testing the automobiles. Also, dealers are located close to the customers. If the government accepts our request of using existing automobile dealer facilities, it will be a big statement of trust by the government on automobile dealers," he said.

Mahendra Nath Pandey, on his part, asked the automobile industry to support electric vehicles (EVs), saying it is emerging as a "big opportunity" and the auto sector is best poised to lead in the "Atmanirbhar" mission.

The Economic Times 27th August 2021

'Auto Parts Cos Should Go for Value-Addition, Localisation'

Sharmistha.M@timesgroup.com

New Delhi: India's auto component industry needs to increase value addition and deepen localisation to de-risk local manufacturing, simultaneously leaving its imprint on the global value chain as several multinational carmakers deploy a 'China Plus One' procurement strategy, senior government officials and automobile industry leaders believe.

While the local industry has scaled up exports over the years, its share globally is still a meagre 1.2%. According to the officials, the industry needs to make more investments on engineering and product development, particularly in advanced technologies as automakers globally move to clean connected vehicles, to develop India as a sourcing hub.

With the global supply chain facing disruptions, the automotive industry needs to prepare to keep pace with growing challenges, Kenichi Ayukawa, President, Society of Indian Automobile Manufacturers, said at the 61st Annual Convention of the Automotive Component Manufacturers Association.

Industry associations have jointly developed a localization roadmap for key components across segments to cut imports.

ET was the first to report on August 9 that SIAM and ACMA have

identified 12 key components with localisation potential, seeking to cut imports by 15-20% or ₹34,400 crore over a period of five years.

Ayukawa further said that given the global focus on reducing carbon emissions, the domestic industry needs to move as close as possible to 'Carbon Net Zero' with local manufacturing.

"For this, we have to develop multiple alternate powertrain technologies," he said. There is a need for the parts industry to enhance its focus, investments, research and development on all clean powertrain technologies.

Hyundai Motor India MD S S Kim concurred. "Investment in innovative technology will play a pivotal role in catalysing future growth and sustainability, thus helping the industry realise the vision of an Atmanirbhar Bharat," he said.

Arun Goel, secretary, Ministry of Heavy Industries, said to gain economies of scale on investments made on new technologies, the industry must step up exports.

As regards the transition to clean mobility, Maruti Suzuki chairman R C Bhargava, said the transition to EVs will not cause "disruption" in the component industry mid-term. "Electrification will only happen at a large scale in India when the customer finds it in his interest to buy EVs. Given the state of infrastructure and prices, it will take time. For many years, ICE and EV will co-exist," he said.

Auto and the component industries will have to work together in developing technologies and take advantage of the global market, especially in light of the China-plus-one strategy.

"Electrification is the pillar which could transform India. Innovation (here) is happening at an individual level, which can be translated into disruptions through digitalisation of process, not data," said Ashwani Gupta, COO & CPO, Nissan Motor Corp.

Separately, Ayukawa held the global shortage of semiconductors has impacted the domestic auto industry and continues to be a challenge. However, it can be turned into a big opportunity as demand for the technology-based equipment has increased manifold in various sectors alongside the automotive segment.

Business Line 26th August 2021

Auto component sector seeks long-term roadmap from govt

OUR BUREAU

New Delhi, August 26

The Automotive Component Manufacturers Association of India (ACMA) has called for a long-term stable and technology agnostic roadmap to allow localisation of technologies, saying it is critical for the survival and competitiveness of the industry amid declining vehicle sales.

Speaking at the 61st annual convention of the components industry body here on Thursday, Deepak Jain, President, ACMA, said factors such as high domestic taxation, increasing fuel costs, steep rise in commodity prices are adversely impacting affordability of vehicles, and in turn the viability of the component sector.

Covid challenges

"The last two years have been extremely challenging for the industry with two lockdowns in the wake of the pandemic that threatened to derail our economy and industry. The year 2020-21 witnessed the second successive year of contraction in vehicle sales in India and overall vehicle sales fell by over 13.6 per cent. The component industry also witnessed a de-growth of 3 per cent," he said.

Deepak Jain, President, ACMA

Jain said with the second wave of pandemic, the revival of auto components industry has again been put to test.

"High domestic taxation, increasing fuel costs, steep rise in commodity prices, among others is adversely impacting affordability of vehicles, and in turn the viability of the component sector," he said adding that a long-term stable and technology agnostic roadmap that allows sufficient time for localisation of technologies would be critical for survival and competitiveness of the industry.

Given the volatility in the environment, Jain said it was for the industry to find answers on how to "strive to survive, piece ourselves together to revive and explore the opportunities for growth".

More investments needed

In his keynote address, RC Bhargava, Chairman, Maruti Suzuki India, said there is a need of more investments by the components industry in developing engineering and R&D capabilities for that should come from their internal resources.

"Internal resources need to be maximised...I have been saying this for sometime that the secret of success of building strong companies for developing technology for growth is to generate more and more internal resources...I would strongly suggest to component manufacturers that they need to look at entire management culture and management style and see how more funds remain within the company and less funds are used for other purposes including lifestyle of senior management personnel," he said.

Business Standard 25th August 2021

Managements must cut expenses, says Bhargava

Maruti will enter EVs only when profitability is certain: Chairman

PRESS TRUST OF INDIA

New Delhi, 24 August

I AM QUITE CLEAR THAT IF A STRONG INDUSTRIAL BASE HAS TO BE BUILT IN INDIA, THE AUTO INDUSTRY AND THE CAR INDUSTRY HAVE TO REACH DOUBLE-DIGIT GROWTH LEVELS... AT PRESENT THE CONDITIONS DO NOT PERMIT THAT WE HAVE IT

R C BHARGAVA, Chairman, Maruti Suzuki India

Company managements need to "curtail the kind of expenditures on themselves personally" with the Covid-19 pandemic highlighting the need to build internal resources with a frugal style of functioning, Maruti Suzuki India Chairman RC Bhargava said on Tuesday.

Addressing shareholders in the company's annual general meeting held virtually, he also termed as "a good development for the whole of industry" recent shareholder actions that did not approve expenditures by management on themselves, without specifying details.

In the wake of the pandemic, building internal resources has to become a priority of industry and companies. It requires companies to have a more frugal style of management, he said.

"Management themselves need, I think, to curtail the kind of expenditures on themselves personally. Recent shareholder action seems to suggest why a section of shareholders share this view and are voting on these lines and I think that's a good development for the whole of industry," Bhargava said without elaborating.

Bhargava, who had in the past stated that the high tax regime is slowing down car demand, reiterated the need to address the issue. "I am quite clear that if a strong industrial base has to be built in India, the auto industry and the car industry has to reach double digit growths and at present the conditions do not permit that we have it," he said.

Chip shortage temporary

"The shortage of semiconductors is a temporary problem partly due to Covid. Our estimation is that this shortage problem will be over by 2022," Bhargava said while responding to a query by a shareholder.

He also said Maruti Suzuki India has outlined a capex of ₹4,500 crore in the ongoing fiscal for its various business purposes but the actual expenditure will be known only at the end of the year.

On the company's plans for EVs, he said Maruti Suzuki is the leader in the conventional car industry and the its intention is to achieve leadership position even in the EV sector in future.

Business Line 31st August 2021

Malaysia lockdown may dent upcoming festival auto sales

Adds to the woes of OEMs that are already facing severe chip shortage

S RONENDRA SINGH

New Delhi, August 30

The domestic automobile manufacturers, who are facing a tough situation following the shortage of semiconductors, may have to further cut production in September due to lockdown in Malaysia, which is one of the largest chip suppliers. The original equipment manufacturers (OEMs) are now worried, as it comes at a time when companies are preparing for festival season sales.

The Malaysian crisis is adding stress to the existing semiconductor shortage issues and companies may run into huge opportunity losses, running up to thousands of crores in value terms. Sources in the industry said Mahindra & Mahindra is one of the biggest victims of this semiconductor shortage as many of its vehicles are lying idle in its factories for want of chipsets.

Supply issues

"Demand will not be an issue, It will be on the supply side and is the only fear that we have. The semiconductor issue has been the showstopper as far as industry numbers are concerned. While we were dealing with this uncertainty, the Malaysia Covid restrictions kicked in. This is just adding to the concern that we already had because of the semiconductor issues globally,"

Acute shortage of chipsets is driving firms to buy directly from suppliers at higher price

Shailesh Chandra, President, Passenger Vehicles Business, Tata Motors told *BusinessLine*.

Tata Motors has been managing the semiconductor issue at 'multiple levels', including closely working with the tier-I suppliers and co-ordinating with suppliers, said Chandra.

The shortage of chipsets is so much that the companies are also buying directly from the suppliers at a higher price. "Wherever possible, we are trying to see if we can optimise the use of microcontrollers in certain parts. We are also trying to find out availability from the stockists and directly purchasing them at a higher price," Chandra said.

According to Shashank Srivastava, Senior Executive Director (Marketing & Sales), Maruti Suzuki India (MSIL), the demand and supply of cars reflect the semiconductor shortage. "This has been a month (August) when we had limited production because of the semiconductor shortages," he said.

Earlier this month, Suzuki Motor Gujarat had announced three Saturdays as no production days which hit sales. The company may go for shut down for a few days in September too.

RC Bhargava, Chairman, MSIL, had said that it was not clear how long the situation of chip shortages would last, and till things improve, production across the industry would be affected with temporary shut downs.

Maruti to hike prices from next month, 4th since Jan

OUR BUREAU

New Delhi, August 30

Maruti Suzuki India has said it will hike prices across models from next month amid rising input costs. This is the fourth price hike this calendar year since January. In January, the company had increased the prices by 1.6 per cent across all categories; by 1.9 per cent in April; and by 0.4 per cent in July only on CNG vehicles.

"Commodity prices are high since April 2020. For instance, prices of steel have gone up from ₹38,000 per tonne last year to ₹65,000 per tonne now. Copper from $6,200/tonne to $10,200/tonne," RC Bhargava had said.

Although the company did not specify the quantum of price rise, sources said it will be in the range of ₹5,000-₹22,000, across models.

Business Line
28th August 2021

Sona Comstar's Sunjay Kapur is new ACMA President

OUR BUREAU

New Delhi, August 27

The Automotive Component Manufacturers Association of India (ACMA) on Friday said it has appointed Sunjay J Kapur, Chairman, Sona Comstar, as President for 2021-22.

The apex body, representing India's auto component manufacturing industry, also appointed Shradha Suri Marwah, Chairperson and Managing Director, Subros Ltd, as Vice-President for this year, ACMA said in a statement.

"I would like to extend a warm welcome to both on behalf of the entire fraternity. Kapur, being an industry expert, and one of the leading auto components manufacturers comes with a deep understanding of the auto industry particularly components segment. We are sure that his rich experience and expertise in the field will help us in taking the industry's agenda forward," Vinnie Mehta, Director-General, ACMA, said.

Kapur said that the times ahead are challenging yet exciting as the industry is witnessing a transition to next generation of mobility.

"It is indeed an imperative for ACMA to drive change through entire component manufacturing ecosystem and help members to stay relevant with increased focus on localisation and indigenous technology development," he said.

Business Line 26th August 2021

SIAM calls for focused action to revive growth in auto sector

Automobile makers' body says efforts on to increase localisation

Kenichi Ayukawa, President SIAM

OUR BUREAU

New Delhi, August 25

Automakers must do a deeper analysis on why car sales are not going up even though income levels of people are rising, Revenue Secretary Tarun Bajaj said adding that the industry needs to keep pace with changing technology.

"We would love to see this industry growing and moving with technology. If the technology is going to move from ICE (internal combustion engine) to another mode, I think this industry has to move with it, otherwise, we will lose pace. We have gained a lot in certain industries and over the years just because we have not moved with time, we have lost those opportunities, we could not achieve what we should have achieved," he said at 61st Annual Convention of Society of Indian Automobile Manufacturers (SIAM), here on Wednesday.

Meanwhile, the automobile industry wants a focused action through some key enablers to overcome the immediate and short-term challenges and bring back the industry on the growth track. Speaking at the plenary session, Kenichi Ayukawa, President of the apex industry body, said that SIAM and the Automotive Components Manufacturers Association (ACMA) have together worked out a 'Localisation Roadmap' with a target of about 15-20 per cent further localisation in next two-five years.

For a long-term regulatory roadmap, SIAM has prepared an approach paper that takes care of all aspects and gives clarity on future investments, he said.

Challenges, concerns

"Currently, the Indian automobile industry is facing many immediate and medium-term challenges and some of the immediate short-term concerns for the industry are pandemic related uncertainties and health of our people, global shortage of semi-conductors, rising commodity prices, upcoming fuel-efficiency and BS-VI phase-2 regulations, shortage of shipping containers, and import restrictions," Ayukawa said.

At the same time, there are some challenges and focus areas for the medium term that include ensuring a sustained demand, affordability for customers, localisation, preparing for long-term regulations, and new powertrain technologies.

He said even before Covid started, the Indian automobile industry was facing a deep structural slowdown in all four segments — passenger vehicle, two-wheeler, commercial vehicle and three-wheeler.

"The long-term growth rate has come down drastically in the past five-10 years even before Covid started and, Covid has further caused negative growth for the industry. It has pushed industry volumes back by many years," he said.

Growth dips

For instance, the passenger vehicle growth has come down to 3.6 per cent CAGR in 2019-20 against 10.3 per cent CAGR in 2009-10, and two-wheeler to 6.4 per cent CAGR, from 9.8 per cent 10 years ago.

Similarly, for commercial vehicle, the CAGR has come down to 3 per cent in 2019-20 compared to 12.7 per cent in 2009-10, and for three-wheeler from 9.8 per cent to 3.8 per cent.

Business Line 19th August 2021

VW, domestic OEMs back Tesla's push for EV tax cut

BLOOMBERG

August 18

Volkswagen AG's Indian unit throws its support behind Tesla Inc's push for a tax cut on electric vehicle (EV) imports, saying a reduction in tariffs would help the entire industry.

"Cutting duties on EVs, even to 25 per cent, from the current levels which are as high as 100 per cent wouldn't pose a threat to domestic players, but would help drive investment and speed up the creation of the ecosystem," Gurpratap Boparai, Managing Director, Skoda Auto Volkswagen India, said in an email.

High tax deterrent

Tesla, last month, urged India to cut tariffs on EVs, with CEO Elon Musk later tweeting he'd be "quite likely" to build a factory in the country if the carmaker can first begin selling imported vehicles. While the government has poured cold water on the proposal, other auto executives including Mahindra & Mahindra CEO Anish Shah, and Hyundai Motor India's Seon Seob Kim, have also backed the move.

India's high-tax regime has long been a sticking point for foreign automakers. Toyota Motor Corp. last year said it won't expand further in India due to high tariffs, while Harley-Davidson exited the nation. General Motors Co. pulled out of the country in 2017.

"A high tax rate not only impacts local consumption but also hurts the potential to make India a global manufacturing destination," Boparai said. Relaxing import tariffs on electric cars and major components will help boost local production, he said.

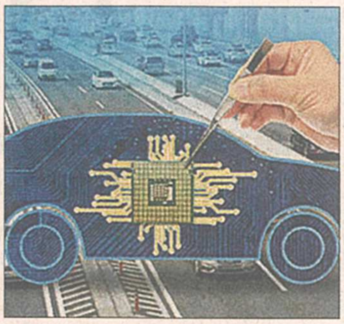
Separately, Volkswagen is exploring how to introduce EVs across its brands in India and will follow a top-down approach led by its luxury brands like Audi and Porsche, he said.

"To do higher volumes, one has to be cost competitive for which localisation is necessary," Boparai said. "However, localisation becomes feasible only at a certain volume and market size."

The Economic Times 28th August 2021

Chip Shortage: Aug Auto Output Loss Pegged at $500 m

Maruti, Ford India, Renault-Nissan, TaMo plan plant shutdowns in last week



Ketan Thakkar & Ashutosh R Shyam

Mumbai: Auto production is set to dip further this month and in September as the chipset shortage crisis deepens. The last week of August is likely to see a drop of 8,000-10,000 units due to plant shutdowns at companies such as Tata Motors, Renault-Nissan and Ford India.

The cumulative impact of the semiconductor shortage in all of August is likely to be 50,000 units or 20-25% of monthly output, translating into a turnover loss of about $500 million. Lower production will mean wholesale despatches for August will likely fall to 250,000-260,000 units from 295,000 in July.

Market leader Maruti Suzuki has been compelled to cut production, which will likely reduce its August numbers by 30% from July. Shutdowns in the southern India-based factories of Renault-Nissan and Ford and the Sanand, Gujarat, factory of Tata Motors will further squeeze supplies.

Renault-Nissan has told vendors that the group is facing continuous shortages on account of the Covid situation in Malaysia, where many suppliers have stopped production due to the spread of infections. The company suspended production on Line 1 at its Oragadam, Tamil Nadu, plant on August 26-31 and on August 28 and 30. Ford India's Sanand factory is shut August 23-31.

As the shortage is likely to extend well into the second half of 2021, the volume lost in August and September may not be recovered in the coming months, said Gaurav Vangaal, associate director at IHS Markit.

"The impact appears to be much more severe than expected due to a shortage of parts coming from Malaysia," he said. "When the most efficient supply chain of market leader Maruti Suzuki is hurt, the overall industry output also gets dented badly. The tremendous volatility in the supply chain is likely to continue."

A Ford India spokesperson confirmed the shutdowns in August and said a third of the output in September is also likely to be hit due to the shortage of chips. Renault-Nissan didn't respond to queries.

A Tata Motors spokesperson told ET that the semiconductor shortage is likely to continue into the second half of FY22.

"We have also aligned our production to actual demand and adjusted the number of shifts and manpower to optimise," said the spokesperson. "Our Sanand plant is closed on Friday, August 27, Saturday, August 28, and Tuesday, August 31, as is our Jamshedpur plant on 31st, due to business requirements and maintenance activities, respectively. Sunday, August 29, is a weekly off for all our plants and Monday, August 30, is the holiday for Janmashtami."

Apart from chip capacity issues, disruptions in other parts of the world, such as the recent lockdown in Malaysia, continue to keep the supply environment uncertain. Tata Motors is seeking to improve visibility across its supply chain through better planning and closer coordination with suppliers, the person said. The company is adopting a multi-pronged approach, including procuring chipsets from the open market, managing the model/trim mix, and using alternative chips to reduce supply side risks.

Business Line 27th August 2021

Chip shortage can be an opportunity: SIAM chief

OUR BUREAU

New Delhi, August 26

Semiconductor shortage — though a big challenge — can be turned into big opportunity for the component manufacturing industry, Kenichi Ayukawa, President, Society of Automobile Manufacturers (SIAM), said on Thursday.

Speaking at the annual convention of the Automotive Component Manufacturers Association of India (ACMA), he said the demand for technology-based equipment has increased manifold in various sectors alongside the automotive segment.

Kenichi Ayukawa, SIAM President

Growing challenges

"The challenge of Covid-19 continues globally, and different regions are being impacted at different times. While the global supply chain is already very complex, such disruptions and uncertainties further add to the challenge. Hence our preparation has to keep pace with the growing challenges," Ayukawa said.

The global semiconductor supply chain has become increasingly at risk due to several factors, and it has impacted the domestic auto industry since last year and continues to be a big challenge, he said.

The usage of semiconductors in the auto industry has gone up globally in recent times with new models coming up with more and more electronic features such as bluetooth connectivity and driver-assist, navigation and hybrid-electric systems.

Components production

On manufacturing such components in India, Ayukawa said, "The invitation by the government for expression of interest for manufacturing semi-conductors in India is a much needed, long-term step, in the right direction. I am sure global investors will take advantage of this opportunity in India."

Business Standard 27th August 2021

Govt tells auto sector to cut China imports

SHALLY SETH MOHILE
Mumbai, 26 August

The government has told the automotive industry to reduce its dependence on China imports for electric vehicle (EV) components and build locally as the country seeks to reshape its supply chains and looks to play a strategic role in the global value chain.

NITI Aayog CEO Amitabh Kant nudged the established automakers to move forward with their EV plans, warning that if they don't, the incumbents will cede ground to start-ups as the smaller firms are growing exponentially.

"The domestic manufacturers must realise that we are in the midst of a biggest transition. EVs will become inevitable whether you like it or not," he said during a virtual address to auto industry leaders at the 61st annual conference of Auto Component Manufacturers Association (ACMA).

According to Kant, it is imperative for the country to "indigenise the manufacturing of EVs and its parts and promote mass adoption".

He cautioned that the EV industry should not adopt the route followed by the solar power sector. "Don't want to be a major importer like we are in solar," he said.

THE EV WILL BECOME INEVITABLE WHETHER YOU LIKE IT OR NOT

AMITABH KANT, CEO, Niti Ayog

His comments on start-ups come amid a flurry of e-scooter launches by them, including Ola Electric. A persistent increase in petrol prices and a policy push by the Centre and states has helped manufacturers of e-scooters launch them at a price which is only marginally higher to comparable internal combustion engine (ICE) powered models.

In contrast, car buyers will have to wait till price parity between ICE cars and e-cars is arrived at. "Electrification can happen on a large scale in India only when the customers find EVs a lot more attractive than ICE. It cannot be adopted very fast, given the state of infrastructure," said R C Bhargava, chairman of car market leader Maruti Suzuki India.

Kant believes India's low car penetration — 21 per 1000, as against United States' 960 per 1000 — will make the transition from ICE to EVs smoother as the country will not have any "legacy issues".

As a signatory to the Paris Agreement on Climate Change, India is committed to reduce carbon emission by 25 per cent by 2030. EVs are one way India can achieve this target.

Kenichi Ayukawa, President of Society of Indian Automobile Manufacturers (Siam) and MD & CEO of Maruti Suzuki India, said that both Acma and Siam have "jointly developed a localisation road map for the auto industry. This road map details key components across segments and the corresponding opportunity for localisation."

Business Standard 30th August 2021

FESTIVAL SEASON TYPICALLY COMES WITH RISE IN DEMAND ALONG WITH OFFERS AND SALES IN CONSUMER-FACING SECTORS. WILL IT BE ANY DIFFERENT THIS TIME? THE FIRST OF A 4-PART SERIES CHECKS OUT THE MOOD IN THE AUTOMOBILE INDUSTRY

Chip shortage may spoil the party for carmakers this festive season

SHALLY SETH MOHILE
Mumbai, 29 August

For automakers, the festive season is about raking it in through ramped up sales and attractive consumer offers. However, despite the robust demand, what may spoil the party this year is a global shortage of semiconductors.

DEALS OR DISTRESS

The global shortage of chips has been disrupting production. This, coupled with the fact that demand for cars is set to rise further in the coming months, will likely result in the waiting periods for models to go up even more. It also means that offers, such as discounts and freebies, will go out the window. Depending on the model, variant mix and the city, at present one has to wait for as long as 1.5 months to four months to get the car of one's choice.

A LONG WAIT

* Average waiting (months)

Maruti Suzuki	**KIA** Seltos 4 Sonet 4
Ertiga (CNG) 7 to 8	**Hyundai** Creta 6 Sonet 3 i20 3
Ertiga (Petrol) 3 to 4	**Tata Motors** Harrier 1.5 Safari 3.0
Alto (CNG) 3 to 4 wks	Nexon 2.5
Espresso 3 to 4 wks	**Mahindra** XUV300 3.0 Thar 12.0 Bolero Neo 1-1.5 Scorpio 1-1.5

Varies depending on the variant mix and city

Source: Dealers/Companies

Once the festive season is in full cry, the wait may be extended to six to nine months, and even spill over to the next calendar year, say auto dealers and officials at car companies.

"The chip shortage may play a spoilsport this year. The lurking fear of a third wave of the pandemic and a potential deficit in the monsoon may also dampen the festive season," said Shashank Srivastava, executive director, sales and marketing, at Maruti Suzuki.

The Onam festival earlier this month kicked off the season on a good note, Srivastava pointed out. The car market leader saw bookings of 800 cars a day on an average, as against 500 last year. But this is still short of the 1000-plus units it saw in 2019, he said.

Turn to Page 4

FROM PAGE 1

Chip shortage may spoil...

Presently, the wait for a Maruti model is anywhere between three weeks and eight months, depending on the fuel type, variant mix and the city. It may get longer in the run up to Navratri and Diwali, as buyers consider this period auspicious for taking delivery of vehicles.

A third of the annual sales for all car companies take place during the festival season between Navratri and Diwali.

"In the passenger vehicles segment all the enablers are in place but availability is a major issue, owing to the chip shortage," said Vinkesh Gulati, president, Federation of Automobile Dealers Association (FADA).

On an average, the waiting for models across brands is up to six-seven months. Seeing the current level of inquiries, this may go up to nine months, Gulati said. The challenge is no longer about generating or boosting demand, but making sure that vehicles are available, he said.

Hence, sales and marketing heads of auto companies are likely to spend more time juggling between models and variant mixes to ensure their availability than crafting sales and promotion strategies.

"We are finding credible and innovative methods to address the challenge on priority," said Veejay Nakra, CEO, automotive division, Mahindra & Mahindra. The company is taking all steps to ensure optimum level of inventory at plants and dealerships in order to be prepared for the strong demand as it gets into the festive period, said Nakra. With the recent reveal of XUV700 and the launch of Bolero Neo in July preceded by the all-new Thar last year, we are seeing a sizable turnaround of demand, he added. Unlike previous years, consumers are unlikely to be pampered with schemes and offers by auto firms but they can expect some very attractive finance schemes as financiers step on the gas to boost retail lending.

"Interest rates are low and financiers would want to lend as they have enough liquidity. Also, expect insurance companies to get aggressive in terms of discounts," said Puneet Gupta, associate director at I.H.S Markit, a sales, market research and forecasting firm. For example, Honda Cars India has partnered with multiple financiers, including PSU Banks, retail financiers and NBFCs, focusing on semi-urban and rural areas to offer competitive interest rates and flexible repayment options, said Rajesh Goel, senior vice-president and director, marketing and sales.

"While the overall demand remains strong and we are optimistic about good festive sales, we are monitoring the situation for any further Covid-related disruptions and supply side issues," said Goel.

Economic Times 27th August 2021

Tesla in Talks with 3 Local Cos for Parts Supply

EV maker is looking to source electronic, electrical, mechanical components from tier I cos

Lijee.Philip@timesgroup.com

Mumbai: US electric vehicle maker Tesla is in talks with at least three Indian suppliers to source critical parts as part of its plans to enter the Indian market, said people aware of the matter.

The company is looking to source critical electronic, electrical and mechanical components, even as Sona Comstar, Sandhar Technologies and Bharat Forge are understood to be among the Indian firms already supplying components to it.

Preliminary discussions are on with tier 1 companies for the supply of various components such as instrument panels, windshields, differential gears, brakes and power seats.

ET has also learnt that a meeting between Tesla representatives in India and the Automotive Component Manufacturers Association of India (ACMA) took place recently, in which sourcing of critical parts was discussed.

Plug In

Auto components industry **welcomes foreign investment**

PMP, FAME II in place to **promote indigenous production**

India imposes **100% import duty** for **$40,000+** CIF value; **60%** for cheaper vehicles

Tesla **seeking 40% duty** on completely built units, against **60%** applicable

Economic Times 29th August 2021

Sourcing Hub for Components

▸▸ From Page 1

Manuj Khurana, head of policy and development, Tesla India, and a senior executive from global strategic sourcing and supply chain at Tesla Inc, have been in discussion with various tier I suppliers.

Queries emailed by ET to Tesla on the possible sourcing tier I partners did not elicit any response. A supplier said, on condition of anonymity, that Tesla prohibits suppliers contractually from giving the names of their customers.

ACMA's newly-appointed president, Sunjay Kapur, said India is fast becoming a sourcing hub for components, with several international purchase offices already in place. He did not comment on any specific customer. "As component companies up their technology quotient, they are also looking to enhance exports, as there is a huge growth opportunity there," said Kapur, who is chairman of Sona Comstar. The company currently exports 80% of its output.

Sandhar Technologies founder Jayant Davar said, "We are very sure that once Tesla starts manufacturing here, Indian companies will benefit from sourcing opportunities."

An email sent to Bharat Forge did not elicit any response.

A Tesla EV has fewer moving parts than other conventional engines, which means it may need fewer component suppliers. The company, which is rather secretive about its suppliers, makes some of the electric components — such as the electric motor, battery pack and charger — while sourcing the sub-assemblies and rest of the parts from global suppliers.

5M

UNITS INDIAN ELECTRIC 2-WHEELERS MKT IS EXPECTED TO HIT IN 3 YEARS

RISING EV SALES

Meanwhile, the auto parts industry has urged the government to extend the production-linked incentive scheme to electric and electronic parts and encourage local sourcing by global companies. EV sales have been increasing across most states owing to attractive incentives and deployment of charging infrastructure. Industry watchers said two-wheelers and three-wheelers will go all-electric first. "These are low-hanging fruit," said Kapur.

Experts expect the Indian market for electric two-wheelers to hit 5 million units in three years, as the latest financial support announced by the government will make vehicles more affordable.

FOR FULL REPORT, GO TO www.economictimes.com

PRESS REPORTS
ON
ELECTRIC VEHICLE

The Times of India 30th August 2021

Tesla's proposal for lower import duty finds traction

Finmin To Decide As Ministries Debate Cut With Conditions

Dipak Dash & Sidhartha | TNN

New Delhi: Tesla's proposal for a reduction in import duty to enter India has been backed by several government agencies, including the road transport ministry, department for promotion of industry and internal trade and NITI Aayog, with a final call now to be taken by the finance ministry.

The heavy industries ministry is the sole dissenter amid strong opposition from some of the largest auto industry players, government sources told **TOI**, arguing that the concessions could help in the medium-term.

Officials indicated that there is discussion around the tariff cuts coming with certain conditions, which may include a mandated level of infrastructure creation in the form of charging stations or similar requirements. Alternatively, a domestic sourcing clause could be added, which will require the Elon Musk-founded entity to buy some components from India, a model that was tried with single-brand retailing in the initial years. Some sections in the government are, however, in favour of getting the company to invest in charging infrastructure, which will not just help Tesla buyers but can also come handy for other electric vehicles users. They are arguing that the component suppliers may not be immediately available and in any case tracking compliance is often tough.

Musk has been discussing an entry into India for the last few years, but it is contingent upon the concessions. Sources said Tesla has sought a lower import duty of 40% from current 60% on fully assembled electric cars priced below $40,000, and 60% from current 100% on vehicles above $40,000.

Over the next few years, the government is hoping that Tesla could begin manufacturing in the country. The Palo Alto-headquartered company has registered an entity in India as part of its plans to foray here and start with its plans to have dealers here. Union road transport minister Nitin Gadkari had urged the top company executives that Tesla must have its manufacturing unit in India. "If they have to manufacture here, they need the numbers and no one can test the market when you impose such high import duty on the vehicles," said a high-ranking officer.

The proponents of local sourcing argue that it will help develop a vendor base in the country, which will be beneficial for the electric vehicle space in the long run.

The government has been seeking to promote electric vehicles but the resistance from the domestic auto manufacturers has forced it to go slow apart from turf issue between the road transport ministry and NITI Aayog. On the issue of Tesla's entry, however, both seem to be on the same page.

In the past, the finance ministry has shunned proposals from companies such as Apple to enter India purely to sell its products and has instead preferred a model where the overseas player also sets up some manufacturing facility. Officials supporting Tesla's plan, however, argue that it is important for any company to test the market for a few years before making a large commitment.

STRINGS ATTACHED

- Tesla wants import duty to be reduced to **40%** on fully assembled electric cars priced below **$40,000**
- Tariff cuts may be offered with certain conditions
- Tesla may be required to set up charging infra or source some components from India

On India Launch

"We want to do so, but import duties are the highest in the world by far of any large country! Moreover, clean energy vehicles are treated the same as diesel or petrol, which does not seem entirely consistent with the climate goals of India — ELON MUSK | TESLA CEO

The Economic Times 19th August 2021

EV Maker Ather Warns Against Fake Bookings in Public Notice

Copycat website trying to dupe customers, warns co

Our Bureau

Bengaluru: At a time when there is growing interest in electric scooters with the recent launch from Ola, electric two-wheeler maker Ather Energy has cautioned customers about miscreants trying to ride the wave and duping them.

In a notice published across newspapers, Ather warned readers about the existence of a fake website "deceptively similar" to that of the company. This website is accepting fake vehicle bookings, issuing false letters of intent and demanding money towards registration, security, etc, the notice said.

The company said it would not be liable for any loss suffered by anyone in case she or he loses money transacting on the fake website. "The intent is to spread awareness among our consumers, dealerships and suppliers — all our stakeholders," said a company spokesperson. Emails have been sent to stakeholders in this regard, the spokesperson added.

The message has been communicated across the company's social media channel as well. "We have only one official website — atherenergy.com. We've put a lot of effort into making it look good. So, exercise caution while transacting online," the company said in a tweet on July 29.

Ather said it had initiated legal recourse in order to take the impersonating website down.

Last week, Ather opened its proprietary fast-charging connector to other manufacturers. It wants other companies to build products on a common standard.

Doing so would help lower infrastructure investment as well as increase adoption of electric two-wheelers in the country, it said.

Business Standard 24th August 2021

Ez4EV to Launch On-Demand Mobile Charging Stations for EVs

Press Trust of India

New Delhi: Battery storage and charger development firm Ez4EV will soon provide on-demand mobile charging solutions EzUrja (easy oorja) for electric vehicles (EVs) at the locations chosen by consumers. Like the mobile ATMs (cash dispensers), EzUrja can be located anywhere for providing charging facilities to electric vehicles.

"Ez4EV is all set to launch its innovative mobile charging solution EzUrja (easy oorja) for electric vehicles in next three months to mitigate the range anxiety of EV owners and to instantly up the missing infrastructure for EV charging points in the country," Satinder Singh, CEO, Ez4EV, told PTI over phone.

These mobile charging stations follow an innovative EV Charging-on-Demand approach and are managed as an Internet of Things (IoT) device,

allowing for remote condition monitoring and organization of operations.

The Ez4EV plans to deploy multiple EzUrja's servicing EVs in cities and highways of the country more so as a product for smaller towns by creating better EV connectivity.

Singh said, "EV development prerequisite is the charging point availabilities. In our country where customer delight is on a door-step delivery basis, we complement the same by providing India's first Charging-on-Demand to ease the ride of an EV owner".

The transition from IC (internal combustion) engines to e-mobility requires efficient charging infrastructure.

The Ez4EV plans to solve the problem of inadequate infrastructure by deploying a network of autonomous EzUrja charging stations. With this, the company aims to become a key player in the innovative charging infrastructure market by providing Infra-as-a-Service for the Indian EV sector.

Given the current scenario, operators are reluctant to install stationary charging stations in view of lack of business cases and hence range anxiety for the owner.

For this, EzUrja comes in various sizes with a dedicated power supply having slow and fast EV charging stations with a logistics management system to handle re-charging, using 100% CO2 emission-free energy throughput.

The Economic Times 30th August 2021

EV manufacturers line up investment, ramp up capacity

SHALLY SETH MOHILE & SHINE JACOB
Mumbai/Chennai, 23 August

Electric vehicle (EV) makers in India (including start-ups and conventional automakers) have committed over ₹9,000 crore in the past one year as they seek to ride on the opportunity thrown open by electric mobility. This doesn't include investments made by component suppliers and battery manufacturers.

An independent study by CEEW Centre for Energy Finance estimates the EV market in India to be a $206-billion opportunity by 2030, provided India maintains steady progress to meet its ambitious 2030 target. This will require a cumulative investment of over $180 billion in vehicle production and charging infrastructure.

Not surprisingly, among these, the maximum investment has gone into creating capacities for the electric two-wheelers, followed by three-wheelers and light vehicles used for last-mile connectivity. The confidence stems from growing demand.

Albeit on a low base, manufacturers

PUMPING IN CASH

Company	Place	Investment (₹ cr)
Ather	Hosur	635
Simple Energy	Hosur	350
OLA	Krishnanagiri	2,354
TVS	Hosur	1,000
Srivaru Motors	Coimbatore	1,000
Mahindra	NA	3,000
Hero Electric	Ludhiana	700
Okinawa	Alwar	250
Ampere	Ranipet	700
Ashok Leyland	Hosur	*1,500
Total		9,989

*Includes investment in UK

of most electric two-wheelers, including Hero Electric, Okinawa Autotech, Ather Energy, Ampere Vehicles, Bajaj Auto, TVS Motor, among others, have seen demand rise sharply in the first five months of the current year.

Encouraged by the demand and projections, EV makers are ramping up capacity. Nagesh Basavanhalli, managing director (MD) and group chief executive officer, Greaves Cotton, that sells electric two-wheelers and three-wheelers under the Ampere brand, said his firm has sold close to 100,000 electric two- and three-wheelers and is expanding capacity at Ranipet in Tamil Nadu (TN). "It will have the capacity to roll out 1 million units by the end of this financial year. The demand has outstripped supply," said Basavanhalli.

Okinawa Autotech, too, is expanding capacity to meet growing demand, said Jeetender Sharma, MD and founder, Okinawa Autotech, which sells the i-Praise+ and the Praise Pro brand of electric scooters. The company produces 90,000 units in a single shift at its Alwar factory, which can be doubled with an additional shift, he said. It is also investing ₹250 crore in a bigger factory in Bhiwadi, which will have the capacity to roll out 1 million units per annum.

"We have been witnessing a surge in sales on account of rising fuel prices, as well as the supportive policies from several state governments inducing customers to opt for electric mobility. Our monthly sales are now averaging to more than 5,000 units," said Sharma.

India's tryst with EVs is more than two decades old. It has, however, failed to move the needle in terms of a wider adoption and hence, investments have been few and far between. It is only recently, following concerted efforts by the Centre and state governments and a policy push, that EVs have started whetting investor appetite.

The market has seen a flurry of new launches. Owing to a high price barrier, charging infra issues, among other factors, electric cars remain out of a common buyer's reach and will remain so in the foreseeable future. India's EV fortunes, therefore, will be riding on electric two-wheelers.

Sohinder Gill, president, Society of Manufacturers of Electric Vehicles, the apex body representing the interests of EV makers, says a total of ₹3,612 crore has been raised by manufacturers to fund their EV plans. This includes ₹2,132 crore by Ola Electric, ₹701 crore by Hero MotoCorp-backed Ather Energy, ₹380 crore by Hero Electric, the rest by Revolt Motors, Pure EV, and Ampere Vehicles.

The EV evolution has led to healthy competition among states for investment. TN and Karnataka are turning out to be favoured investment destinations. Based on estimates, TN is set to see investment between ₹15,000 crore and ₹20,000 crore in the entire EV space, including original equipment manufacturers, battery makers - a major part of it coming from electric two-wheelers. "Our EV policy is going to encourage manufacturing, coupled with skilled manpower," said TN Industries Secretary N Muruganandam. The state is likely to see doubling of investments in the EV segment to ₹40,000 crore in the next two years.

Karnataka is not far behind in the EV race. The state had announced investments to the tune of ₹23,000 crore in the sector last year. Of this, ₹20,000 crore was committed by Elest to set up a ₹14,255-crore EV manufacturing unit and ₹6,339 crore for a lithium ion cell and battery manufacturing unit.

Business Standard 22nd August 2021

Tube Investments to launch electric 3-wheelers by Mar

SHINE JACOB
Chennai, 22 August

Murugappa group company Tube Investments of India (TII), the makers of iconic bicycle brands like BSA and Hercules, will foray into the e-mobility space by launching electric three-wheeler passenger vehicles by March 2022, a top company executive told *Business Standard*.

Following this, TII will gradually look into the cargo segment, scooters and e-rickshaws. TII, which operates in three business divisions, including engineering, bicycles and metal-formed products, has a market share of around 25 per cent in India's bicycle market.

The company has already started work on a separate unit for electric vehicles (EVs) at its Ambattur facility. This unit may see an investment of around ₹150-200 crore during the first phase, till 2023.

"We will launch our electric three wheelers (L5M or passenger category) by March next year. Work has already started on it and a lot of equipment is getting installed. We are looking at our possible markets, distribution and service strategy," said Kalyan Kumar Paul, president of TI Cycles of India.

TII's strategy is to first look into the Southern markets and quickly accelerate its presence to other regions of the country. The advantage for TII as an EV player would be an established supply chain of 3,500 direct dealer points for bicycles and 190 exclusive retail outlets under the brand 'Track & Trail'. The company can take advantage of this, at least in the initial stages of its EV foray.

"After L5M, we will get into last-lap connectivity in the cargo (L5N) space in quick succession. Later, this may be followed by e-rickshaws and scooters," Paul said.

During the initial stages of its planning for new electric three wheelers, the company had roped in a Korean firm for technology sharing.

Another group firm Carborundum Universal has already acquired lithium ion battery technology from Indian Space Research Organisation (ISRO). This will be an advantage for TII in its EV foray.

"When Carborundum Universal is in a position to announce its plans, we will look at it. There are many such synergy opportunities in TII as well, including tubes and metal works, where we can leverage the ecosystem to give a competitive advantage," Paul added.

SHIFTING GEAR

1949: Murugappa group founded TI Cycles, with Tube Investments, UK.

1951: First Hercules rolled out

1960: TII makes one millionth bicycle

1980: BSA SLR comes to the market

1983: Launches BSA Champ, the first kids bike

2008: Launches electric scooters

2011: Crosses revenue of ₹1,000 crore and volumes of 4 million

2021: Online sales rise multi-fold from 394 in 2019-20 to 20,600 in 2020-21

March 2022: Plans to launch first electric three-wheelers

Business Line 19th August 2021

For a smooth EV drive

Complementary tech, localisation of EV parts will help

AMBUJ SHARMA

The global automotive landscape is transforming amid growing concerns on reducing dependency on fossil fuels and mitigating carbon emissions. The paradigm shift to electrification from traditional Internal Combustion Engine (ICE) vehicles is gaining momentum in many countries across the world.

India, too, has taken steps towards adoption of BEVs (battery electric vehicles) with a focus on two and three wheelers, buses and public/shared mobility. This makes sense as these applications have relatively lower adoption challenges, represent high impact segments and are likely to see faster transition. Thus, the recent rejig of FAME 2 scheme with increased incentives for two-wheelers and steps for expediting procurement of buses and three-wheelers is a welcome step.

Strategic imperatives

The growth of India's automotive industry, that currently contributes half of manufacturing GDP, will be important in realising the national objective of a $5 trillion economy by 2025 and creating new jobs. Hence, transition to BEVs must be accompanied with deep localisation of EV parts and avoid disruption to exiting investments in incumbent technologies.

As per IEA, during 2019-40 the energy demand and carbon emissions from road transport in India are likely to more than double along with oil import dependence increasing to 90 per cent. Despite growth of electric cars, energy use from cars may quadruple due to a five-fold increase in car ownership, resulting in 170 million new cars getting added. Hence, besides promoting more efficient transport options like railways and mass transit systems, India will need to promote mass electrification by leveraging all electrified technologies (xEV), alternate fuels and hydrogen fuel technologies for realising reduction of oil import.

To localise EV parts, it is crucial to ensure investment viability for which both supply-side incentives and high level of demand are required. The government has undertaken demand-side measures and announced supply-side incentives. Additionally, for investment viability a key strategy is to aggregate demand for EV parts across different applications and various electrified technologies including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs) and BEVs as all these have common EV parts.

Hence, besides delivering large fossil fuel and carbon emission savings these technologies are instrumental in creating a EV manufacturing ecosystem as they enjoy relatively better consumer acceptance and are not dependent on charging infrastructure.

Thus, globally a proportionate policy support to all electrified cars has helped create new EV parts manufacturing base and made the transition smoother.

For reducing fossil fuel consumption and carbon emissions, India is promoting fuel efficiency through CAFE regulations and is encouraging BEV adoption.

But, as per IEA forecasts, this is not enough. Hence, mass electrification by promoting all xEVs should be encouraged along with alternative fuels and fuel cell technology for larger vehicles. However, currently, except for BEVs, GST rate advantage to consumers for adopting other xEVs is too little.

The higher upfront price is the biggest barrier to greater consumer adoption of these technologies. The logical and scientific approach is to adopt a merit-based taxation regime that provides all xEVs suitable preferential GST rate advantage over ICE vehicles or by following 'carbon taxation' or tax based on fuel efficiency.

Consequently, India can realise much higher national benefits. Moreover, with increased consumer adoption, EV part costs can decline rapidly due to scale thus further accelerating shift to BEVs. This can create the manufacturing base for future technologies like hydrogen vehicles once that ecosystem begins to mature.

The writer is a former Secretary to Govt of India and architect of electric mobility in India

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 19th August 2021

e-buses likely to constitute 8-10% of total sales by FY25

Extended subsidies, favourable operating costs to power sales: ICRA

G BALACHANDAR
Chennai, August 19

By 2025, electric buses are expected to make up 8-10 per cent of all bus sales, supported by FAME II subsidies until 2024 and later by favourable operating and capital costs, according to credit rating agency ICRA.

The traction in the e-bus segment is already visible in recent months, despite the overall stress in the public transportation segment over 18 months due to the pandemic. Although on-ground deployment under the FAME scheme has been somewhat delayed, the scheme's extension until April 2024 would support adoption over the medium term.

The FAME II scheme entails an outlay of ₹3,500 crore towards supporting e-bus adoption in India SUDHAKARA JAIN

FAME II scheme

The FAME II scheme entails an outlay of ₹3,500 crore towards supporting e-bus adoption in India — electric buses of 7m, 9m and 12m length are eligible for a capital subsidy of ₹35 lakh, ₹45 lakh and ₹55 lakh, respectively, subject to technical specifications and localisation.

Bus costs account for 75-80 per cent of electric bus project costs, said Srikumar Krishnamurthy, Vice-President and Co-Group Head, ICRA Ratings. "The capital subsidy of ₹35-55 lakh per bus under the FAME II scheme can fund up to 40 per cent of the project costs, which augurs well for their viability. Coupled with the savings on fuel costs (3-5x cheaper *vis-à-vis* conventional buses), these subsidies will help bring the total cost of ownership of e-buses on par with CNG buses, and, more importantly, 20-30 per cent lower than diesel buses," he said.

Electric-bus adoption

While China leads in e-bus adoption globally, other regions are gradually picking up. Government support has played a big role in electrifying China's bus fleet. The key enabling factors include charging infrastructure support, alternative financing models and subsidies, while OEMs offered lifetime warranties for the vehicles and components to offset the technological risks and training for operator staff.

India, too, has offered incentives and subsidies through schemes like FAME and Smart Cities to reduce the cost of acquisition; many State-level EV policies have announced electrification targets and timelines for buses, helping create a roadmap.

The gross-cost contract (GCC) model, or opex model of operations has emerged as the preferred route for e-bus adoption in India, especially as the FAME II scheme favours this route. This model helps alleviate the upfront capital burden on cash-strapped state transport undertakings, while spurring private participation too. However, the model is evolving, and operators are looking at ways to mitigate the risks in it.

While the FAME II scheme and associated subsidies would support e-bus penetration in the initial years, expectations are that capital costs would reduce with localisation and evolution in battery technology, which, coupled with favourable operating economics, would support sales subsequently.

Business Line 20th August 2021

Scrappage policy will not push CV recovery: Ajay Srinivasan

The Director of Industry Research, Crisil, says passenger CV will not see recovery until the second quarter of next fiscal year

AYUSHI KAR
Mumbai, August 20

As the pandemic slows down, the auto demand is witnessing a revival. But Ajay Srinivasan, Director of Industry Research, Crisil, tells *BusinessLine* that recovery for the commercial vehicles (CV) segment is going to be merely optical in nature, with passenger CV not seeing recovery until the second quarter of next fiscal year. Here he explains why.

THE BL INTERVIEW

Which commercial vehicle segment is going to see a recovery first?

For recovery in the CV segment, passenger segment recovery will have the most challenges. The passenger demand was from State transport undertakings, private tour operators and the tourism segment. The tourism segment has been worse hit and STUs are also not getting too much funding from the government as finances are diverted towards healthcare and infra. STUs are generally making losses and need government support and tracking tenders for the past 7 to 8 months we have seen that there is not a significant demand for passenger CVs.

The school segment is not going to improve until next year. Demand for medium to heavy commercial vehicles and light commercial vehicles are getting better since investment in infrastructure and construction is bringing back demand.

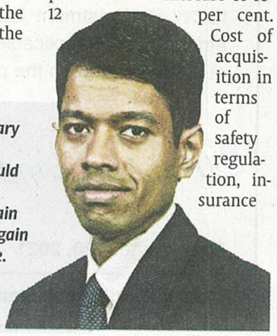
However, most recovery will be optical. Scrappage policy will not push CV recovery so much since scrapping is a mandatory policy. An operator will scrap a vehicle if he is getting good incentives, vehicles not generating any revenue etc. Government incentives will not be enough to generate true scrappage demand.

Two things will be necessary for the recovery of this segment, firstly there should be the sustainability of demand, and financiers gain confidence in the sector again which will take some time.

Recovery is likely in the second or third quarter of the next fiscal.

Two things will be necessary for the recovery of CV segment, firstly there should be the sustainability of demand, and financiers gain confidence in the sector again which will take some time.

AJAY SRINIVASAN
Director of Industry Research, Crisil



How have the new regulations such as BSVI, safety regulations etc affected demand?

BSVI has impacted demand for commercial vehicles, especially since this was introduced at a time where OEMs were also going through a tough time. Thus the market has seen an overall reduction in discounts etc, which has affected demand. In the case of two-wheelers, BSVI has led to a price increase of 10-12 per cent. Cost of acquisition in terms of safety regulation, insurance cost has led to a spiralling impact in terms of the acquisition cost of two-wheelers. The most affected was the demand for two-wheelers in the commuter segment. BSVI did not have much effect on personal passenger vehicles.

Is the Silicon shortage worse this year, what is likely to be the effect?

This is something that has a very severe impact, not just in India but across the whole world. Since Covid did not have too much effect on the demand, OEMs have not been able to place as many orders for components as they have a demand for. Furthermore, with the shift towards electricity, dependence on silicon has increased. This year could be a challenge, although after the second quarter there will be some improvement on this front.

There has been a push across the country, where a few State governments have come up with electrification policies. Do you think the electrification push in India is holistic?

The major challenge is that we need industries to commit and make investments. Policies such as FAME give some sense of what the government is thinking. However, there is no long-term policy roadmap that the government is charting. There is a lot of uncertainty in the ecosystem regarding how to completely change and commit investment.

Furthermore, there is a lot of uncertainty in financiers, so EVs are not getting financed easily. Two-wheelers and three-wheelers for last-mile distribution are places where electrification seems inevitable, and even OEMs are looking at that. With regard to the passenger segment, CNG seems a better option given the fuel prices. EVs will need a long-term policy roadmap to be adopted.

PRESS REPORTS
ON
TWO-THREE WHEELERS

The Economic Times 22nd August 2021

RURAL INDIA TURNING TO CLEANER MOBILITY

NBFCs Set Wheels in Motion to Fund Bharat's E-ride

Green Ride

ON-ROAD PRICE OF TWO-WHEELERS IN DELHI

BIKES	SCOOTERS
Bajaj Pulsar: ₹1.27 L (IC engine)	Honda Activa: ₹88K (IC engine)
Electric Revolt RV400: ₹1.01 L (Electric)	Electric Okinawa Praise Pro: ₹66K (Electric)
	Hero Electric: ₹65K (Electric)

EV price includes customer incentive of ₹5,000 per KWh by Delhi govt

Source: CEEW-Centre for Energy Finance

Tying up with auto cos for financing schemes to make electric two-wheelers more affordable

Lijee.Philip@timesgroup.com

Mumbai: Manufacturers of electric two-wheelers are taking their scooters and motorcycles beyond the top cities, and that is making non-bank lenders excited.

Non-bank finance companies (NBFCs) dominate the vehicle financing space in semi-urban and rural India, and some of them like L&T Finance and Shriram City Union Finance have already tied up with the manufacturers to launch financing schemes for the buyers of electric two-wheelers.

These lenders expect electric two-wheelers, which after government subsidy are increasingly becoming competitive on price compared with petrol-run vehicles, to trigger new activity in the market and boost demand for loans. Having financing options will make these vehicles more affordable and help attract cost-conscious rural buyers.

"Financing is key to making these EVs affordable. More and more banks and NBFCs will start financing these EVs in urban, semi-urban and rural areas," said Anjali Rattan, founder of Rattan India Enterprises that recently invested ₹150 crore in electric motorcycle maker Revolt Intellicorp.

Hinterlands are seeing faster adoption due to increasing affordability of EVs amid a rise in fuel prices, say experts

Small cities and rural markets have already started bringing incremental volume for manufacturers, who until now focused entirely on big cities. Hero Electric and rival Ather Energy now market their products in towns such as Nashik, Hubli, Kozhikode and Surat.

$100b Sales Opportunity ▸▸ 6

The Times of India 20th August 2021

Piaggio brings limited edition of Vespa scooter

Shiladitya.Pandit@timesgroup.com

Pune: The Indian arm of the Italian automaker, Piaggio, has unveiled a limited edition of its flagship scooter Vespa to mark the 75th anniversary since it started producing the now-iconic scooter, with the firm hinting that an electric edition of the two-wheeler was possible in India, but with sufficient indigenization.

The limited edition of the Vespa will be offered in its usual 125cc and 150cc engines, but with facelifts and accessories designed to evoke its original aerodynamic design, as well as some of its previous features, such as a back-mounted pouch, to evoke the previous provision of a spare tyre. Like all of its product line, the limited edition will also be made at Baramati plant.

"The response to the product is definitely overwhelming, with bookings of the scooter already open. It is something people are eager to get, as this edition has been designed and developed to resemble the original Vespa, which we are doing to celebrate the legacy of the product," said Diego Graffi, the chairman and MD of Piaggio India, in an interaction with the **TOI**.

Piaggio launched an electric version of the scooter in Europe in 2016, with the firm insisting that producing and launching an electric Vespa is in their long-term plans in India, but challenges remain. "Of course, such a product would work in India. Vespa is an aspirational product, with people buying it for its style and design, as well as for its powertrain," Graffi added.

Business Line 20th August 2021

Honda to add 1,000 touchpoints to cater to rural areas, smaller towns

OUR BUREAU
New Delhi, August 19

Honda Motorcycle and Scooter India (HMSI) on Thursday said it will add around 1,000 customer touchpoints over the next three years, to cater to the emerging demand from rural areas and smaller towns.

The company aims to have around 7,000 customer touchpoints across the country in these three years. HSMI currently has 6,000-strong sales touchpoints comprising dealers, sales and service points.

Atsushi Ogata, MD, President & CEO, HMSI, flanked by Masanori Kito (left), Director, Sales and Marketing, and Yadvinder Singh Guleria, Director – Sales and Marketing, with the newly launched CB200X PTI

Increasing demand

"India is huge and although we have enough dealer network in the country, demand is increasing, especially from rural areas and tier II/ III towns...so within three years, we will be adding about 1,000 customer touchpoints taking the total figure to around 7,000," Atsushi Ogata, Managing Director, President and Chief Executive Officer, HMSI, told reporters on the sidelines of a launch.

Asked about shortage of semiconductor, and preparations for the festival season, he said that some models may be impacted by chip shortage. "Festival season is an important time, so we are trying to communicate with some specific suppliers to avoid the impact on our sales.

Similarly, we are also communicating with our customers to avoid any negative impact due to the situation."

Ogata said the company resorted to price hike to offset the impact of the increase in raw material costs, but with the festival season approaching and the commodity prices stabilising a little, it would try to reduce the additional price for the customers.

CB200X bike

The company, meanwhile, launched the all-new CB200X bike priced at ₹1,44,500 (ex-showroom Gurugram, Haryana) along with the bookings, and deliveries will start from next month. It is powered by a BS-VI compliant advanced 184cc PGM-FI engine that uses on-board sensors constantly to inject optimum fuel.

Business Standard 30th August 2021

Indian Motorcycle drives in 2022 Chief lineup at ₹20.75 lakh

OUR BUREAU
New Delhi, August 27

American cult bike maker Indian Motorcycle on Friday officially announced the launch of its 2022 Chief lineup in India, at a starting price of ₹20.75 lakh (ex-showroom).

Combining iconic, American V-twin style with modern performance and technology, Indian Motorcycle designed the new Chief with a simplistic and mechanical aesthetic that pays homage to the glory days of American motorcycling, the company said.

"Powered by the Thunderstroke motor, the new Indian Chief Dark Horse, Indian Chief Bobber Dark Horse and Indian Super Chief Limited offer three unique takes on the classic American V-twin, each appealing to a slightly different rider," it said.


Lalit Sharma, Country Manager, Polaris India

Mechanical and simple, Chief models are based on a classic steel welded tube frame. The lineup features a 15.1-litre fuel tank, bobbed rear fender, dual outboard preload-adjustable rear shocks, dual exhaust, LED lighting, keyless ignition, and Pirelli Night Dragon tyres.

Along with cruise control, Chief riders can adjust throttle response by selecting one of three ride modes: sport, standard or tour, it said. It has short wheelbase of 1626 mm, a low seat height of 662 mm and a wet weight as low as 304 kg.

100th anniversary

"The Chief is a hallowed brand that has a glorious history and has garnered a steadfast fan following through the years and across the globe. As an ode to this brand on its 100th anniversary, we have launched the new Chief lineup of motorcycles that will excite every ardent cruiser enthusiast in India with their technological prowess, timeless elegance and modern performance," Lalit Sharma, Country Manager, Polaris India, said.

Polaris India sells the Indian products in India as completely built units (CBUs).

Business Standard 30th August 2021

Unsold stock of two-wheelers piles up amid weak demand

SHALLY SETH MOHILE
Mumbai, 30 August

The approaching festival season is unlikely to bring any cheer to two-wheeler manufacturers, grappling with weak demand and rising costs for two years on the trot. Worst affected by the pandemic, this segment has not been able to ride out the Covid-19 blues, and recovery has been patchy at best.

Shuttered educational institutions and restricted movement have dented the world's largest market for such vehicles. As a result, unsold inventory at the sales channels across Hero MotoCorp, Honda Motorcycle and Scooter India (HMSI), TVS Motor, and Bajaj Auto have risen from an average 40-45 days to up to 75 days.

A high level of unsold stock ahead of Navratri, Dussehra, and Diwali means manufacturers will have little or no headroom to despatch more in the run-up to the peak season.

LEAN PERIOD

- Average inventory rises from 40-45 to up to 75 days
- Increase sharpest for Hero MotoCorp's sales channels
- Scooters more impacted than motorcycles
- The 32-day festive period accounts for over a third of annual sales for 2-W firms
- Entry-level motorcycles dragging down overall volumes

Typically, a majority of manufacturers start stocking up one or two weeks before the season. The stockpile in July and August reflects the underlying stress, said analysts. Navratri falls on October 7 this year.

Two-wheeler sales in the first four months of the current financial year rose to 3.6 million units, from 2.5 million. This comes on a low base year. The 10-year compound annual growth rate of two-wheelers dropped to 6.4 per cent in 2019-20 (FY20), from 9.8 per cent in 2009-10.

The average stock levels at market leader Hero MotoCorp, for instance, have risen to 75 days, against the customary 40-45 days. For some, it's even higher, said dealers. "The stockpile is hitting us where it hurts. I worry as we approach the festival season," rued a dealer.

The 30-32-day period, starting Navratri to Diwali, accounts for more than a third of annual sales of two-wheeler firms. This year, however, they will have to make do with less.

But Hero MotoCorp is unruffled. "At Hero MotoCorp, we are gearing up for a very good season. We don't see any cause for concern apropos market demand. The industry usually sees slow retail offtake in the months prior to the festival period," said a spokesperson for the company, attributing the slow offtake to the tendency among buyers to "defer purchases till auspicious festival days".

It is, therefore, normal for the industry to build up inventory during this time to be able to meet the sudden spurt in demand during the 32-day festival period when sales are almost 3x a non-festival month, he added.

A decent monsoon, encouraging farm activity, and several government schemes in the social sector are good signs, he said. "We expect the numbers to be positive as we move forward," he added.

A steep price hike, led by regulations, has also impacted sales. On average, the price of motorcycles and scooters has been raised by almost 25 per cent in two years. Subsequent price hikes by manufacturers - owing to high commodity prices - have also pinched sales, said a dealer of HMSI.

"I have a four-month inventory. Sales of scooters have hit the skids," he said, adding that the company has been very supportive through the first and second wave of the pandemic and there is no stock push. The HMSI executive wasn't available for comment till the time of going to press.

Bajaj and TVS, too, are struggling. Inventory at the sales channels of the two firms have shot up to 60 days, from the standard 40-45 days, revealed dealer sources. "Though demand has been slow, our inventory is at a reasonable level," said an executive at TVS. An executive at Bajaj Auto declined to comment.

The demand uptick seen during the festival season last financial year has failed to sustain, according to a CRISIL survey of automobile dealers. Most dealers said sales are not yet at the FY20 levels. The deal conversion cycle has doubled with consumers' deferral behaviour, said CRISIL in a statement on Monday.

Two-wheeler dealers had hoped for a quick demand turnaround. However, those expectations were belied as rural demand declined with the rapid spread of Covid to the hinterland during the second wave, it said. According to the survey, dealers in the North have been the most impacted across segments.

PRESS REPORTS
ON
COMPANY NEWS

The Economic Times 25th August 2021

Honda Motor Readying Plans to Export More Cars from India

Auto major has added a dozen new markets to boost exports fourfold this fiscal

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: Japanese automaker Honda Motor Co is readying plans to utilise its facilities here to ship more cars to countries that drive on the right side of the road, leveraging India's cost and technology edge and giving a boost to New Delhi's manufacturing enhancement programme.

Honda Cars India (HCIL) has added a dozen new markets in Mexico, Turkey and the Middle East recently to boost exports fourfold in the current financial year. Exports have begun to these countries, and are likely to accelerate further.

The company is additionally exporting powertrain components to 15 markets where the Japanese auto major has local operations. The auto-part exports business is expected to generate substantial revenue.

"Compared to last year, our export production and volumes will grow four times. This is mainly due to Honda City, which we have started exporting to markets in the Middle East and to Mexico," Honda Cars India CEO, Gaku Nakanishi, told **ET**. "Besides, shipments of Amaze will continue to South Africa and the neighbouring nations."

The company is likely to export a little over 20,000 units in FY22, up about four times from FY21. With this, the share of exports in the total production is likely to go up to 15-16% in the current financial year from 6% a few years ago.

Meanwhile, the proportion of exports of parts and components contributed about 10.5% to the net sales of the Honda Cars India in FY20, a gain of 160 basis points compared to FY19, shows the annual filing with the Ministry of Corporate Affairs.

A basis point is a hundredth of one percentage point.

Gains in exports of parts have been able to offset the pressure on net sales due to a drop in volumes.

Revenue from the exports of parts and components was a little over ₹1,131 crore in FY20; the decline in parts exports was much lower than net sales decline of 34% in FY20.

The maker of City and Amaze sedan posted a loss of little over ₹1,600 crore in FY20, which is likely to be in the red for FY21 too, but Nakanishi is confident of breaking into positive territory in FY22. Capacity utilisation is increasing to about 70% in FY22 versus 30-40% utilisation over the last few years and exports will be a key pillar in returning to profitability in the current financial year.

Honda Motor Company's two-wheeler arm – Honda Motorcycle & Scooter India (HMSI) – too has initiated discussions with distributors overseas to ship out more vehicles from India.

"After the transition to BSVI, our products are on a par with those sold globally. We have set up a dedicated vertical for exports. We have also initiated discussions with overseas distributors," said Yadvinder Singh Guleria, director (sales and marketing) at HMSI. "While exports take place under the umbrella of Honda, Japan, many more markets are now potentially open for us."

In the first four months of FY22, HMSI's exports increased nearly fivefold to 126,894 two-wheelers, compared with 23,743 units in the same period last fiscal. The company had exported around 209,000 units in FY21.

(With inputs from Ashutosh R Shyam)

Exploring Avenues

Honda Cars India has added a dozen new markets recently

Exports have begun to these countries, and are likely to **accelerate**

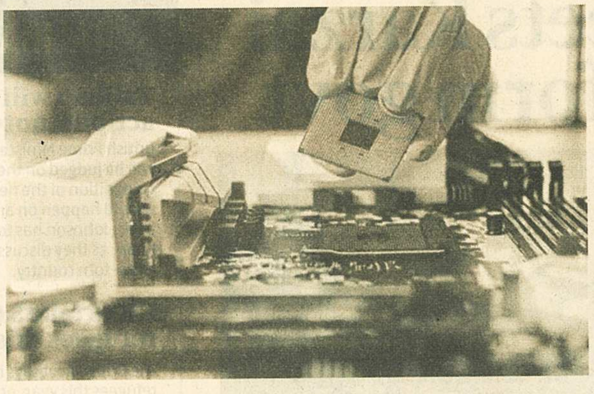
Co is also exporting powertrain components to **15 markets**

The auto-part exports biz expected to generate substantial revenue

Business Standard 19th August 2021

Tata takes a gamble on semiconductors

Despite India's poor track record, the conglomerate has already made serious moves to get going



SURAJEET DAS GUPTA
New Delhi, 18 August

Last week, Tata group Chairman N Chandrasekaran created a stir when he announced that the salt-to-automobiles conglomerate may enter the semiconductor business.

This is certainly a courageous step given India's unsuccessful trysts with the industry (*see table*). But when a conglomerate of the size and stature of the Tata group makes an announcement to this effect, it needs to be taken seriously. It is the first big Indian corporate house to enter this business and has taken preliminary steps to get going. "The group is roping in the best talent in the semiconductor business and setting up a plant to manufacture sophisticated components for mobile phones," said Satya Gupta, former chairman of India Electronics and Semiconductor Association (IESA).

Randhir Thakur, president of Intel's foundry division and a key aide to Intel CEO Pat Gelsinger, has come on board as independent director in Tata Electronics, the company through which the semiconductor foray is being put into operation.

This could well be part of a broader plan. Gelsinger is putting in billions of dollars to build foundries across the world to make chips for third-party players and not only for Intel — a clear shift in strategy. This, it has been suggested, could be an opportunity for the Tata group to be part of Intel's global supply chain, or later consider an alliance to set up a fab plant in the country. The Tata group declined to discuss the issue.

The group has also hired Raja Manickam, co-founder of Tessolve, a Bengaluru-based semiconductor engineering solutions provider that he sold to Hero MotoCorp. He is, sources said, an expert in building an Outsourced Semiconductor Assembly and Testing (OSAT) business, a stage just below the setting up of a foundry plant.

The group is also investing ₹5,000 crore to set up a manufacturing plant for electro-mechanical components for the mobile phone industry, leveraging know-how from Titan Industries. Talks are on with Apple Inc for a contract.

The timing is opportune. Globally, every country, including India, is looking at reducing its dependence on imports for chips and moving towards self-sufficiency. The huge pandemic-induced global shortage in chips, which is expected to last another year, has impacted key industries from mobile companies to auto makers. The US and Germany are offering generous incentives to support their domestic semiconductor industries to promote self-sufficiency.

So what are the Tata group's choices? "I think the Tatas will not go for a vertical take-off straight to a fab plant. They will move phase by phase," said the CEO of a leading global chip design company.

Setting up an OSAT facility could be the right start. The global market for OSAT is estimated at $32 billion and is expected to grow six-fold to $180 billion by 2028. There are already large independent global players in the space — for instance, Taiwan-based ASE Technology Holdings (revenues: $11.7 billion). "Being an OSAT player is one option as it requires $0.5 billion to $1 billion of investment," the executive said.

The second option is to acquire a second-hand foundry or build a plant making high nanometre chips of 28 nm, a low-tech, low-margin but large-volume market, which would require investments of $2-5 billion. However, with the market shifting to smaller nanometre chips much faster than anticipated as companies demand more processing power, efficiency and less power consumption, the volume chip market could shrink after five or seven years.

But investing in high-tech fab technology (12 nm and below) means a huge bill — $10-15 billion — and a similar amount to upgrade technology in the next five to 10 years with break-evens that could take over a decade.

To get into that game, the Tata group has to follow the global leaders. TSMC, the world's largest chip-maker, has announced an investment of $30 billion in three years, doubling what it did in the last three years. Intel has committed investments of $20 billion for two new fab plants in the US, while Samsung has a plan to put in $110 billion by 2030.

Yet whatever technology the Tatas choose, no fab plant can survive serving only domestic demand — even though it is estimated at $21 billion. Said Gupta, "The ideal ratio should be 80 per cent global and 20 per cent local. After all, governments can't force companies to break their existing supply chain and buy from an Indian chip maker because it is made in India. In any case, there are so many different kinds of chips required, which one player can never manufacture for everyone in India. That would be wishful thinking."

A third, more cautious route is to set up smaller "speciality fabs", which are wafers, made of gallium nitride or silicon carbide and have multiple applications in chargers, electric vehicles, base stations and data centres. The investment required is just about $250 million to $500 million and the break-evens are much faster.

The last part of the puzzle is how much the government wants to subsidise the industry. Without that any grandiose plans will fail. In one of its presentations, the Ministry of Electronics and Information Technology, or MeitY, had said that it had earmarked $1 billion as incentive for setting up fab plants.

That's nothing compared to what competing governments are offering, experts point out. But the government has also set up an empowered committee under the minister of commerce to clear high-tech manufacturing projects and support them. With Chandrasekaran one of its key members, he will surely be able to make his voice heard.

Fab tales from India

- **2007:** Intel shows interest in setting up fab plant, but chooses China and Vietnam because Indian government incentives are unattractive
- **2013:** Government clears two fab projects: one by Jaypee group with an investment of ₹26,300 crore; the other by Hindustan Semiconductor Manufacturing Corporation. Both cannot show proof of funding
- **2020:** Government floats EoI inviting applications from global and Indian companies to set up semiconductor fab plants. Response is lukewarm
- **2021:** Tata group says it is mulling entry into semiconductor business

Business Line 17th August 2021

TVS Automobile raises ₹375 cr for expansion of digital arm

Aims to become the largest B2C player in the automotive aftermarket

OUR BUREAU
Chennai, August 16

TVS Automobile Solutions Pvt Ltd (TVSASL), a leading independent automotive aftermarket player, has raised ₹375 crore. The investment has been made by a fund managed by Exor, one of Europe's leading holding companies. The money raised would be used for business expansion of its recently floated digital aftermarket subsidiary — Ki Mobility Solutions — India's first full-stack O2O (online-to-offline) digital platform.

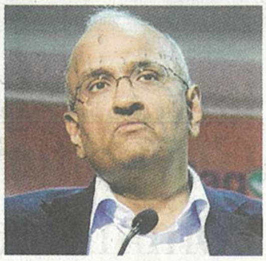
The company will establish a pan India platform under Ki Mobility Solutions and build its cloud-based digital infrastructure to become the largest B2C (business to consumer) player in the automotive aftermarket.

"We are glad to have Exor as our investment partner...Our end-to-end digital platform provides India's business entrepreneurs an opportunity to grow in a fragmented market and will bring transparency and organised structure into the aftermarket segment," R Dinesh, Director, TVS Automobile Solutions, said in a statement.

Super app

Ki Mobility is working on what it calls a 'Super app' for its customers who will have access to end-to-end service requirements ranging from mechanical, collision and maintenance services, diagnostics, roadside assistance, insurance, etc. for their vehicles through the myTVS app, according to a statement.

There will also be a spare parts platform to cater to the fragmented service garage market (50,000 independent garages), through e-ordering of spare parts and through its efficient supply chain solutions.



R Dinesh, Director

In June, Ki Mobility had attracted ₹85 crore from tech investors led by Pratithi Investment Trust (represented by its trustee S Kris Gopalakrishnan, co-founder of Infosys) and SeaLink Capital Partners (SCP).

The objective of myTVS brand is to bring together the entire automotive aftermarket ecosystem consisting of consumers, retailers, service garages and fleet operators onto its digital properties with twin offerings of a service platform and spares platform.

It aims to provide end-to-end solutions to its 3 million customers, 20,000 service garages, 10,000 retailers and fleets in 270 cities across the country.

Aims for top slot

TVS Automobile aims to become a leader in the digital aftermarket domain. While its GoBumpr (now 100 per cent owned by TVSASL) acquisition brought in B2C service aggregation platform capabilities, purchase of Mahindra First Choice (MFC) gave the company digital marketing competency to reach out to the customers in the digital space and the scale. All these were put together under a separate full-fledged O2O subsidiary Ki Mobility.

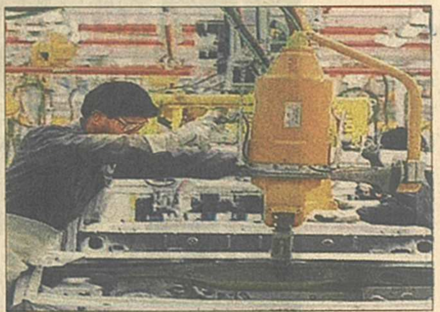
The Economic Times 30th August 2021

Business Standard 28th August 2021

Motherson Group Gears Up to Look for Acquisitions

Seeks cos that create value for customers

Press Trust of India



New Delhi: Auto components major Motherson Sumi Systems Ltd (MSSL) is gearing up to bring in more entities under its fold with many companies looking for partners or acquirers due to challenging business environment amid the coronavirus pandemic, according to a report. The company, which currently has over 230 facilities across 41 countries and five continents, is in talks with many potential companies for takeover.

"We are in a strong position to make acquisitions, even in a volatile environment. Our balance sheet has become stronger since OEMs started reopening their plants beginning last October, and we could begin ramping-up again" MSSL chairman Vivek Chaand Sehgal informed the company's shareholders in the annual report for 2020-21.

He noted that the company's criteria for bringing new companies into Motherson has not changed due to the current situation.

"Acquisitions must create value for our customers and must allow us to achieve our revenue and ROCE targets simultaneously, among others. In other words, we will not make acquisitions only to achieve our top-line goals," Sehgal said.

Thanks to unprecedented government stimulus packages around the world, the economic impact of the pandemic on vulnerable companies seems to be less severe than would have been the case otherwise, he noted.

"Nevertheless, many companies are looking for partners or acquirers, and we are actively seeking opportunities that best fit the requirements of our customers. We continue to believe that the economic circumstances created by the pandemic may make the available opportunities more attractive in the coming times. This is especially so, when government support programmes are eventually scaled down," Sehgal noted.

He added that despite the pandemic, the company's organic growth also remained robust.

"Our order book across the world is strong and growing. Our operating cash flows are healthy and as on March 31, 2021, our net debt is lowest in the last 17 quarters," Sehgal said.

He noted that its stated goal — Vision 2025 target — a topline of $36 billion with 40% ROCE (return on capital employed) — is ambitious.

"Achieving it will require closer teamwork, intense sharing and a spirit of growing together. We are moving into new geographies, entering new markets, forming new partnerships and taking on new clients, and as a family, we are stepping up to meet these new challenges together," Sehgal said. As per its five-year plan, MSSL has set a target of achieving consolidated revenue of $36 billion with 75% pcoming from the automotive sector and 25% from new divisions such as aerospace, logistics and health and medical segments by FY25.

The Motherson Group has grown continually over the past 28 years. Its topline has increased at a CAGR of 33% since 1993. It went up from $3 million in 1993 to $8.2 billion in 2021.

Mahindra Defence bags ₹1,349-crore contract for Indian Navy

PRESS TRUST OF INDIA
New Delhi, 27 August

Mahindra & Mahindra on Friday said group firm Mahindra Defence Systems (MDS) has bagged a contract worth ₹1,349.95 crore for manufacturing of Integrated Anti-Submarine Warfare Defence Suite (IADS) for modern warships of Indian Navy from the government.

Competitive bids from Indian firms were invited by the Ministry of Defence (MoD) through open tender wherein the systems fielded were put through detailed trials at sea to prove their capability, Mahindra & Mahindra said in a filing.

Mahindra Defence would be supplying 14 IADS systems for the Indian Navy warships, it added.

Commenting on the development, Mahindra Defence Systems Chairman SP Shukla said, "It is the first major contract with the private sector meant for underwater detection and protection from threats. This contract once again epitomises the success of the Atmanirbhar Bharat initiative." IADS is high-end underwater equipment that uses the latest technology along with a complex array of sensors, designed to detect and protect warships from underwater threats, the company said.

The Economic Times 17th August 2021

Maruti to Go for Higher Output Cuts as Chip Shortage Continues

Production cut likely to be over 30-40%; availability of models could be hit

Ketan Thakkar & Ashutosh R Shyam

Fits & Starts

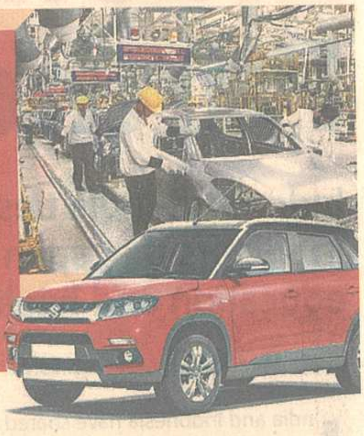
1.1-1.2 lakh Units Maruti likely to produce, down from planned **1.6 to 1.7 lakh**

45,000 units Likely monthly average production at Manesar plant, a drop of **30%**

15,000-20,000 Gujarat plant production, lower by **65-70%**

Sept quarter expected to be worst quarter in terms of supply shortage in India

Situation to remain uncertain in coming months, too



Mumbai: Maruti Suzuki, the country's largest carmaker, has been compelled to resort to a much larger production cut of over 30-40% in the month of August. This would translate to loss of over 50,000 to 60,000 units in a month alone as against an expectation of loss of a similar quantum over several months. Maruti Suzuki is likely to produce about 1.1-1.2 lakh units as against the 1.6 to 1.7 lakh units planned several months back. The production cut of 30-40% in August 2021 due to chip shortage may result in revenue foregone of around ₹2,500-3,000 crore for Maruti Suzuki.

The company was compelled to resort to production rationalisation at its sister company Suzuki Motor Gujarat already in the first fortnight of August, this has spread to other manufacturing locations of Manesar in National Capital Region. This could potentially impact the availability of models in the upcoming festive season. The demand has already swung back in a healthy fashion and lack of supplies may further impact annual volumes harder.

People close to the development said, the production at The Manesar plant is likely to go down to 45,000 units versus an average monthly production of 65,000 units, which is a drop of about 30%, whereas the output at the Gujarat plant is likely to be lower by 65-70% at about 15,000 to 20,000 cars. The impact on the Gurgaon plant which makes entry-level cars is relatively lesser. An email sent to the company did not elicit any response at the time of going to press.

The global forecasting agency IHS Markit expects the July to September quarter is expected to be the worst quarter in terms of supply shortage in India. But since this guidance, the Covid cases in Malaysia and drought situation in Taiwan have only worsened, which may further exacerbate the problem, added people in the know.

IHS Markit expects the situation to remain uncertain in the coming months, too.

This is the second time in a month the tentative monthly production estimate has been revised down. In June and July 2021, the company produced 165,576 and 170,719 units, respectively and cumulative production for the first four month of FY22 is 537,174 units. The street has been pencilling in a sales volume of 1.75-1.8 million for the current fiscal year.

Lower production rate ahead of the festival season may impact inventory built up ahead of festival season and supply to its outstanding orderbook.

The Economic Times 27th August 2021

TALKS PROGRESS with Deccan Value Investors for ₹2,700-crore deal; fund gives ₹300-cr bank guarantee as a first step to fulfil commitment

Amtek Lenders Close to Sealing Resolution with US Hedge Fund

Joel Rebello & Satish John

Solution in Sight

Lenders led by IDBI and SBI agreed to DVIL's offer at a 79% haircut

THE DEAL INCLUDES:

₹300 crore bank guarantees | ₹300 crore of OCDs

₹1,800 cr via pass-through certificates which will come after DVIL sells assets to raise money

Some equity stake in foreign arms

Mumbai: Debt resolution at bankrupt auto parts maker Amtek Auto is finally moving forward as lenders and US-based hedge fund Deccan Value Investors LP (DVIL) are close to inking an agreement to complete the ₹2,700-crore deal, four people familiar with the plan told **ET**.

Bankers and officials from DVIL have been engaged in negotiations for the last 10 days to clarify covenants, clauses and timelines for the repayment after the fund submitted ₹300 crore of bank guarantees as the first step to fulfil its commitment.

In February last year, lenders led by IDBI Bank and State Bank of India (SBI) agreed to the ₹2,600-crore offer from the US-based investor, a 79% haircut on ₹12,700 crore of dues owed by Amtek to lenders. Only 4% of the recovery is through cash at ₹500 crore.

"The fact that there is a ₹300 crore bank guarantee makes banks confident that completion of the deal is near. Besides cash, the deal includes ₹300 crore of optionally convertible debentures (OCDs) and some equity stake of some foreign subsidiaries. But the main amount of recovery is through pass-through certificates worth about ₹1,800 crore which lenders will get only after Deccan raises money by selling some assets like machinery, land or equity stakes," said a person familiar with the plan.

The next milestone for lenders is the delisting of Amtek shares. An application to the stock market regulator has already been made and once the approval comes, the process for payment of cash will follow.

Lenders are pushing to complete the deal before the end of September. "Indeed, the plan is being implemented. The ₹500 crore cash will come in on the day the plan is implemented immediately post-delisting," said a second person cited above.

Amtek was among the 12 debt-laden companies taken to the NCLT on the directions of the Reserve Bank of India (RBI) in 2017. Although the recovery is close to the liquidation value, the culmination of this deal removes a legacy asset from the resolution process.

DVIL was itself selected in a second bid process to find a buyer for the company after the previous winner, UK-based Liberty House, failed to make the payment in July 2018.

Last year, banks moved the Supreme Court seeking contempt proceedings against DVIL after it failed to meet the payment deadline even after directions by the apex court.

DVIL too had moved the National Company Appellate Tribunal (NCLAT) against the NCLT order which came in July, saying lack of clarity on some aspects of the resolution plan could create hurdles in future. The DVIL appeal dealt with a part of the factory land of the company which is mortgaged with private equity company KKR. DVIL said that the mortgage could create future problems impeding the resolution plan.

"This resolution has been a long time coming and one can only hope that we can close this soon. In terms of amounts, the recovery is minimal but the closure of this will just help us move on," said the fourth person cited above.

Business Line 25th August 2021

Hyundai unveils i20 under N Line range

To be launched next month

SS Kim, MD and CEO, Hyundai Motor India Ltd, unveiling the i20 N Line in New Delhi on Tuesday KAMAL NARANG

OUR BUREAU

New Delhi, August 24

Hyundai Motor India (HMIL) on Tuesday unveiled and opened bookings for its i20 N Line, the first model to debut under the N Line range of cars for India.

Deriving inspiration from motorsports styling, i20 N Line fuses exhilarating style with a dynamic driving experience to deliver excitement every day, the company said adding that customers can book the vehicle across Signature dealerships for ₹25,000. It will be launched next month.

"The N Line range will introduce customers to a car that truly epitomise driving passion, making sure sporty and fun driving experiences are accessible to all. Our first model to spearhead the range introduction to India, the i20 N Line has now been unveiled, once again showcasing our commitment to redefining mobility for Indian customers," SS Kim, Managing Director and Chief Executive Officer, HMIL, said.

Everyday excitement

Hyundai i20 N Line personifies the fusion of driving excitement, energetic design and advanced technology, to create a car that truly delivers everyday excitement, he said.

Targeting millennials, the dynamic and exhilarating style of i20 N Line showcases it is motorsport inspired DNA, and its built for the athletic, individualistic and outgoing driving enthusiasts, the company said.

It is powered by a 1.0 l Turbo GDi Petrol engine with a 7-Speed dual-clutch transmission (DCT) or a 6-Speed intelligent manual transmission (iMT). The engine is tuned to produce 88.3 kW (120 PS)/ 6000 r/min of maximum power and 172 Nm (17.5 kgm)/ 1500-4000 r/min of maximum torque.

With this configuration, i20 N Line can achieve 0-100 Kmph acceleration time of 9.9 seconds (based on internal testing).

Business Line 19th August 2021

Nissan says committed to offering competitive package to employees

An arbitrator had ordered the company to pay additional wages to its employees

OUR BUREAU

Chennai, August 18

Nissan is open to retrospective payment to the team at Renault Nissan Automotive India Pvt Ltd (RNAIPL). The company is committed to offering a competitive package to its employees and has been in healthy discussion with the union to achieve this, including asking for fair and transparent 'third party' arbitration, it said in a statement.

This follows an interim order by an arbitrator asking the company to pay additional wages to its employees.

On Monday, the Arbitrator — Justice P Jyothimani (former judge of the Madras High Court) — directed Renault Nissan Automotive India (respondent/management) to pay its workers additional wages.

Workers at Renault Nissan said they would rather wait for the final outcome than comment on the interim order. The matter is still in front of the Judge, and it is not appropriate to comment, said a union member.

Renault-Nissan said, "As a people-first organisation, Nissan's priority is the health and safety of our teams and on listening and discussing cooperatively with our staff and their representatives."

What the order said

The interim order, issued on August 16, said that each of the 3,542 workmen/members of the Renault Nissan India Thozhillalar Sangam (Union) will be paid ₹10,000 for the period between April 1, 2019, and March 31, 2020, and ₹5,000 for the period between April 1, 2020, to July 31, 2021.

The arrears, as per the above direction, shall be paid by the company in three

monthly equal instalments commencing from September 1, the order said.

Wage agreement row

The workers and the auto major have been involved in a battle after the previous wage agreement expired in March 2019. While the union claimed that wages paid to workers was less than half of what peers in other companies like Hyundai and Ford get, the company said it was not viable to pay the amount, sought by the union, in the long run, said sources.

While the management's offer was ₹4,500 per month, the workers sought ₹20,000 as an interim measure. Hyundai pays technicians doing the same work an average gross salary of ₹80,000 plus per month while at Nissan, it was ₹33,000-54,000, the union claimed, and sought wage revision to ₹50,000 per month.

However, the management said that the plant started manufacturing cars from July 2010 with an initial investment of ₹4,500 crore, which has been increased to ₹6,098 crore. There are 3,542 workmen and 1,504 staff. The other car manufacturers like Hyundai and Ford have already established in the business. Nissan, being a later entrant, is facing stiff competition.

Further, the market share of Renault & Nissan cars is only 3-4 per cent and the market share of cars manufactured by the company, which was 5.4 per cent in 2016, has reduced to 3.6 per cent. The company claimed that the average wage of technicians was ₹43,709 per month

The company also said that ₹20,000 demanded by the union cannot be granted.

The Economic Times 22nd August 2021

Skoda to Drive in a Brand New Sedan Next Year to Shore Up Volumes

Second product under strategic India 2.0 initiative to be launched towards end of 2021

Sharmistha.Mukherjee
@timesgroup.com

New Delhi: Czech car maker Skoda Auto will drive in an all-new sedan early next year — the second product under the strategic India 2.0 initiative — to shore up volumes in the Indian market.

The company said it has been able to continue production despite supply challenges in the global automotive industry and is on track to meet the targets defined in the India 2.0 plan, which envisages the country as a key contributor for global expansion of brand Skoda.

"There are supply constraints globally. But we are getting what we need currently," said Zac Hollis, brand director at Skoda Auto India.

He said the company would reveal the second product towards the end of the year and deliveries should start in early 2022. "We are pleased with the response we have received to the Kushaq, and have incorporated feedback we have received on the model in the sedan," he said.

Skoda has received around 7,000 bookings for the Kushaq SUV since its launch on June 28.

The Kushaq and the proposed sedan are among the four products — the new Octavia and Kodiaq are the other two — Skoda has planned on the MQB IN platform. With all four models on road by the end of next year, Skoda is aiming to produce 60,000-70,000 units in 2022, up from 30,000 in 2021.

The new vehicles, which are expected to help boost domestic sales, will also be shipped overseas, with Skoda commencing exports early next year.

The Volkswagen Group, which Skoda is part of, has earmarked €1 billion for the India project 2.0 to localise the group's global MQB AO vehicle platform and develop products tailored to meet the needs of Indian consumers. The first of these products, Skoda Kushaq, was launched last quarter. Skoda is leading the Volkswagen Group's project 2.0 in India.

About half a dozen products are set to be launched in the local market between the Skoda and Volkswagen brands in the next 12-18 months. With this revised strategy, the Volkswagen Group has set a target of garnering a 5% market share in India by 2025 from about 1% currently.

FOR FULL REPORT, GO TO
www.economictimes.com

Business Line 28th August 2021

Tata Motors gets NCLT nod to hive off PV unit

PRESS TRUST OF INDIA
New Delhi, August 27

Homegrown auto major Tata Motors Ltd (TML) on Friday said it has received the approval of the National Company Law Tribunal (NCLT) Mumbai Bench to hive off its passenger vehicles business unit into a separate entity.

In March, the shareholders of the company voted and approved the transfer of the passenger vehicles business unit to TML Business Analytics Services. Subsequently, the matter moved to the NCLT for a final order.

"We are pleased to inform you that the Hon'ble NCLT vide its order dated August 24, 2021, has sanctioned said scheme," Tata Motors said in a regulatory filing.

PV business

Last year, Tata Motors had announced that it would turn its domestic PV business unit into a separate entity and seek a strategic partnership..

This shall help in providing differentiated focus for the PV and commercial vehicle businesses, and help each of them realise their potential, the company said.

Business Standard 26th August 2021

Hyundai bets big on new N-Line performance cars

PAVAN LALL
Mumbai, 25 August

Even as luxury carmakers stir the pot of alphabet soup with BMW's performance M Series, Audi's RS variants, Mercedes-Benz's AMG Sport line-up, Hyundai, too, has joined the tribe by launching the N-Line brand in India.

Hyundai's 'N' represents two elements: Namyang district in South Korea, the birthplace of the N brand and location of its global research and development centre; and the Nürburgring racetrack in Germany, home to its technical centre where N vehicles are tested. If earlier, the mention of Hyundai's smaller cars evoked mileage, fuel efficiency, cost of ownership, and practicality, the N-Line stands for mufflers, sporty spoilers, tail pipes, and edgy rims and wheels, say its executives.

Tarun Garg, director of Hyundai's sales service and marketing, says "The Hyundai customer over the past year has changed. Individuals, in general, have become more individualised".

The i20 N-Line gets sportier and aggressive-looking styling elements and a tweaked suspension

The N-Line, which will be presented and introduced in the i20 model line-up to begin with, will go head to head with the likes of Volkswagen's Polo GT. The price, says Garg, will range between ₹10 lakhs and ₹14 lakhs. It will help create a new market and be a brand enhancement.

"While the chassis is the same, the engines will include a turbo powertrain and 1.0-litre turbo GDi i20 that will be able to accelerate to 100 km per hour in less than 10 seconds. It has better ride, better handling, and better steering. All the four wheels have disc brakes," says Garg. The engine is not different from the standard i20. However, its tuning, suspension, and steering feel have been tweaked for performance.

In the past, market leaders, such as Maruti Suzuki, have experimented with performance cars. The Kizashi, for instance, had to be pulled off the market because of small volumes and a high sticker price for the sporty sedan.

"It's hard to assign a sales number right off the bat. The i20 sells 7,000 units per month. As a brand builder, this will perhaps clock in sales of around 1,000 cars per month. But it may take some time to get to that," adds Garg.

The Times of India 20th August 2021

Kia to ramp up India capacity by up to 40%

Pankaj.Doval@timesgroup.com

New Delhi: Kia Motors is expanding its India operations and will increase local production capacity by as much as 40% by starting a third shift at its factory. The company plans to drive in new models, including a utility vehicle and possibly a hatchback, to capture a higher share of the market.

The company, which has sold over 3 lakh units since beginning operations in August 2019 in one of the fastest ramp-up for any debutant car company, plans to boost production at its Anantapur factory in Andhra Pradesh from 18,000 on a monthly basis to nearly 25,000 units, Tae-Jin Park, chief sales & business strategy officer of Kia India, said.

"India is a strong bet for Kia globally and we will continue to invest for growth in the future, especially in enhancing our manufacturing capabilities. We have plans for kick-starting a third shift at our facility," Park told **TOI**, outlining an aggressive expansion strategy.

The company—a group entity of Korean Hyundai—has already invested $1.1 billion in India operations, which aggregates to $2 billion if the money invested by its component suppliers and other partners is taken into consideration.

Asked whether the company will set up a new factory or a manufacturing setup as it moves towards the initial 3-lakh capacity target, he said fresh investments will not be a constraint and any further expansion will happen at the existing location.

CHIP SHORTAGE A CHALLENGE

- Since August 2019, Kia has sold over 3 lakh cars and has a target to sell 4 lakh by January 2022
- Semiconductor shortage creating problems in swift ramp-up
- Looking at fresh investments and new models to grow its market share

"Currently, we are witnessing the competition catching up... Growing competition is a true reflection of a demanding and evolving market that can catalyse a growth trajectory for the entire industry

Tae-Jin Park
KIA INDIA

Business Line 25th August 2021

Motherson Sumi eyes substantial revenue from non-auto biz

G BALACHANDAR
Chennai, August 24

Motherson Sumi Systems, one of India's leading auto parts makers, is confident of securing a fourth of its targeted $36 billion by 2025 from non-auto business segments even as its auto orders, including EV business, remain strong.

The company has set out a vision plan under which it aims to grow its revenues to $36 billion by FY25. Of the total revenue, it expects new businesses — non-auto segments — to make up for 25 per cent of its revenue then.

While automotive remains its key focus area, the company is also targeting substantial revenues from non-automotive industries — aerospace, logistics solutions, technology & industrial solutions and health and medical — due to its proven and existing strengths.

Value to customers

"Over the past few years we have carefully studied in which industries Motherson could bring value to customers, given our current competencies, customer relations, plant locations, etc. We eventually settled on aerospace, logistics solutions, technology and industrial solutions and health & medical as areas from which we believe we can generate 25 per cent of our revenues by 2025," Laksh Vaaman Sehgal, Group Vice-Chairman, Motherson Sumi Systems, said in the company's latest annual report. He explained that the group already has a position in health and medical and technology & industrial solutions, so these sectors are its strong starting points. As for logistics solutions, the company is familiar with the nuances as it delivers its own products to customers through its operations worldwide. Delivering the final products of the automotive OEMs to the dealers is an underserved challenge in India.

The company aims to grow its revenues to $36 billion by FY25.

Diversification strategy

At present, about 98 per cent of Motherson's businesses are tied to the automotive industry, and diversification into logistics as an adjacent segment fits into the diversification strategy. "Given our strong relations with OEMs, again it is a logical step to offer that support. For aerospace, we have a very strong manufacturing heritage, and we are familiar with lower-volume manufacturing to the highest quality standards. In addition, we have manufacturing facilities all over the world to help aerospace OEMs spread their manufacturing base. So, none of these entries were random, they were all logical adjacencies for us and we are confident we can make our mark in them and add value from the start," he added.

Business Line 24th August 2021

Tata Motors packs a new SUV Punch

OUR BUREAU

Mumbai, August 23

Tata Motors has christened its new SUV as 'Punch'. Leading up to its national launch this festival season, Tata Motors on Monday unveiled the Punch, its first SUV built on ALFA-ARC (Agile Light Flexible Advanced Architecture), developed under Impact 2.0 design language.

Tata's Punch will be launched during the festival season

Ample cabin space

The Tata Punch has been designed to navigate the busy streets as well for the rugged countryside. According to the press release, it packs in a punch for SUV enthusiasts by providing ample cabin space, great drivability, segment-leading safety and power-packed performance of a true SUV.

Shailesh Chandra - President, Passenger Vehicle Business Unit, Tata Motors, said: "Tata Punch as the name suggests is an energetic vehicle with a capability to go anywhere. Light on its feet and strong in its calibre, this is a vehicle that truly punches above its weight. With the perfect combination of stunning design, technology and driving dynamics, the punch will come equipped with superlative features and an architecture that has proven its versatility in all forms. True to the SUV genes of all Tata Motors' products and catering to the needs of customers who are looking for a compact city car with pure SUV characteristics, Punch will be the fourth addition to our SUV family, widening the range of options for all to choose from."

Business Line 26th August 2021

'VW has always pushed the boundaries of what accessible mobility means'

S MURALIDHAR

Chennai, August 25

Volkswagen is poised to officially launch its compact SUV next month. It's first product under the India 2.0 project, the Taigun will fill a key gap in the German brand's portfolio and will enable it to reach out to a new audience. At the first drive experience last week, Ashish Gupta, Brand Director, Volkswagen Passenger Cars India, spoke to *BusinessLine* about the expectations from the Taigun and how the recent changes to the logo and brand design at dealerships will help transform customer perceptions about VW. Excerpts:

THE BL INTERVIEW

How do you expect the Taigun to change the dynamics for the VW brand in India? What markets does it open up for the brand?

With the Taigun, we are essentially entering the fastest growing segment in the car market. It is part of our plan to become part of that story. The segment is right for us, and I believe that the product is right too.

If you look at the development of the market in the last 5-6 years, the two segments that standout in terms of customer preference are the hatchback and the SUV body-style.

Looking at the sales data over that period, SUVs or that body-style now account for almost 55-60 per cent of the total sales in India. So, easily that makes it the segment which should be of prime importance to any manufacturer right now. That is the reason why we have focused our attention on this segment and have over the last few years come up with a bevy of SUVs.

We have followed a top-down strategy, where we brought in our global best-sellers like the AllSpace, Tiguan and the T-Roc. So we are following up with a mass market SUV like the Taigun.

With the logo change and the changes to the dealerships, do you believe that the VW brand identity is better perceived?

It takes a lot for the brand identity and customer perceptions to change. The identity is only a part of the whole. It is the visual cues first of all which a customer or anyone else interacting with the brand sees. That is what has been our endeavour in changing the design and identity across dealerships. But it doesn't stop there; it is also built by the character of the brand. And the central theme of brand character is the products, which need to reflect the same message. That is where I think our portfolio, which is very young, global and vibrant like our new brand design, compliment each other.

With the Taigun, we are essentially entering the fastest growing segment in the car market.

ASHISH GUPTA
Brand Director, Volkswagen Passenger Cars India

Of course, what ties these together are the people and the processes that our customers interact with. We have worked on these two elements also very consciously over the last few months.

If you look at how the brand has evolved and where it is moving towards right now, globally as well, it provides an accessible mobility kind of positioning to the brand.

And when I say accessible mobility, it is something you aspire for, but it is not out of reach. VW has always pushed the boundaries of what accessible mobility means. The next wave of mobility is moving towards electric vehicles (BEVs) and that's where the brand has taken its next steps as well. So it is the same direction that we are moving towards in India too.

In terms of representation for the brand, which parts of the country do you see the need for network expansion?

The VW brand has been in India for more than 10 years and already has 140 touch points across the country.

We will ramp it up to 150 and with that we will be present in close to 120 cities in India, representing close to 80-85 per cent of the total market. We are going to be present in the heart of the market.

That should be adequate coverage for the network to be selling upto 100,000 cars a year.

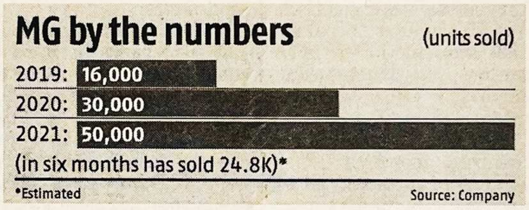
We will look at further expansion only when our volumes go beyond that. The rest of the geography can be served by our 12 mobile service units which are stationed across India and will soon go up to 20 units. We also have more than 100 assistance cars on standby.

MG brought in its first pure electric vehicle, the ZS EV, in 2020 and has so far sold 1,000 units

MG revs up on small cars

A smaller SUV and a sub-four-metre car are in the works

PAVAN LALL
Mumbai, 27 August



With barely three car models in two short years, Morris Garages (MG), which names its cars after British aircraft, has managed to carve out a brand identity and make an impact in the Indian market. Now, its management is focused on scaling up and launching smaller cars to play the long game here.

MG has invested around ₹3,000 crore in the country with an additional ₹1,500 crore earmarked for this year, Rajeev Chaba, MG India's managing director, said. The company has 2,500 employees with a high ratio of women employees at 35 per cent that extends to the factory floor.

The company has appointed six dealer partners with close to 225 touchpoints that are expected to grow to 300 workshops and showrooms. "No MG owner should have to drive more than 30 minutes to find a workshop in the next one year," Chaba says.

So far, MG, which is owned by China's SAIC Motors and which bought out General Motors' Chevrolet plant in Halol, has been on a steady path of drumming up one variant after the other for launch in the market here, even while setting itself up as a technology-first consumer brand aimed squarely at younger digital native buyers.

Chaba notes that "the entry strategy will go top-down here on, so the next car will be the smaller 4.3 metre SUV that will compete with mid-segment SUVs" such as the Hyundai Creta, Kia Seltos and the recently launched Skoda Kushaq. After that it will go to sub-four metre cars. The SUV will be launched in a few weeks and the small car sometime next year.

The small car will take the Halol plant's capacity beyond the current 75,000 cars a year and test its maximum capacity at 100,000 units in two years, Chaba adds. To expand capacity further, the company has been in talks with other original equipment manufacturers (OEMs) for contract manufacturing.

Once the international scene settles down, expect more capital to be pumped into the country by MG, says Suraj Ghosh, associate director, powertrain and compliance forecasts, IHS Markit.

All of MG's efforts will hinge on markets improving, given the spectre of a third wave of Covid-19. Plus, even as demand picks up, the global chip shortage remains a deterrent

Of course, all of MG's efforts will hinge on markets improving, given the spectre of a third wave of Covid-19. Plus, even as demand picks up, the global chip shortage remains a deterrent. MG received over 4,000 bookings for the Hector in July, and has a backlog of over 8,000 cars in August because of this, Chaba says.

What's worked for MG so far in the cluttered Indian market? Mumbai-based entrepreneur Raja Dhody, who bought a Hector Plus in January, went for its sharp design at first. "Then I test drove it and found it to be on a par with anything else I have," says Dhody, who also has a BMW and has owned Mercedes-Benzes in the past.

"You can start the car with your phone and the AC comes on before you step inside and is activated by voice control. Everything is perfect except the engine is a little sluggish on slight inclines. If that can be improved, there would be very little gap between it and the European auto badges."

Of course, MG's cars still have to pass the test of time to see how their residual value performs after a few years of wear and tear, versus others in the aftermarket scene, say analysts. MG has sold over 60,000 units of the Hector, which was launched in June 2019, averaging between 1,500 and 2,000 units a month. The Tata Harrier, which was launched in July 2019, sells over 1,000 cars a month.

Frost & Sullivan's Vice President for Mobility Kaushik Madhavan says MG has been successful so far, by and large. "Its product portfolio zoomed in on the popular SUV segment, which was the right thing to do," he says. "The second thing was that its emphasis on internet connectivity and subscription services, which no other OEM had done, has been a gamble that paid off." When Hector was launched, the company called it the Internet Car.

The third thing, Madhavan says, was to bring an electric vehicle model into the market when others were coin-tossing on EVs. MG brought in its first pure EV, the ZS EV, in 2020 and has so far sold 1,000 units.

To push the pedal on sales, the company will have to follow in Kia's footsteps, given that the Korean automaker has already sold around 300,000 cars in just two years with three models alone. Experts say MG Motors would have to reach 100,000 units a year in sales fairly soon if it is to play the volume game successfully in India. Much, as always, depends on price. "We are focusing on localisation. "The Hector ranges between 50 and 70 per cent," according to Chaba.

One factor that has played well so far is MG's cost of ownership. According to research by Frost & Sullivan, for spends among comparative SUVs, MG scored well on certain metrics. For periodic maintenance spend, average costs were lowest at ₹11,117 versus a high of ₹29,000; for general repairs, MG's cost was lowest at ₹295 versus a high of ₹8,022; and for alignment and balancing, they were somewhere in the middle with a cost of ₹2,000 versus a high of ₹4,000.

Despite its rich pedigreed British history, MG has been an unknown brand in the Indian market, which makes its journey so far both commendable but also one to watch closely in a market that remains acutely price conscious.

PRESS REPORTS
ON
RAW MATERIALS

The Economic Times 19th August 2021

MAIN DRIVERS include rising demand, balance sheet repair improving earnings and decarbonisation in China keeping prices firm, say analysts

Metals May Continue to Shine, Correction a Good Time to Buy

Rajesh.Mascarenhas
@timesgroup.com

Mumbai: The correction in metal stocks offers a good buying opportunity as the sector continues to shine in the near term with forecasts of higher consumption demand, balance sheet repair, and rising demand from electric vehicles and renewable energy, say analysts. Metals stocks have corrected on an average of 5% in the past week.

Significant structural changes in the sector, such as decarbonisation in China and the new shape of global trade, will ensure that the commodity prices, currently in a trough, are likely to settle higher. The ongoing balance sheet repair by domestic companies provides improved earnings profile and margin, according to analysts.

While Vedanta, Jindal SAW, SAIL, and Nalco declined between 5% and 8% in the last week, many other metal stocks corrected up to 5%. However, Tata Steel gained over 5% during this period.

"The ongoing balance sheet repair has been comprehensively ignored by the street so far," said Amit Dixit, analyst, Edelweiss Securities. "For the first time, we are witnessing a scenario where despite capex picking up FY22 onwards, ferrous companies will be in much better shape by FY25 due to enhanced capacities but lower net debt."

The high margins over the last several quarters helped the companies to deleverage their balance sheets. Metal stocks have had a sharp rally since the beginning of the year. The Nifty Metal index surged 68% compared to a 17% gain in the benchmark Nifty50. Tata Steel rallied 113% so far this year, while JSW Steel, Vedanta, SAIL, Hindalco, National Aluminum, and Hindustan Copper surged between 75% and 100% since January 1.

The metals and mining sector is prone to low valuations due to inherent cyclicality in earnings. However, analysts expect re-ratings of the stocks with a change in methodology given the structural shift in price trajectory.

On an enterprise value to operating profit or EV/Ebitda two-year forward multiples, JSW Steel is trading above its historical average, Tata Steel is trading in line, and Jindal Steel and Power and SAIL are trading below average.

The current trend in the sector is likely to continue with China's restriction and improved global demand, said analysts.

"We expect the efforts from China to impose restrictions on domestic production will provide impetus to sustain the current cycle," said Vinod Nair, head of research at Geojit Financial Services. "The current uptrend in the metal sector due to pent-up demand post-reopening of the economy."

While steel demand in India has declined during the second Covid wave, the impact has been less than last year. Analysts expect the market to recover post-festive season and grow by 10% in FY22 and 8% in FY23, supported by a significant push in infrastructure investments, offtake from the engineering and packaging segments, recovery in auto volumes, and to some extent, revival in the building and construction segment.

"From the perspective of shareholders, this wave of expansion does provide scope for a free cash return, and an increase in payout considering net debt is likely to drop significantly below targeted levels," said Kirtan Mehta, analyst, BOB Capital.

In India, analysts expect steel cos to recover post-festive season on infra push and recovery in auto and engineering

Primed for More Gains

Stock	LTP (₹)	1-Week Return (%)	% Chg from 52-W High	*Upside
Tata Steel	1,500.45	5.21	-2.23	14.56
JSW Steel	737.45	-1.56	-5.03	2.86
Vedanta	295.90	-8.80	-13.34	12.38
Hindalco Industries	426.95	-2.22	-9.93	19.76
SAIL	128.40	-4.71	-15.14	36.29
Jindal Steel & Power	408.00	-3.17	-18.68	35.91
National Aluminium Co	78.65	-4.49	-19.29	9.35
Shyam Metalics	411.90	1.33	-10.68	40.81
Jindal Stainless	148.05	-2.34	-12.08	37.12
Jindal SAW	120.95	-6.53	-18.08	35.59
Tata Metaliks	1,209.00	1.46	-12.01	22.21

* based on Bloomberg consensus estimates

Business Standard 31st August 2021

The race for steel supremacy

Disinvestment plans for three steel units offer the country's top private sector steel-makers an opportunity to establish leadership just as Chinese production is backing down

ISHITA AYAN DUTT
Kolkata, 30 August

About 11 million tonnes of steel capacity will change hands as the Centre divests stake in three steel plants — Neelachal Ispat Nigam Ltd (NINL), Rashtriya Ispat Nigam Ltd (RINL) and NMDC Iron and Steel Plant (NISP) Nagarnar — setting the stage for a new phase of consolidation. Who gets what will decide whether the pecking order in the industry reshuffles after the shake-out caused by the Insolvency and Bankruptcy Code (IBC).

The government has set the ball rolling for the 1.1 million-tonne NINL divestment with its facilities in Kalinganagar, Odisha, and potential bidders have been shortlisted. For RINL, the corporate entity of the 7.3 million-tonne Visakhapatnam Steel Plant, a legal advisor for strategic disinvestment will be appointed shortly. As for the three million-tonne NISP in Chhattisgarh, the process for strategic sale is expected to be set in motion after its demerger from NMDC.

The country's top steel-makers — JSW Steel, Tata Steel and ArcelorMittal Nippon Steel India (AM/NS India) — have, more or less, made their preferences clear. The three are on the shortlisted bidders' list for NINL.

Among the upcoming assets, Tata Steel is keen on participating in the bidding process for RINL, which happens to be the country's first shore-based plant with a large land bank. It also fits into the company's plan to increase share in long steel products, typically used in construction and railways.

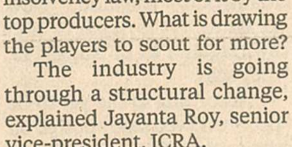
AM/NS makes flat steel, used in automobiles and domestic appliances. An entry into long steel would complete its product portfolio. But as the company looks to expand its share in the growing Indian market quickly, it may even explore Nagarnar Steel Plant. With an aggressive growth path, JSW Steel, too, may explore participating in the sale process for both assets.

LARGE STEEL ACCOUNTS UNDER IBC (Amount in ₹ crore)

Corporate debtor	Amount admitted	Amount realised	Realisation as % of claims	Successful resolution applicant
Electrosteel Steels	13,175	5,320	40.38	Vedanta Ltd
Bhushan Steel	56,022	35,571	63.5	Bamnipal Steel Ltd (wholly owned of Tata Steel Ltd)
Monnet Ispat	11,015	2,892	26.26	Consortium of & Energy JSW and AION
Essar Steel India	49,473	41,018	82.91	ArcelorMittal India Pvt Ltd
Bhushan Power & Steel	47,158	19,350	41.03	JSW Limited

*Amount, realisation relate to claims of financial creditors. Source: IBBI Newsletter

METAL METTLE



(Source: company website, annual report)

But around 21 million tonnes have already seen a change in ownership under the insolvency law, most of it by the top producers. What is drawing the players to scout for more?

The industry is going through a structural change, explained Jayanta Roy, senior vice-president, ICRA.

China wants to curtail its production in 2021 by about 50 million tonnes, which is expected to support the global demand-supply scenario. That would mean lower exports from the world's largest producer of steel and an opportunity for Indian companies to tap the markets that it vacates.

The other major factor, Roy pointed out, was that the balance sheets of the top steel companies were much stronger and their ability to invest had gone up.

The thrust on infrastructure by major economies sent steel prices soaring since the second half of the last financial year with domestic prices at an all-time high in July and global at a 13-year high. Top producers used the cycle to deleverage.

Tata Steel reduced debt by ₹29,390 crore in FY21 and is aiming to repeat the level of deleveraging in FY22.

Jindal Steel & Power, one of the top six steel producers, saw consolidated net debt reduced by ₹13,773 crore in FY21. Even public sector steel major Steel Authority of India Ltd (SAIL) reduced net debt by ₹16,131 crore to ₹35,350 crore.

Acquisition opportunities in the steel sector have been few and far between. Perhaps, the most-high profile of them was JSW Steel's acquisition of debt-laden Ispat Industries from the Mittal brothers — Pramod and Vinod — in 2010 for ₹2,150 crore. But the IBC opened the floodgates of opportunity and some assets saw a high level of interest from bidders that had to be settled in tribunals (*see chart*).

The league table changed as companies acquired assets. Till 2018, JSW Steel was the largest steel-maker. But the auction of the 5.6 million-tonne Bhushan Steel by Tata Steel put it at the top with a total capacity of 19.6 million tonne. With the acquisition of the 2.5 million-tonne Bhushan Power & Steel earlier this year, along with the one million-tonne Monnet, JSW Steel has now trundled ahead at 21.5 million tonnes (according to the annual report 2020-2021).

As far as relative market share goes, data from JPC and ICRA Research show that the share of the top two players — Tata Steel and JSW Steel — in flat products stood at 51 per cent in FY2021, up from 48 per cent in FY2018.

In the fragmented long products segment, the share of top five producers (which include Tata Steel, JSW Steel, JSPL, SAIL and RINL), has increased from 38 per cent to 53 per cent in the same period.

The industry is changing in favour of the big boys with deep pockets — with challenges on myriad fronts, from raw material to working capital availability. Now, ESG (environmental, social and governance) focus is likely to define the shape of the industry.

"The next big wave of transformation will be driven by ESG. There has to be an accelerated investment by all steel companies to reduce carbon emissions," pointed out Vivek Kamra, managing director, Alvarez & Marsal.

"India has some of the best-run steel companies globally. Tata, JSW and now AM/NS India. The disinvestment is going to lead to a more competitive, globally recognised Indian steel industry to compete with and participate in this global shift," he added.

The auction of steel assets under IBC saw the entry of Vedanta into the sector and brought closure to ArcelorMittal's more than a decade-long struggle to set up steel plants in India. Whether disinvestment opportunities will catch the fancy of yet another new player or make the existing bigger is now the big question.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 18th August 2021

New duty remission scheme to cover 8,555 items at an outlay of ₹12,450 cr

Exporters relieved that wait is over but disappointed with exclusions, lower rates

OUR BUREAU

New Delhi, August 17

In a relief for exporters, the government on Tuesday finally announced rates for the new input duty remission scheme that was introduced on January 1 this year, replacing the popular older scheme that was incompatible with WTO norms.

The new scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), however, may fall short of expectations of many sectors. The refund rates, ranging from 0.5 per cent to 4.3 per cent, are generally lower than the rates under the older scheme. RoDTEP will be applicable from January 1, 2021.

There are also certain items kept out of the scope of the scheme. Major among them are chemicals, steel and pharmaceuticals, Commerce Secretary BVR Subrahmanyam said at a press conference on Tuesday. "These items have done quite well without incentives. It was felt that there was no need to include them (in the scheme)," Subrahmanyam said.

Objective and operating principles of RoDTEP

- Will refund currently un-refunded duties and taxes on exports at Central, State, local levels
- Will refund indirect duties, taxes on distribution of exported products
- Rebate not to be available for duties, taxes already exempted, remitted, credited
- Determination of ceiling rates to be done by Committee in Department of Revenue
- Suitable representation from Department of Commerce/DGFT in the Committee
- Rates and coverage to be reviewed on a periodic basis

RoDTEP rates for some key items

Item	Rate
Most leather products	1.2%
Fish products	0.5-2.5%
Flowers, fruits, vegetables	1-4%
Crude oil/ edibleoil	1%
Instant coffee	3%
Tea	1%
Spirits	2-4%
Carpets	1.2-3.5%
Most rubber products	1%
Most toys/ sports equipment	1-1.9%
Most auto parts	0.5-1.4%

MEIS scrapped

The Merchandise Export from India Scheme (MEIS), which was replaced by RoDTEP, offered refunds at the rate of 2 per cent, 3 per cent and 5 per cent of the value (f.o.b) of exports. The MEIS had to be scrapped as it was not directly linked to input taxes and levies that went into the production of the exported item and was hence held by the WTO as incompatible with multilateral trade norms.

The total outgo under the RoDTEP scheme and RoSCTL, a similar scheme for garments and made-ups notified last week, will be around ₹19,400 crore for the current fiscal. Of this, ₹ 12,454 crore has been allocated to RoDTEP. The new scheme covers 8,555 product lines of a total of about 11,000 traded items. MEIS, on the other hand, had an annual outlay of over ₹40,000 crore while it covered about 8,000 items.

Relief for exporters

Despite the low rates, exporters are relieved that the period of uncertainty is over and they can now avail the benefits and price their products accordingly. FIEO, the exporters' body, expects the government to quickly upload the rates in the system so that exporters may generate their scrips instantly for utilising the same either for duty free imports or transferring it to increase their cash flow.

"The RoDTEP rates, which provides zero rebating of exports, are WTO compatible and thus will continue for a long time until all the products and services are brought within the ambit of GST and embedded incidence is completely neutralised," FIEO said.

Subrahmanyam said the RoDTEP scheme will be subject to periodic review, and if needed, changes would be made in response to change in the ground situation. "The simple goal of the scheme is to ensure that all taxes borne by exporters are not exported. It should be reimbursed. It also includes taxes collected by States and local governments," he said.

The overall outlay for the RoDTEP scheme will be finalised by the Finance Ministry in consultation with the Department of Commerce, taking into account all factors, according to the notification released by the Directorate General of Foreign Trade.

Pivotal sectors left out?

"One of the biggest setbacks is the fact that products of pivotal export sectors like steel and pharma are not included in the list. Even the products / sectors for which rates are being notified are much lower than the MEIS rate and do not cover the embedded tax cost included in these products.. Companies now, may need to re-evaluate the export benefits availed by them and whether it will really make sense to opt for RoDTEP scheme," said Rohit Jain and Gourav Sogani, Partners at ELP.

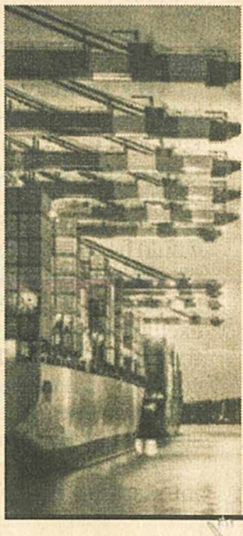
Also read p8

Business Standard 23rd August 2021

India must negotiate well on free trade pacts: Experts

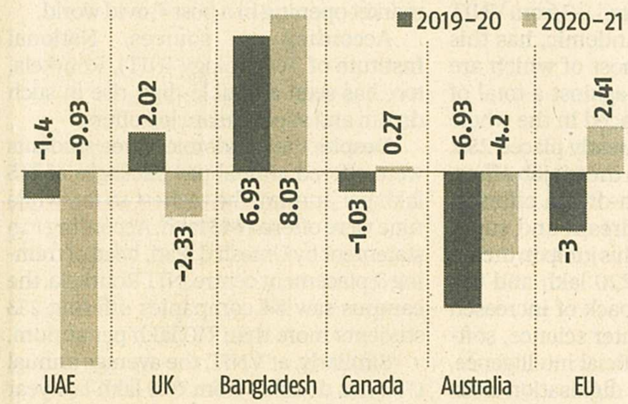
'Reduction in tariff equally crucial while working towards any agreement'

SHREYA NANDI & VINAY UMARJI
New Delhi/ Ahmedabad, 22 August



TOP NATIONS THAT INDIA IS TARGETING

Trade balance (in $billion) from India's perspective



Source: Dept of Commerce

Experts are of the opinion that resolving contentious issues would be tricky even as India is revamping its strategy on free-trade agreements (FTAs) with top trading partners.

While negotiations on trade deals with the European Union (EU), Canada, Gulf Cooperation Council (GCC) nations and Israel are on, New Delhi is eyeing an 'early harvest' deal with countries such as Australia and the UK.

Experts say that reduction in tariff is equally crucial while working towards any deal.

"If we need a trade agreement to be deeper and really beneficial for our industry, we need to be well prepared on what we want from our trading partners and what we are willing to give in return. Unless we can give more than what we had given in the past, we cannot sign deals," said Arpita Mukerjee, professor at Indian Council for Research on International Economic Relations (ICRIER).

Mukherjee added that if a trade agreement is to move forward, New Delhi should not restart discussions in areas where consensus has been reached. "Let's take the case of the EU. If India and the EU reached an agreement on over 70 per cent tariff lines in 2013, it would be better not to touch them. Start discussion around areas where there were differences. It is only then can we move faster towards signing a deal," she said.

On Thursday, commerce and industry minister Piyush Goyal had said that India is at a 'positive momentum' with respect to inking trade deals with the UK, Australia, Canada, Bangladesh, EU, GCC nations and Israel.

In the past, trade deals with Australia and the EU were put on hold as they were not able to reach a consensus due to differences on various issues. As far as the UK is concerned, government officials have said that preparatory work will be elaborate since negotiations are starting for the first time owing to the country's exit from the EU.

India's emphasis on fast tracking trade deals comes after its decision to walk away from the China-backed trade bloc Regional Comprehensive Economic Partnership (RCEP), which is also the world's biggest free trade grouping.

In this backdrop, and with a consistent surge in exports over the last few months, experts believe that it is even more important to sign such deals.

"These markets are very important for India's exports, more so for employment-intensive sectors. We should also look at FTAs as these will be effective in attracting investment, under the PLI (performance-linked incentive) scheme, as we want to develop India as a global hub," said Ajai Sahai, director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO).

On its part, the government has reiterated that it will accelerate trade talks with nations for fair and balanced pacts, and not repeat the 'same mistakes' of the past.

Recently, Goyal sent a strong message to the industry and urged it to become more competitive and not just keep seeking protection from the government.

"We are engaging with the industry to ensure that FTAs are fairly and equitably crafted. At the same time, FTAs cannot be one-way traffic. We also need to open our markets, if we want a larger share in foreign markets. So, we need to identify areas where we can withstand competition," Goyal told export promotion councils last week.

Earlier, certain sectors such as the dairy industry had expressed apprehensions over an India-EU FTA.

"We have not yet heard from the government regarding the dairy sector (being reconsidered as part of the FTA). So far, the EU has only been exporting dairy products to India and not importing. We had told the government that dairy should be kept out of the India-EU FTA purview," said R S Sodhi, managing director (MD) of Gujarat Cooperative Milk Marketing Federation (GCMMF), popularly known as Amul.

According to sector experts, Indian dairy products are costlier than the EU. This could lead to increased competition for the domestic industry.

The Times of India 20th August 2021

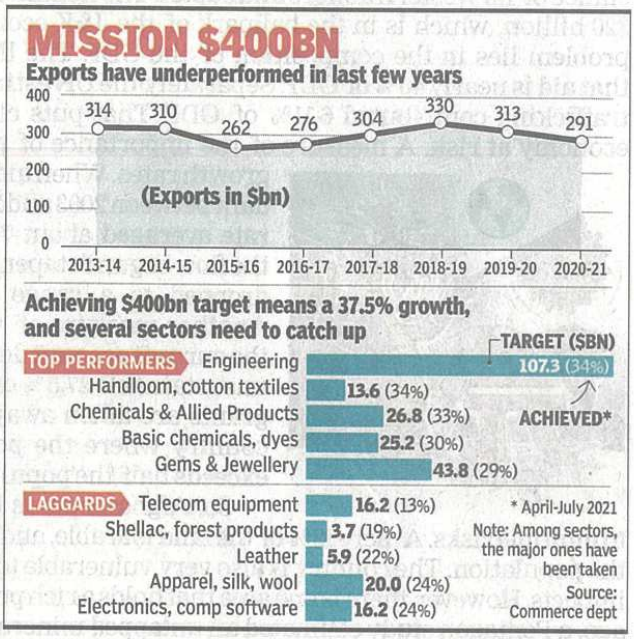
Govt plans relief for defaulting exporters

To Push FTAs With 5 Partners, Pact With US Unlikely, New Steps For SEZs In Offing

Sidhartha@timesgroup.com

New Delhi: The commerce department on Thursday promised to resolve several concerns of exporters — from relief for defaulters under some of the schemes to rising commodity prices and freight rates — while unveiling sectoral milestones as it chases a record $400-billion target this year.

The stiffest goal is for the engineering and project goods sectors, with a $107-billion export target set for the year, followed by gems and jewellery ($43 billion), pharma ($29 billion) and chemicals *(see graphic)*. If the plan works out, these five traditional heavyweights will account for $232 billion — or 58% of the target for the current financial year.



During a meeting convened by commerce and industry minister Piyush Goyal on Thursday, a detailed action plan was discussed, which entails a new Foreign Trade Policy before October, and fresh reform measures for special economic zones, sources said. While a detailed plan on SEZs is expected in the next few weeks, focused on using surplus land and addressing other aspects, sources said the commerce department will approach the revenue department, seeking a one-time settlement for defaulters of advance authorisation and EPCG schemes.

Officials said the government is also looking to extend the facility of concessional credit under the Interest Equalisation Scheme beyond September. To address another concern of higher freight costs, the shipping ministry has begun talks with international shipping lines, although it may not translate into a reduction. Similarly, the commerce ministry has asked some of the ministries to tackle higher commodity prices, which the government had earlier said was outside its purview.

At the meeting, Goyal also talked about pushing free trade agreements (FTAs) with the UK, European Union, Canada, Australia and the UAE which have been in the pipeline for years — although it is unlikely that they can be clinched this year. During the last financial year, these five trading partners accounted for 28% of India's exports.

"The US as of now has kind of indicated that they are not looking for new trade agreements, but we look at working with them for more market access issues on both sides and I think that would also be a big relief and a big opportunity opener for our export sector," the minister said.

Business Line 24th August 2021

Industry players seek more export sops

Commerce Minister discusses ways to achieve $400-billion target

OUR BUREAU

New Delhi, August 23

Industry representatives have made a case for inclusion of pharmaceuticals, chemicals and iron and steel sectors in the new input duty remission scheme for exporters, enhancement of remission rates and an incentive scheme for exports from labour-intensive sectors, in their meeting with Commerce & Industry Minister Piyush Goyal on Monday.

Goyal met senior representatives from major industry associations, industry bodies and traders' groups, to discuss ways to increase industrial production and work towards the $400-billion export target set for the year and bigger targets, moving forward.

Piyush Goyal, Commerce and Industry Minister

Future targets

The Minister said that it was time to reflect on how to achieve future targets. He pointed out that India's average applied import tariff dropped to 15 per cent in 2020 from 17.6 per cent in 2019, which was the sharpest annual fall in about a decade and a half, and the applied tariffs were way below the bound rate of 50.8 per cent (permissible limit under the WTO). Goyal added that India was working in mission mode to achieve target of $400 billion merchandise exports in 2021-22.

"Exports touched a high of $35 billion in July 2021 and total exports in the first four months of the fiscal were around $130 billion. If the $400-billion target for the fiscal is to be reached, exports worth $35 billion are needed every month for the remaining eight months. This is ambitious but can be attempted if the industry and government works together," an official said.

RoDTEP scheme

According to PHDCCI, the new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme will encourage exports, but the remission rates were much lower than expected and with several constraints and value caps. "Therefore, we request that these rates should be revised to reflect the actual duty and taxes suffered by the industry and to cover more and more sectors along with exports made under schemes such EOUs, SEZs and bonded warehouses....," it said in its presentation.

Industry body CII pointed out that while RoDTEP rates had been announced, it left out three critical sectors – pharmaceuticals, chemicals and a major part of engineering. These sectors need to be considered as they are important contributors to export revenue, it said.

Business Line 27th August 2021

'Approach Revenue dept for better RoDTEP benefits'

Best rates offered to exporters given budget constraints: Commerce Ministry

AMITI SEN

New Delhi, August 26

Faced with the industry's demand for increasing rates under the recently announced input duty reimbursement scheme for exporters and the inclusion of certain excluded sectors, the Commerce & Industry Minister has proposed that the requests be placed before the Department of Revenue for consideration.

The rates of reimbursement under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme announced by the government this month disappointed exporters as they are lower for many sectors than expected, based on their calculations of taxes paid. The RoDTEP rates are also mostly lower than the reimbursement rates under the Merchandise Export from India Scheme (MEIS), which it replaced, since the older scheme was non-transparent and hence, not compatible with WTO rules.

Rates of reimbursement under the RoDTEP scheme disappointed exporters as they are lower for many sectors BLOOMBERG

"At the recent meeting held by Commerce & Industry Minister Piyush Goyal with various industry bodies, representatives were informed that the best possible rates under the RoDTEP scheme were announced by the Commerce & Industry Ministry based on the available resources. They were asked to take their case to the Department of Revenue if they wanted more under RoDTEP," an official tracking the matter told *BusinessLine*.

The Finance Ministry had sanctioned a limited budget of ₹13,000 crore for the RoDTEP scheme as opposed to over ₹40,000 crore budgeted for MEIS when the scheme was functional, while it covered 8,555 items compared to around 8,000 items under the MEIS.

Rates of remission

The rates of remission range between 0.01 per cent and 4.3 per cent of the exported value under the RoDTEP scheme, but a majority of items are entitled to 1 per cent or lower. Items entitled to 4 per cent or more are less than 400 with many textile items included in the category.

"There was no way the Commerce & Industry Ministry could give comparable rates under RoDTEP with such a low budget," the official said.

Although RoDTEP is supposed to provide for rebate of all Central, State and local duties/taxes/levies on exported goods which have not been refunded under any other duty remission schemes, including embedded taxes, exporters complain that the actual rates are not fully compensating for taxes paid. The iron and steel, chemicals and pharmaceuticals sectors have been excluded while initially there were no indications that they would be left out.

"The Commerce & Industry Ministry believes that the grievances of exporters can be addressed only by increasing the budget for the scheme and the Department of Revenue can take a call on the matter," the official said.

The government has set an ambitious export target of $400 billion for the on-going fiscal as opposed to $292 billion of exports in 2020-21 and is looking at all possible ways to boost shipments.

Business Line 27th August 2021

Govt unlikely to trim GST on automobiles

Top official says sop not needed as sales have picked up, no inventory build-up

OUR BUREAU

New Delhi, August 26

The government is unlikely to oblige any time soon the automobile industry's demand for lowering the Goods & Services Tax (GST) for certain categories of vehicles.

Hinting at no immediate plans, a senior government official said the Centre had considered it some time back but now, with sales picking up and no inventory build-up on account of transition from BS-4 to BS-6 emission norms, it seems unlikely.

In fact, the Revenue Secretary Tarun Bajaj had on Wednesday said the government is open to discussing a rate revision but did not commit to any move to cut.

"I would be very happy to engage with you to see what we can do even on (GST) tax rates, what is the tinkering we can do to see to it that certain (vehicle) segments get the encouragement they deserve," Bajaj had said at a conference organised by the Society of Indian Automobile Manufacturers (SIAM) on Wednesday.

Tax burden

- All automobiles attract GST between 18% and 28%
- Apart from this, States collect road tax
- The GST on e-vehicle is 5% while that on ambulance has been cut to 12% for the period up to September 30

The tax regime

As on date, barring electric vehicles and ambulances, all automobiles attract GST between 18 per cent and 28 per cent. Then, there is a cess levied in the range of one to 22 per cent. Apart from this, State governments collect a road tax. The GST on electric vehicle is 5 per cent while that on ambulance has been cut to 12 per cent for the period up to September 30.

Exactly a year before, at a meeting organised by an industry chamber, responding to a question about the need for lowering the GST rate on two-wheelers, Finance Minister Nirmala Sitharaman had said this was indeed a good suggestion as this category is neither a luxury nor a sin good. However, the matter could not be taken up to the GST Council until now.

High tax, high prices

At the ongoing SIAM convention, the tax issue was one of key points of discussion.

"I don't think the car industry would revive either with ICEs (internal combustion engines), CNG, biofuels or EVs unless we address the question of affordability of cars for the customer," RC Bhargava, Chairman, Maruti Suzuki, had said.

He said the high-tax structure, and the additional costs to meet the new emission and safety norms have turned automobiles pricier, making them unaffordable for many.

2-wheelers at luxury rate

Echoing, Venu Srinivasan, Chairman, TVS Motor Company, said a two-wheeler, which is the basic mode of transportation for the country, is being taxed at 28 per cent GST, the highest level on a par with luxury products. The automobile industry, which provides direct and indirect employment to 30 million, has moved from importing and assembling to designing and making in India with both homegrown firms and MNCs making large investments in design infrastructure, he said.

Business Line 28th August 2021

Come Sept, GSTR-1 can't be filed if GSTR-3B has not been submitted for last 2 months

Entire mechanism will be automatic, says tax portal

OUR BUREAU

New Delhi, August 27

From September 1, the Goods & Services Tax (GST) authorities have decided to stop a taxpayer from filing GSTR-1 return form if the assessee has not filed GSTR-3B for preceding two months or one quarter. This is the second development after the resumption of blocking e-way bills from August 15 for those not filing GSTR-3B for two successive periods.

An update on the indirect tax portal says that "a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both in form GSTR-1, if he has not furnished the return in form GSTR-3B for preceding two months." Similarly for quarterly filer, the assessee will not be allowed to provide details of outward supplies of goods or services or both in form GSTR-1 or using the invoice furnishing facility, if he has not furnished the return in form GSTR-3B for preceding tax period.

The update said the entire mechanism will be automatic. As soon as the assessee presses the 'Submit' button for GSTR-1, they will get an error message stating that compliance has not been made. However, the assessee will not have to fill their information again, once they file the pending GSTR-3B. All information entered earlier will be saved. The update said the implementation of the new mechanism will be on the lines of blocking or unblocking e-way bill.

Details of outward supplies

GSTR-1 is a form required to be filled by every assessee on a monthly or quarterly basis. The assessee needs to provide

details of all outward supplies (sales) and has to upload all the tax invoices. The form includes invoice-wise details of all inter-State and intra-State supplies made to registered persons and inter-State supplies with invoice value more than ₹2.50 lakh made to unregistered persons.

It has consolidated details of all intra-State supplies made to unregistered persons for each rate of tax along with State-wise inter-State supplies with invoice value up to ₹2.50 lakh. The form also includes debit and credit notes for invoices issued earlier. Those having nil turnover can file this form through SMS. Based on the information submitted in GSTR-1, the assessee can use input tax credit and accordingly pay the remaining of gross tax in cash through submission of return form GSTR-3B.

The last date for filing the monthly GSTR-1 for July was August 11, while the due date for GSTR-3B is August 20. In case of quarterly returns, the due date for GSTR-1 related with July-September quarter is October 13. Quarterly returns for GSTR-3B/CMP-08 need to be filed on or before October 18.

Earlier, on August 4, authorities announced the resumption of blocking generation of E-way bill in case the said persons fail to file their return in form GSTR-3B (monthly/quarterly)/statement in CMP-08, for two or more consecutive tax periods. Earlier, this was suspended on account of pandemic.

Business Line 30th August 2021

CBDT extends due dates for electronic filing of various forms

OUR BUREAU

New Delhi, August 29

With technical glitches in the new Income Tax portal remaining unresolved, the Central Board of Direct Taxes (CBDT) has extended the due date for the filing of certain electronic forms including one relating to Equalisation Levy statement, and the form for declaration received from senior citizen account holder among others. These forms are to be filed electronically.

According to the board, the Equalisation Levy Statement in Form No1 for FY21 can now be filed on or before December 30.

Banks will have till November 30 to upload declarations received from recipients in Form No15G/15H during the quarter ended June 30.

Normally these declarations are submitted by a senior citizen who do not have PAN to get income tax benefits. Similarly declarations submitted during July-September quarter can now be uploaded on or before December 31.

The application for registration or approval under Section 10(23C), 12A or 80G of the Act in Form No10AB will now have to be filed on or before March 31 of the next year. These sections help in getting exemption on contributions made to educational institution or charitable institution.