ACMA

(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India

(Western Region)

Mumbai

ACMA
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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 2nd September 2021

PV sales decline; two-wheelers, CVs perform better in August

Chip shortage poses a challenge to supplies

S RONENDRA SINGH

New Delhi, September 1

Semiconductor shortage has made an impact on the automobile sales numbers of companies such as Maruti Suzuki India (MSIL), Hyundai Motor India (HMIL), Toyota Kirloskar Motor (TKM) and Nissan India, for the month of August.

The companies said semiconductor shortage posed hurdles in meeting the demand, especially with the starting of the festival season. However, for two-wheelers and commercial vehicles, the wholesale numbers were better on a month-on-month basis.

In the passenger vehicles (PV) segment, the country's largest passenger vehicles maker MSIL sold 1,03,187 units in the domestic market during the month, a decline of 24 per cent compared with 1,33,732 units in July. 'XUV500' maker Mahindra & Mahindra (M&M) reported a decline of 24 per cent to 15,973 units (21,046 units). In the commercial vehicle segment too, M&M reported decline in sales.

The second largest PV manufacturer HMIL reported a decline of more than two per cent at 46,866 units in August compared with 48,042 units in July.

Tata Motors saw a decline of more than seven per cent to 28,018 units (30,185 units).

Similarly, Japanese subsidiaries such as Toyota Kirloskar Motor and Nissan India reported a decline in sales for the month.

Domestic auto sales: In slow lane

	Aug 2021	July 2021	% change
Passenger vehicles			
Maruti Suzuki India	1,03,187	1,33,732	-24.00
Hyundai Motor India	46,866	48,042	-2.44
Tata Motors	28,018	30,185	-7.17
Mahindra & Mahindra	15,973	21,046	-240
Toyota Kirloskar	12,772	13,105	-2.50
Kia India	16,750	15,016	11.54
Honda Cars India	11,177	6,055	84.59
MG Motors*	4,315	4,225	1.31
Nissan India	3,209	4,259	-25.00
Skoda Auto India	3,829	3,080	24.31
Two-Wheelers			
Hero MotoCorp	4,31,13	4,29,208	0.43
Honda Motorcycle & Scooter India	4,01,469	3,40,133	18.00
Bajaj Auto	1,57,971	1,56,232	1.11
TVS Motor	1,79,999	1,75,169	3.00
Royal Enfield	39,070	39,290	-0.55
Commercial vehicles			
Ashok Leyland	8,400	8,129	3.33
Volvo Eicher	4,793	4,271	12.00
Tata Motors	29,781	21,796	37.00
M&M	11,432	17,666	-35.00
Bajaj Auto	14,624	11,041	32.00
Maruti Suzuki (Super Carry)	2,588	2,768	-6.50
Tractors			
M&M	19,997	25,769	-22.39
Escorts	4,920	6,055	-19.00

*Retail sales   Source: Companies

Festival season

"With the start of the festival season, customer sentiments are positive with increasing inflow of bookings. The challenge is on the supply side with shortages and increased lead time of semi-conductors supply impacting the availability of vehicles. We foresee this challenge to continue during the coming months," Rakesh Srivastava, Managing Director, Nissan Motor India, said.

Kia number grows

However, Kia India recorded growth in wholesales to 16,750 units in August compared with 15,016 units in July. "August was a month of multiple milestones for us and has given healthy sales numbers. Our products have been faring very well. To cater to the pent up and upcoming demand for our vehicles, we are taking appropriate measures to enhance the production output," Tae-Jin Park, Executive Director and Chief Sales and Business Strategy Officer, Kia India, said.

MG Motor India has grown its retail sales marginally to 4,315 units in August compared to 4,255 units in July.

With the success of Kushaq, Skoda Auto India recorded higher sales at 3,829 units during the month against 3,080 units in July.

Supply challenges

According to analysts, the passenger vehicle (PV) volumes should fall sequentially due to supply challenges but may improve in comparison to 2019 levels. The recent supply issues are due to higher Covid-19 cases in Asian countries that are part of the semiconductor supply chain.

In the two-wheeler segment, market leader Hero MotoCorp recorded a marginal growth to 4,31,137 units against 4,29,208 units in July, while its rival Honda Motorcycle & Scooter India reported a double-digit growth (18 per cent) to 4,01,469 units compared with 3,40,133 units in July. Bajaj Auto reported sales of 1,57,971 units compared with 1,56,232 units in July.

In the tractor segment, both leading companies M&M and Escorts recorded decline in sales on a monthly basis.

Business Standard 8th September 2021

Vehicle registrations rise 15% in Aug, but lag 2019

Recovery patchy for 2-wheelers, dragged down by low entry-level demand

SHALLY SETH MOHILE
Mumbai, 7 September

Vehicle registrations across categories rose 15 per cent year-on-year (YoY) in August, but lagged by a similar number when compared with the corresponding month in 2019, the Federation of Automobile Dealers Association (FADA) said on Tuesday.

Two-wheeler registrations, especially, remained a cause for concern as they advanced just 6.66 per cent YoY, despite the low base of last year. They were dragged down by the entry-level segment, reflecting the weakness in purchasing power. To put this in context, two-wheeler registrations saw a 22.62 per cent decline when compared with August 2019 numbers. It also dipped month-on-month, falling to 976,051 units in August from 1,132,611 units in July.

FADA attributed the poor offtake to the multiple price hikes announced in a segment that is extremely elastic to price changes. Increased fuel costs and closure of educational institutions too has impacted the segment. Customers, especially at the bottom of the pyramid, are shifting their priority to saving instead of spending, FADA said. This will keep demand for two-wheelers in check. With educational institutions slowly opening, "a ray of hope" can be seen for improvement in demand in the two-wheeler category, it said.

Entry-level models, which account for about 70 per cent of the motorcycle market, were in the slow lane even before the pandemic and have been hit the hardest, said Vinkesh Gulati, president of FADA.

"The buyers of this segment have suffered because of job losses and salary cuts announced during the first wave. While many have got jobs, they either continue to reel under the impact or are wary of spending," said Gulati. He estimates retails of entry-level bikes (100-125cc) to have fallen 25-30 per cent YoY in August, even as the 150cc and above segment continues to advance at a fast clip.

About 55 per cent of motorcycle sales come from rural India. Hence, the volumes have also been dented because of the spread of Covid-19 to rural areas during the second wave.

The retail volumes and market share loss of market leader Hero MotoCorp, which leads the entry-level segment and sells every second motorcycle in rural India, reflects this pain. Its retail sales or registrations during the month dropped to 313,074 units as compared to 332,559 units last year. Its overall market share fell to 32.08 per cent from 36.34 per cent the previous year.

Category	Aug '21	Aug '20	YoY %	Aug '19	% Chg, Aug'19 Vs Aug' 21
2W	9,76,051	9,15,126	6.66	12,61,432	-22.62
3W	30,410	16,923	79.70	55,292	-45.00
PV	2,53,363	1,82,651	38.71	1,92,417	31.67
Tractors	71,737	67,999	5.50	52,757	35.98
CV	53,150	26,851	97.94	62,319	-14.71
Total	13,84,711	12,09,550	14.48	16,24,217	-14.75

Source: FADA

"The impact of the second wave is clearly showing on the two-wheeler retails," said Mitul Shah, head of research at Reliance Securities. High exposure to rural India, which was in the throes of the pandemic, impacted sales. A deficient monsoon has also dented sentiment in several pockets, he said.

Meanwhile, passenger vehicle makers are battling supply-side hitches amid strong demand — registrations rose 39 per cent YoY, and 32 per cent compared with 2019.

Carmakers are making drastic reductions to production because of the unavailability of semiconductors and ABS chips, shortage of containers, and high metal prices. For the first time customers may not get a vehicle of their choice and lucrative schemes during the festive season. Ultra-frequent price increases are also keeping entry-level buyers at bay, said FADA.

Business Line 8th September 2021

Semiconductor shortage chips away at auto retail sales in Aug

Frequent price increase also keeps buyers away: FADA

OUR BUREAU
New Delhi, September 7

With original equipment manufacturers (OEMs) drastically cutting down production due to non-availability of semiconductors, shortage of containers and high metal prices, customers, for the first time, may not get a vehicle of their choice and lucrative offers this festival season.

Frequent price increase is also keeping entry level buyers at bay, the Federation of Automobile Dealers Association (FADA) said on Tuesday. "Auto dealers are facing the most challenging phase of their business career as Covid-19 after-effect continues to play spoilsport. While until last year demand was a challenge, supply is becoming a bigger problem currently due to shortage of semi-conductors, even though there is high demand for passenger vehicles (PVs)," Vinkesh Gulati, President, FADA, said.

Still in the slow lane

Segment	Aug 2021	July 2021	% change
Passenger vehicles	2,53,363	2,61,744	-3
Two-wheelers	9,76,051	11,32,611	-14
Three-wheelers	30,410	27,904	9
Commercial vehicles	53,150	52,130	2
Tractors	71,737	82,388	-13
Total	**13,84,711**	**15,56,777**	**-11**

In its monthly data, FADA said passenger vehicle retail sales in August declined by more than three per cent to 2,53,363 units compared with 2,61,744 units in July.

Two-wheeler sales declined 14 per cent month-on-month (MoM) to 9,76,051 units (from 11,32,611 units).

Two-wheeler segment

Customers, specially at the bottom of the pyramid, are shifting their priority to saving instead of spending. Hence demand for two-wheelers will be a concern. But, with educational institutions slowly opening up, a ray of hope can be seen for an improved demand in the category in the coming months, FADA said.

However, commercial vehicles (CV) and three-wheeler retail sales grew on the monthly basis.

While CV sales grew at 53,150 units in August compared to 52,130 units in July, three-wheeler sales rose to 30,410 units against 27,904 units in the previous month.

Tractor sales declined 13 per cent to 71,737 units (82,388 units).

According to FADA, average inventory at the end of July for PVs stood at 25-30 days, while in the two-wheeler space it ranged between 20 and 25 days.

The Economic Times 3rd September 2021

Hyundai Has No Plans to Halt Ops Despite Chip Shortage: India MD

Co likely to produce over 50,000 to 65,000 cars in the coming four months, say sources

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: Hyundai Motor India (HMIL) is making all efforts to meet consumer demand this festive season amid a severe shortage of semiconductors, which has disrupted production operations at other leading automakers.

The Korean auto major has been able to manage production despite supply constraints and has no plans to suspend plant operations in the near future. "There is some disruption caused by the semiconductor shortage issue. It is a global issue. Many OEMs (original equipment manufacturers) are facing that situation. We are doing our best to maximise the production, working very closely with our vendor companies to meet the customer expectation and market demand," SS Kim, managing director, told **ET** on the sidelines of N Line unveil, which was launched at ₹9.84 to ₹11.75 lakh on Thursday.

Kim added Hyundai does not have any plan to close the factory because of the semiconductor issue. Several carmakers including Maruti Suzuki, Tata Motors, Renault-Nissan have curtailed production operations and announced plant holidays the past few weeks due to inadequate availability of semiconductors.

The production loss in the passenger vehicle segment on account of chip shortage is estimated to be around 100,000 units in the ongoing quarter, impacting build-up of inventory utilised to meet higher demand in the festive months.

According to several people in the know, Hyundai Motor India has plans to produce over 50,000 to 65,000 cars in the coming four months. And this is despite the shortage situation the company is witnessing. But the situation is not that grave yet, that it would lead to any shutdown.

The company has diverted chipsets from average selling models to hot selling models and has also introduced specific variants that use lesser chipsets to ensure sales are not affected.

Hyundai said it usually works on and has a month's stock to meet consumer demand during the festive season. Tarun Garg, director (sales, service and marketing) at HMIL, said, "We have one month stock (for festive period) by which we are able to cater to customer requirements. Today because the entire portfolio is new, demand is quite high. But our production line is also very flexible. So we are able to manage between the variants, models."

Garg informed demand in the local market has recovered quickly and remained stable, even ahead of the festive season, due to consumer preference for personal mobility. However, concerns remain over high fuel prices and the possibility of the outbreak of a third wave of the coronavirus pandemic.

Overall, Hyundai Motor India expects sales to grow in strong double-digits in the ongoing financial year, despite supply constraints being witnessed globally. Mid-term too, demand is expected to remain stable in the local market. Kim said, "Still the penetration of new cars is the lowest among major countries. We see huge growth potential in this market. Customers are getting younger, per capita income is going up, so many new models are coming in, all these give us hope that a more stable market is probably in the offing."

Hyundai sold 423,642 units in the domestic market in 2020.

M&M to Shut Plant for 7 Days

MUMBAI: Hit by the severe shortage of parts, Mahindra & Mahindra (M&M) will be observing seven days of no production in the month of September, which is likely to hurt the output by 20-25%.

In an exchange filing on Thursday, M&M said, "The company's automotive division continues to face a supply shortage of semiconductors, which has been further accentuated by the Covid lockdowns in some parts of the world." The company stated that the revenue and profitability will be impacted in line with the fall in production volumes. However, it is taking various cost optimisation measures to limit the impact.

—Our Bureau

Business Line 6th September 2021

Southern region drives Tata Motors' PV sales, momentum to continue

G BALACHANDAR

Chennai, September 5

Tata Motors' growth in the passenger vehicle (PV) segment in the past couple of years has been led by the southern market, which accounts for almost a third of the automaker's PV sales.

The company expects the sales momentum to continue in the region helped by slew of new products incorporating more safety features and network expansion.

"Southern market has been a bellwether for us. For the PV industry, the region's contribution is about 28 per cent, while for Tata Motors, the South accounts for 32-33 per cent. The region has been contributing like this since last year," Rajan Amba, Vice-President, Sales, Marketing & Customer Care, Passenger Vehicles Business Unit, Tata Motors told *BusinessLine*.

Amba attributed the strong growth in the southern market to a slew of new launches, increasing acceptance of the brand, transformative measures in dealerships and marketing campaigns.

Rajan Amba, V-P Sales, Marketing & Customer Care, Passenger Vehicles Business Unit, Tata Motors

While Tata Motor's PV market share in the country is 10.2 per cent (up from 6.4 per cent in FY2018), it is higher at 12.1 per cent in the southern market. The company claims number two position in Kerala with a PV market share of about 16.2 per cent in the State.

New design, philosophy

In the past 3-4 years, the company's efforts to reinvent its PV business have met with significant success that the company not only managed to shift the focus to the individual segment from the fleet, but also attracted a good number of young buyers. The product offensive strategy has paid huge dividends as its revamped products packed with features across categories have spurred the sales. The company's commitment to safety has also been quite impressive as its portfolio comprises the highest number of cars that have been rated top for safety.

"While Tata has revamped its PV portfolio in the past few years with its new design philosophy, its focus on safety features in its vehicles more than competition may attract more buyers in the southern market," said an auto analyst of a leading brokerage firm. The new range of products and digital measures have brought the excitement back at dealerships.

"We have been blessed with strong partnerships in the southern market. In the current environment, the business is smoother with exciting new products and it is easier for us to focus on various consumer-centric strategies," added Rajan.

As Tata Motors expects faster growth in the southern region, it has been ramping up its network and has added 70 sales outlets across 53 cities in the region. With the latest addition, Tata Motors has about 302 outlets under its PV network in South India.

The Economic Times 15th September 2021

Auto Sector Could Take V-shaped Recovery Path in 2 Months

Top vehicle financiers such as HDFC Bank, Mahindra Finance expect festive buying to drive much of revival in case there's no third wave

Ketan Thakkar & Ashutosh R Shyam

Mumbai: A strong, but uneven, pickup that the automotive market has been witnessing since the second wave of the pandemic could turn into a sharp V-shaped recovery as soon as in 60 days, according to top auto financiers.

HDFC Bank, India's largest private lender to the automotive sector, expects festive buying to drive much of the recovery, provided there is no third wave of the pandemic. Mahindra Finance, a top financier in rural markets, concurs with the view. While demand is strong, a shortage of components, especially semiconductors, could pose a risk to the upbeat view as automakers are forced to limit production.

India's passenger vehicle market has witnessed strong double-digit growth in recent months despite production issues, while two-wheeler sales have grown for four consecutive months after remaining in the red for long. In the commercial vehicle market, replacement purchases have kicked in, indicating improvement in economic activities. Three-wheeler sales too have increased in August, as commuters and shoppers returned amid easing worries over the pandemic.

Arvind Kapil, the country head of retail assets at HDFC Bank, said a K-shaped recovery was quite evident with higher growth rates in the passenger vehicle market in metro cities and other urban markets compared with the pre-Covid period. "We do believe that this recovery will be reflected in the semi-urban and rural markets as well, and we should see robust demand in the next 60-90 days," said Kapil.

After the second wave of Covid-19, the bank witnessed strong demand for loans above Rs 1 lakh in the auto financing segment, which was validated with robust demand for four-wheelers.

According to people in the know, HDFC Bank is targeting close to 15-20% growth in auto loan disbursals in fiscal 2022. Its auto loan book (car plus two-wheelers) is likely to reach Rs 1.15 lakh crore to Rs 1.25 lakh crore for the first time this fiscal year, accounting for at least a quarter of the retail asset portfolio that is expected to cross Rs 4 lakh crore.

July-August disbursals of retail loans have surpassed the pre-Covid highs at the bank, Kapil said, but did not provide specific details.

Meanwhile, with most of the high-frequency indicators reaching the pre-Covid level, the consumer propensity to spend is increasing, suggest data from the Reserve Bank of India.

Personal loans account for nearly 26% of the total gross credit of the country. Within personal loans, vehicle loans grew 7% from a year earlier to Rs 2.66 lakh crore in July 2021, according to RBI data. It is the second largest in the segment after housing loans.

At Mahindra Finance, loan disbursals rose more than 50% in July and August, albeit on a low base. The company expects its disbursals to be closer to pre-covid levels—financing around 70,000 units a month—compared with 35,000 units a month in the April-June quarter. Loan collection efficiency has also improved, from 67% in May to almost 97% in August, indicating a turnaround in the economy.

Managing director Ramesh Iyer said after any disruption, be it Covid-led or monsoon-related, usually there is a strong buoyancy. Mahindra Finance is witnessing something similar at present.

"While the second wave was deep and wide, people have to come back with activities. Hence the recovery has been much sharper, and it is expected to sustain," he said. "Volumes are picking up, the growth rates are going to be substantially high. Things are appearing to normalise during the current quarter, and we expect strong buoyancy and the numbers moving to pre-Covid numbers."

The Economic Times
7th September 2021

Auto Cos Chase Tech Talent Post the Digital Turn

Hiring of highly-skilled tech hands up 45%

Sharmistha.Mukherjee
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New Delhi: There has been a sharp spike in demand for tech talent in the automotive industry with the country's leading vehicle makers undertaking a massive digitisation exercise to boost virtual sales and smoothen glitches in supply chain, procurement and manufacturing functions amid the outbreak of the Covid-19 pandemic.

Hiring of highly skilled workers trained in information and communication technology (ICT), data science, data engineering in the automotive industry increased by a whopping 45%, when compared pre-covid levels in 2019, shows data available with TeamLease Services. With companies continuing to scour talent for roles in digital marketing, customer services and utilities, preventive maintenance of vehicles, recruitment in such functions are projected to increase by another 15% in the ongoing financial year.

The current quarter itself witnessed an open demand of over 18,000 jobs in tech roles within the automotive segment.

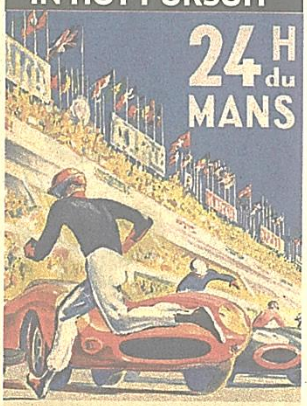
"The same is expected to grow to over 25,000 jobs by the end of the fiscal year. FY23 should see a further spike of 15-18% to this number," said Munira Loliwala, AVP (diversified engineering) at TeamLease Digital.

To bridge the demand gap, apart from inducting fresh hires, the automotive industry is drawing on tech talent from technology firms, consulting background, startups. The increment being offered to employees hired for such functions in the automotive segment at 35-40% is higher, when compared with the generic range of 20-25% for other roles in the segment.

With an increasing number of consumers utilising digital platforms to evaluate and purchase vehicles the last two years, automakers particularly have been working over-time to digitise operations and enable virtual sales, to enhance convenience and efficiency.

They (OEMs) are also investing in enabling their dealer network in this digital transformation, which is not limited to improving websites or online payments but rather involves redesigning the entire purchase journey of the customer, thus optimising costs and utilisation of resources at the dealer end.

IN HOT PURSUIT



18,000 Open positions for tech roles in auto segment this quarter

25,000 Expected growth in jobs by this fiscal

15-18% Further spike in this number expected by FY23

Bridging the Gap
Auto industry is hunting for talent from technology firms, consulting and startups

Increment being offered at 35-40%

20-25% Increment for other roles

MICHEL BELIGOND, *Le Mans 24 Hour Race*

This massive adoption of technology is having a ripple effect on the manpower requirement, added Loliwala. This has led to an increase in demand for talent who are skilled to develop digitised solutions such as chatbots, virtual product tools, query response. Virtual sales have led to hiring for roles in IT infra, data engineering, design modelling.

Shashank Srivastava, senior executive director (marketing and sales) at the country's largest carmaker Maruti Suzuki told ET, "In response to the consumer move towards digitization, we started hyperlocal programmes for enquiry management. Today, 35% of our enquiries come in from digital channels, up from 3% a few years back.

At times of lockdown, it was even higher at around 50%." Maruti Suzuki has, in fact, digitised 24 out of 26 touch points in the sales process, exceptions remaining only for test-drives and vehicle deliveries.

45% RISE IN HIRING OF HIGHLY-SKILLED WORKERS TRAINED IN INFORMATION AND COMMUNICATION TECH

The Economic Times
6th September 2021

Germany's Auto Show Eyes More Climate Friendly Image

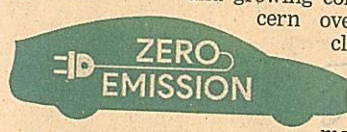
Reuters

Munich: Germany's biggest motor show, taking place in Munich this week, is no longer just about cars.

This year's IAA show, the first major motor industry event worldwide since the Covid-19 pandemic, wants to be about mobility in general, from bikes to e-scooters to cars.

"Climate-friendly engines, the digital connectivity of transport - that's what this fair is about," Hildegard Müller, president of industry association VDA, which organises the bi-annual show, said at a pre-event press conference last week.

"The goal of climate protection is guiding us." The show, which has shifted this year from Frankfurt to Munich and is themed "Mobility of the Future", is a far cry from its usual format showcasing the biggest and mightiest cars on the market. The pandemic and growing concern over climate change have cast an uncomfortable shadow over the event, already under pressure from waning attendance numbers in previous years - from 930,000 in 2015 to just 560,000 in 2019. Indeed, many industry stalwarts have decided against showing up: Toyota, Jaguar's Land Rover, Stellantis - including its German brand Opel - and Ferrari, to name a few.



Yet, as construction workers scrambled on Sunday to put up remaining exhibition booths ahead of the official opening on Tuesday, cars were clearly still the dominant feature. A lone CANYON e-bike tent was distinctly outnumbered by far larger, glitzier carmaker stands from Mercedes-Benz, Audi, MINI and others. Activists and environmental groups, too, point out that automakers still make the vast majority of their money from fossil-fuel emitting SUV sales.

The Times of India 13th September 2021

As chip woes brake auto cos, used cars take off

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Chennai: The used car market is enjoying a demand spillover, particularly for best-selling mass market models, as new car production continues to be affected by the semiconductor shortage. As a result, used cars have seen a 5-10% increase in prices and online transactions have surged by 25% on organised players' platforms like Droom, OLX, Cars24 and others in the April-August period.

"We have seen used car demand shoot through the roof from April to August. In April, we did business of $130 million, which is now at $165 million. In terms of units, 7,500 used cars have now gone up to 10,000. Used car listings on our platform have increased from 900,000 in April to 1.1 million now," said Droom founder-CEO Sandeep Aggarwal.

Most of the jump in sales is in bestselling models. "Between Q4FY21 to Q2FY22, sales of fast-moving models like Alto 800, Scorpio, Santro and WagonR on our platform have gone up 55%, 42%, 37% and 23% respectively," said OLX Autos CEO Amit Kumar. This has also meant an increase in prices. "Prices are up 5%, but used cars are still bargain buys," said Droom's Aggarwal. "Price of best-selling models are up 3-10%," said OLX's Kumar.

Pre-owned car marketers say that the ongoing chip shortage in the auto industry — which has hit production ramp-up before the festival season — will further boost sales of second-hand vehicles. "With the upcoming festive season and decline in production of new cars, the demand for pre-owned cars is expected to witness a significant uptick," said Kunal Mundra, CEO of Cars India, CARS24.

New car dealers have already said that with stocks at around 25 days, the festival season will be lacklustre this year because car companies will not be able to produce enough. Used car inventory too has come down due to high demand.

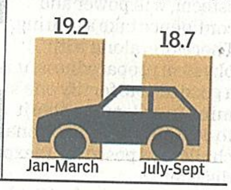
SHIFTING DEMAND

5-10% | **Increase in prices of used cars** as production continues to be hit by shortage of semiconductors

25% | **Surge in e-transactions** in April-Aug period on platforms like Droom, OLX & Cars24

Alto, Scorpio, Santro & WagonR | **Most of the demand is for best-selling models,** according to industry players. Alto sales jumped 55% over 6 months

High demand has reduced used car inventory (in days)



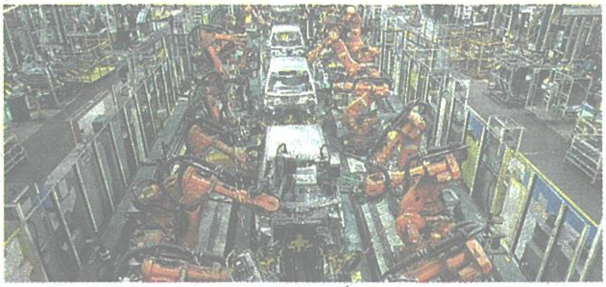
Business Line 14th September 2021

MSMEs, suppliers with dedicated units may bear the brunt of Ford's exit

Auto parts industry awaits clarity from company on the way forward

G BALACHANDAR

Chennai, September 13



In FY20, Ford India produced close to 2 lakh vehicles, a chunk of which was meant for exports REUTERS

Ford's decision to stop local production has come as a big shock to the domestic auto parts industry. The move is expected to hit suppliers hard, especially those who have made dedicated investments for the US car maker's needs.

After 25 years, last week Ford India announced that it had decided to pull the plug on manufacturing in India. The blue oval brand has been struggling for a while and trying to look for partners to keep the operations going. But nothing materialised.

The company claimed that it was left with no option but to exit manufacturing operations due to lack of domestic growth and reduction in export volumes, prompted by new regulations.

"Of course, the company was struggling for growth in India due to product and other reasons. But shutting down its vehicle manufacturing operations is definitely a big setback for the industry," said L Ganesh, Chairman of Rane Group, a leading auto parts house that has been supplying safety parts such as airbags, seatbelts, among others, to Ford.

MSME units and suppliers that have set up shops exclusively for Ford will bear the brunt and are clueless about the way forward.

The Tier-2 suppliers, especially those surviving in the vicinity of the Ford plant, largely on the back of the automaker's Tier-1 suppliers, will bear a bigger brunt, in addition to their already bad financial state on account of Covid-19, says Ashim Sharma, Partner & Group Head Business Performance Improvement Consulting at Nomura Research Institute.

In FY20, Ford India produced close to 2 lakh vehicles, a major portion of which were meant for exports.

The production dropped to 89,000 units in FY21. It has built a capacity to make 4.4 lakh units across two factories — Chennai (Tamil Nadu) and Sanand (Gujarat).

There could be some respite by way of Ford's intent to continue its engine production at Gujarat factory, which has a production capacity of 2.7 lakh units, but not many will benefit. "Large suppliers who had setup dedicated plants for Ford may hopefully get to supply to Ford's global plants especially in case of non-bulky parts. Since, Ford had not launched many new models in the recent past so some of the dedicated investments e.g. in tooling would have paid off (if made for popular models like Ecosport) the others with an existing lower ROI will certainly be hit on the back of this exit," says Sharma.

Awaiting clarity

Auto parts industry representatives say they are waiting for some clarity from Ford to discuss the way forward as a number of auto ancillary players are supplying to Ford's factories both in India and abroad.

"We are waiting for some clarity and communication from Ford as we have set up exclusive units to serve Ford's vehicle production requirements in India," says a top official of a leading auto component group in Chennai.

Business Standard 14th September 2021

Why US automakers stalled in India

Failure to read the market and taxes favouring small cars made some of the most storied names in the global automobile industry fail in the world's fifth-largest market

SHALLY SETH MOHILE
Mumbai, 13 September

REUTERS

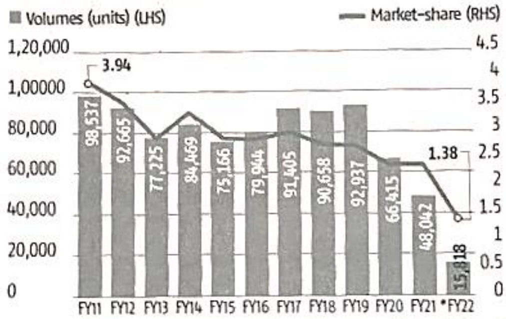
Besides their country of origin, General Motors, Ford Motor and Harley-Davidson have another trait in common: all three have failed in India, the world's fifth largest automobile market. All three of them took a tough call to de-prioritise India as a market amid disruption from heightened regulations and sharper focus on capital allocation by the parent.

The restructuring announced by Ford in India last week brings back the spotlight on why India's auto market has remained an enigma for global auto majors, particularly those from the USA. Why is it that in the very same market that Asian companies have managed to not only protect the turf but also grow the rest have struggled, capturing just about a 5 per cent share?

To be sure, the writing had been on the wall for Ford sometime. If anything, the global health crisis triggered by the Covid-19 pandemic forced the company to finally pull the plug on India. The premature divorce with Mahindra & Mahindra, which was to take over the company's assets in India, only accelerated the decision.

ON A BRAKE

Ford India domestic sales



*FY22 – April to August   Source: Society of Indian Automobile Manufacturers

Poor sales in the past 11 years is a reflection of the storied automaker's struggles in India. Volumes in India peaked at 98,537 units in 2011 (*see chart*). To put it in perspective, the second largest car-maker in the pecking order, Hyundai Motor India, sells almost half of that amount every month.

Earlier, in September 2020 Harley, the Milwaukee-based company, said it was exiting the world's largest two-wheeler market. Harley-Davidson's struggles were not India-specific—globally, it has been struggling to grow its audience. As a result, the company, as a part of its "The Rewire" strategy, is narrowing its focus to the 50 most profitable markets—including Europe, China and the US — and pruning its global portfolio by nearly 30 per cent, leading to the India exit. Subsequently in October, it partnered with Hero MotoCorp. The latter will make Harley bikes and also take care of sales, service and spares.

So what has led to the undoing for these firms? The global theme of "Big is Beautiful", which has somewhat worked for these firms in other markets, did not fit into the scheme of things in India, which is predominantly a market for small cars and inexpensive motorcycles. Seven out of every ten cars and motorcycles sold in the domestic market come from this segment.

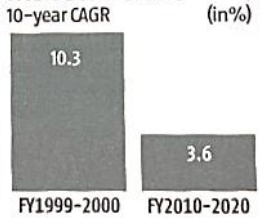
Also, the global template for product portfolio and sales and marketing strategy was not as effective in the Indian context. It did not cut much ice with value-conscious buyers who seek differentiated sales experience and after-sales support. Besides Maruti Suzuki and Hyundai Motor India, the latest entrant, Kia, has managed this well, said an analyst.

Sudhir Rao, who headed the India operations of Renault and Škoda, blames it on poor management. "Unlike their counterparts from Japan and Korea, automakers from the West have faltered in India and elsewhere because of poor management and an equally poor understanding of how to compete in a market like India."

Concurs as an analyst at a consulting firm. Both GM and Ford were managed by the regional headquarters, Asia-Pacific, and were quite removed from the ground realities of the Indian market. They lacked an India-focused strategy and by the time they realised its importance, it was quite late in the day when Asian rivals such as Hyundai had surged into this market, the analyst adds.

PASSENGER VEHICLES INDUSTRY SALES

10-year CAGR (in%)



"Unfortunately, the local managers (in India) spend more time managing the bosses than managing the business and get away with it," says Rao. Unlike their peers from Japan and Korea they don't get their hands and feet dirty and still command a pay cheque twice as large as their Japanese and Korean peers. This makes them complacent and unwilling to push the boundaries, he adds.

One among the various reasons that caught GM, Ford and various other global carmakers in the wrong lane in India is India's tax structure, point out industry executives. These companies boasted large product portfolios globally but hardly had anything that conformed to this specification.

India has a differentiated tax structure that is skewed heavily in favour of small cars. Cars less than four metres in length and engine of up to 1.2 litres attract a duty of 29 per cent (28 per cent GST and 1 per cent cess). Imposts on larger vehicles (longer than four metres and with engine capacity higher than 1.2 litres) can go up to 50 per cent.

"Nowhere else in the world do you have this kind of structure," Shekar Viswanathan, former vice chairman at Toyota Kirloskar Motor, points out. Even if you do have a small car, the volumes have to be high enough to justify the profit per car, he adds. For instance, to earn the profit equivalent to what Toyota earned by selling one Innova, the Japanese carmaker had to sell 80 units of the Etios, a compact sedan it phased out in April 2020 ahead of the emission change-over for this very reason.

Ford tried capturing the segment with the Figo and General Motors with the Spark. But the volumes were nothing close to what the companies had planned. Several others, including Toyota Kirloskar, Honda Cars and Volkswagen, took a shot at the volume car segment but retracted soon.

Many of these companies, says Ravi Bhatia, director and president at Jato Dynamics — an automotive business intelligence firm — entered this market hoping that the car buying population would graduate to higher segments, but the narrative didn't play out.

"After the economic liberalisation in 1991, the narrative gained strength that the large Indian middle class will become rich and create an attractive market for cars. This did not fully pan out," he says.

India sells 3.2 million new cars a year, about the same in used cars and about 21 million two-wheelers a year. The average new car is $10,000, which is just one fourth of the US car price. The average used car price is $4,000. For scooters it is $1,000-1,500. Harley Davidson models in India start at ₹10 lakh and go up to ₹50.3 lakh.

"This is what Indians can afford. There are only 120-odd million households with an income between $7,700 and $15,400 and this is the real pool," says Bhatia. Had US car-makers figured that out earlier, they would have saved themselves a lot of pain.

The Economic Times 14th September 2021

GLOBAL SUPPLY CHAIN TO HELP CO MEET RISING DEMAND

Mercedes Plans to Ramp Up India Car Production in Q4

Ketan.Thakkar
@timesgroup.com

Mumbai: At a time when mainstream carmakers are struggling to produce to meet rising demand, Mercedes Benz India, the country's largest carmaker, will be producing its highest quarterly output in Q4, thanks to its established global supply chain.

With waiting periods running into 4-16 weeks, the ramp-up in production will help Mercedes Benz India cater to already waiting customers and help meet increased demand during the festive season.

Mercedes Benz India MD, Martin Schwenk confirmed to ET, "The company has ramped up production at the plant and has requested for higher allocation of kits. The production for Q4 is expected to be higher than what was planned, and also on a higher scale compared to earlier quarters."

Schwenk says with the V shaped recovery, the company has almost surpassed its last year's annual sales in August, and thanks to the sustained demand, the company is set to register a strong double digit growth.

"We have seen extremely strong recovery after two months of disruption earlier in the year. Our sales in July and August were very good, we see the market is strong, we have a solid portfolio and ramp up, we hope to make the most of the upcoming festive season," he added.

On the semiconductor front, the maker of C and E Class too is affected by the shortage, if not for short supply, the company could have sold more and reduced the waiting period; however, given the environment, supply allocation for Q4 in India is expected to be the best this year.

> We have seen strong recovery after 2 months of disruption in the year. Our sales in July and August were very good, we see the market is strong
>
> **MARTIN SCHWENK**
> MD, Mercedes Benz India

"We have relatively secured supplies on semi-conductor, but we are still asking for more kits and planned for higher production next quarter," he clarified.

The company's popular SUVs, GLA, GLC, GLE and GLS are under the highest wait list. Similarly E-Class and A-Class in sedans are having shortage. The wait list varies between 4-16 weeks depending on specific models with a booking level in excess of 1,000 units.

Mercedes Benz India sold 7,893 units in 2020, but its sales for two quarters were woefully hit last year.

Business Line 14th September 2021

Workers' union urges management to reconsider move, seeks job protection

G BALACHANDAR
Chennai, September 13

The Chennai Ford Employees' Union has submitted a plea to the company management to reconsider its decision or to ensure job security in case of sale of the factory to a third party.

Terming the sudden move of the automaker to shut down the Chennai unit as a big shock to the workers, the union said the company had taken the decision as if it was handling machines not human beings. While we reject the company's decision, we also condemn the move, the union said in a letter to the Ford management.

"We have handed over a letter to the management today to retain manufacturing in Chennai as employees are really worried over their future. The Ford management said it will get back to us," P Senthil Kumar, General Secretary of The Chennai Ford Employees' Union, told *BusinessLine*.

He said that livelihoods for about 2,700 workers of the Chennai factory were at stake.

Production stops

Production activity did not happen at the factory as the morale of the staff was low. Also, the company management did not insist in continuing production. Meanwhile, it was also said that there was some shortage of parts due to which production has been stopped.

Ford has indicated that it will wind down manufacturing operations at the Chennai factory by second quarter of 2022.

A senior official of CITU pointed out that Ford was reported to be working out VRS and other schemes for the workers. He also said that it would be impossible for Ford to redeploy all people in other operations such as engineering and IT services.

The officer bearers of the employees' union are planning to meet the Labour Department officials to seek their intervention for protection of jobs.

PRESS REPORTS
ON
ELECTRIC VEHICLE

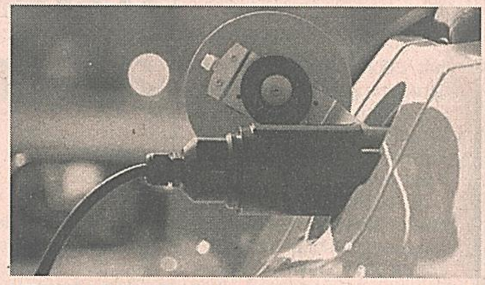
Business Standard 3rd September 2021

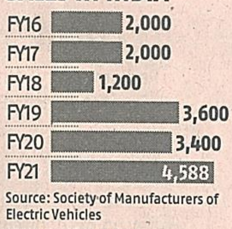
Cars miss the EV spark

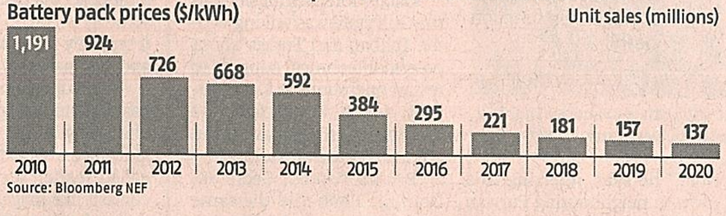
Why mass passenger car makers are going slow on electric vehicles

SHALLY SETH MOHILE
Mumbai, 2 September

LITHIUM BATTERY PACKS HAVE BEEN GETTING CHEAPER







Mass carmakers are likely to wait and watch rather than rush into driving pure electric cars. The reason: In the absence of a specific policy push and incentives, which has been the case of the two-wheeler segment, launching models at a price point that is within the bounds of an average car buyer is still some distance away.

Tata Motors is a notable exception. The Tata Group company has taken upon itself to "seed the market" by introducing two consecutive EV models. On Tuesday it launched the e-Tigor. Priced at ₹11.99 lakh and ₹12.99 lakh, Tata Motors has positioned the model as the most affordable e-car that claims to tick all the boxes, including range, battery power, safety, aspiration and riding comfort. Tata Motors was emboldened by the success of the e-Nexon, the model that went on sale in the first quarter of FY21.

Most of the other mass carmakers — Maruti Suzuki, Hyundai Motor India, Kia Motors India, Mahindra & Mahindra and India subsidiaries of Volkswagen, Renault and Nissan and others — are convinced that it is no longer about if but when they plan to introduce their EV models. They are, however, still choosing to wait it out. By 2025 — by the time others test the market, wait for the EV ecosystem to evolve, cost and price parity to work out — Tata Motors would have 10 EV models in its arsenal.

What explains the variance in the stance of Tata Motors and the rest in this market?

"The EV ecosystem is immature and does not allow for a robust growth in electric vehicles demand. The launch of electric vehicles by some original equipment manufacturers is an attempt to create an early presence, and take advantage of demand from the government fleet. Some of these launches are also to address the requirements for meeting the advance fuel efficiency and carbon emission targets," says Ravi Bhatia, director and president at JATO Dynamics, an automotive business intelligence consultancy.

Arun Malhotra, former managing director, Nissan India and an industry veteran, said, "Most companies have chosen to wait and watch as getting the price value equation right is extremely critical." They are unlikely to achieve it in the near to medium term as the entire incentive push by the government is directed at two-wheelers and commercial vehicles, he added.

The cost parity between electric vehicles and vehicles with internal combustion engines is a couple of years away, he added. Apart from Tata Motors, M&M is the only other manufacturer that has announced plans and lined up capex for EVs. But the company is not rushing in either and will jump on the EV bandwagon with aggression only in 2023 with the e-XUV300, followed by the "born electric" platforms.

In a sharp contrast to the fanfare surrounding EVs, Maruti, which controls more than half of India's passenger vehicle market, is conspicuous by its absence. It will not be entering the space in the short term, Maruti chairman R C Bhargava said at the auto industry's annual convention last week.

The Maruti veteran had echoed similar sentiments at the company's annual general meeting on August 24. The high price of an e-car coupled with the underdeveloped charging infrastructure makes them non-conducive, said Bhargava. "EV penetration will only happen in India when conditions are conducive for consumers to buy EVs." In the short term, Maruti plans to focus on CNG and hybrid variants. According to him, the government should lower the GST rates on CNG cars much the same way as it has done for EVs. Suzuki Motor Corp, Maruti's parent company, in an investor presentation said India-specific EVs might be ready by 2025.

Though EV penetration in the passenger vehicle segment in India is negligible, it has been growing on the back of launch of imported models by global carmakers

Korean carmaker Hyundai, which has chosen a technology-agnostic approach to zero emission, has also made public statements about introducing a made-in-India affordable EV but has yet to indicate timelines for an introduction.

Though global prices of the lithium-ion battery packs have seen a sharp reduction, high battery costs remain the most significant deterrent for EVs. The lithium ion battery pack accounts for 25-30 per cent of the cost of an EV. Things could change because global prices of battery packs have fallen to $137 per kWh in 2020 from $1191 per kWh in 2010. Historically, when the volumes of the deployed lithium-ion pack doubles, prices decline by 80 per cent, said Ali Izadi, head of Asia Pacific Research, BloombergNEF, South Korea, at the Society of Indian Automobile Manufacturers' 61st Annual Convention last week.

"If the trend continues, we are looking at the pack prices going down below $100 by 2024 and below $60/kWh by 2030," Izadi said, pointing out that while getting to the $70 per kWh is already achievable, going further down will need a major technological breakthrough.

In India, BloombergNEF forecast that EVs will account for half of passenger vehicle sales by 2040. The forecast is based purely on improving economics and does not factor in the government policy, which can have a major impact either way, BloombergNEF clarified.

Though EV penetration in the passenger vehicle segment in India is negligible, it has been growing on the back of launch of imported models by global carmakers including Hyundai, Mercedes, Audi and Tata Motors (*see chart*). An exemption on road tax and a 5 per cent GST have prompted these companies to launch their EV offerings despite a high import duty. But apart from Tata Motors, the prices of others such as Mercedes and Audi, at upwards of ₹1 crore, have done little to move the needle. In other words, those looking for a choice when it comes to buying affordable electric cars will have to wait for another two to five years.

Business Standard 10th September 2021

RIL partners BluSmart to set up EV charging infra

Network of commercial charging points to be set up across the country

JYOTI MUKUL
New Delhi, 9 September

Reliance Industries Ltd (RIL) through its joint venture Reliance BP Mobility Ltd (RBML) has tied up with Gurugram-based BluSmart to set up electric vehicle (EV) charging infrastructure.

The two sides are likely to scale up this partnership into an investment deal that will allow BluSmart to increase its EV fleet size multiple times and offer services outside the National Capital Region (NCR).

Discussions are underway between BluSmart and the fuel and mobility joint venture between RIL and bp. BluSmart is an EV ride-hailing service provider with a fleet of more than 500 electric cars and over 300 charging stations.

RBML, which operates under the brand name Jio-bp, is also looking for active partnerships with leading OEMs, technology, and platform players for setting up its EV fixed charging stations with a format-specific approach for all vehicle categories. The company will leverage bp's global learnings in electrification and apply them to the Indian market.

Along with BluSmart, Jio-bp will set up a network of commercial large-scale EV charging stations across the country under the arrangement announced on Thursday. Jio-bp will also set up these stations for passenger electric vehicles and fleets across the country.

BluSmart, through its all electric fleet, provides zero-surge and zero-tailpipe emission ride-hailing service in the Delhi-NCR. The company plans to expand its network into other major cities across India.

"Through this partnership, both companies will collaborate in planning, development and operation of EV charging infrastructure, at suitable locations across cities where BluSmart operates. With the first-phase roll-out will be in the National Capital Region, these EV charging stations will be capable of accommodating a minimum of 30 vehicles at each station and will be concentrated in urban areas," said a joint statement from the companies.

According to Harish C Mehta, chief executive officer, Jio-bp, the company plans to be at the forefront of EV infrastructure development in the country. "Leveraging bp's learnings from the UK with bp Pulse, where they have the country's largest EV charging network, from Germany through their Aral brand, Jio-bp intends to bring in the latest in EV technology to our consumers," he said.

BP Pulse operates Britain's fully integrated, end-to-end manufacturer and operator of charging infrastructure. This was after it bought Chargemaster in 2018.

The partnership with BluSmart will help offer new-age low-carbon emitting, cleaner and more affordable options, said Mehta. This would be in line with RIL's new-energy focus under which it is also looking for advanced mobility to create low carbon transport solutions.

BluSmart operates large EV charging Superhubs powering its own EV fleet as well as offering services to others. "We are thrilled to be partnering with Jio-bp and are committed to take this strategic collaboration to greater heights. EV Superhubs are the future of EV charging as it provides seamless charging access to consumers and ride-hailing fleets and we will be jointly building some of the largest EV Superhubs in the world," said Anmol Jaggi, co-founder and chief executive officer, BluSmart.

The joint venture would use RIL's presence across 21 states through the Jio digital platform. Jio-bp has a target to expand its fuel retailing network to 5,500 over the next five years. To support these outlets, it has started franchise onboarding and has initiated infrastructure development at all supply locations. It has also started pilot testing of battery swap stations at over 24 select locations.

The Economic Times 7th September 2021

BMW Orders $24 Billion of Batteries as EV Demand Grows

Munich: BMW AG has boosted orders for battery cells to keep pace with accelerating demand for electric cars that made up for more than 11% of deliveries during the half of the year.

The German carmaker now has contracts for more than 20 billion euros ($23.8 billion) of batteries, up from 12 billion euros previously, CEO Oliver Zipse said in an interview. The cells are destined for 14 sedans, iX sport utility vehicles and other models BMW is producing through 2024. The company plans to start switching to a new generation of batteries the following year. "We're following the market," Zipse said. "The first half has shown that we're growing and gaining market share. We're right in the middle of electrification." Carmakers are reeling from a crippling shortage of semiconductors that's put the industry on high alert to identify other vulnerabilities in their supply chains. Access to enough battery cells and raw materials like cobalt and nickel will be critical to established carmakers' electric transformations. —Bloomberg

BMW CEO Oliver Zipse at the 2021 Munich Motor Show, IAA Mobility on Monday

Business Standard 10th September 2021

Ola Electric defers e-scooter sale to Sept 15 due to website glitch

PEERZADA ABRAR
Bengaluru, 9 September

Ola Electric's technology team is working hard to iron out the technical kinks that marred the electric vehicle company's hyped online sale of its electric scooters (e-scooters) — the S1 and the S1 Pro — on Wednesday, said company sources. The SoftBank-backed firm is facing technical difficulties in making the website live for the purchase of its e-scooters.

Ola's fully online sales and service model is a first in the Indian automotive industry. Tesla has successfully executed this model globally for sales, but not service. EVs typically require much lesser servicing. Hence, the online/hybrid service model has the potential to be successful, wrote Kapil Singh, analyst from Nomura in a note.

However, this would still require robust sales and service support systems from the company. If the online model is well executed, the firm can quickly reach the major cities in India, leapfrogging the time it would take to set up dealerships.

E-scooter start-up Ather Energy entered the market with the "experience centers" and continues to expand them.

According to company sources, the website couldn't go live as there were integration issues. The firm has built a complete digital purchase journey, including a fully digital loan process that does not require any paperwork.

Ola had planned the sale from 6 pm on September 8. This was part of its plan to skip the physical store model and go completely digital. However, the company was not successful in providing this first-of-its-kind digital purchase journey as the sale window did not open and people had to wait for hours. A lot of customers vented their frustration on social media platforms for not being able to buy the product.

"Our team is working on fixing the website and making sure it doesn't happen again," said a company source, adding, "We will now be starting our purchase on September 15 at 8 am and are making this platform capable of handling huge traffic." Company sources said the firm is reaching out to customers and keeping them informed about their reservations via SMS, email, and push notification. Their reservation and position in the purchase queue remain unchanged. So, the customers that reserved it first will get it first. The delivery dates also remain unchanged.

I want to apologise to all of you who had to wait for several hours. The website was just not up to expectations on quality. I know we disappointed you and I sincerely apologise to each one of you for what was clearly a very frustrating experience"

BHAVESH AGGARWAL
Co-chairman & group CEO, Ola

"I want to apologise to all of you who had to wait for several hours. The website was just not up to expectations on quality. I know we disappointed you and I sincerely apologise to each one of you for what was clearly a very frustrating experience," Bhavesh Aggarwal, co-chairman and group chief executive officer, Ola, tweeted.

A spokesperson for Ola on Thursday said the firm has apologised to those consumers who have reserved its e-scooter. "We faced technical difficulties in making our website for purchases live and we decided to postpone go-live with our purchase website on September 15 at 8 am," said the spokesperson for the company.

Last month, Ola Electric took the wraps off its maiden e-scooter offerings, the S1 and S1 Pro, for a commercial launch on Sunday. With prices starting from ₹99,999 (excluding state government incentives, registration fee, and insurance cost), Aggarwal had said the e-scooters are designed and engineered in India for the world and will deliver the best scooter experience to the consumer.

The Economic Times 8th September 2021

Toyota to Spend $13.5 b to Develop E-Vehicle Battery Tech by 2030

Reuters

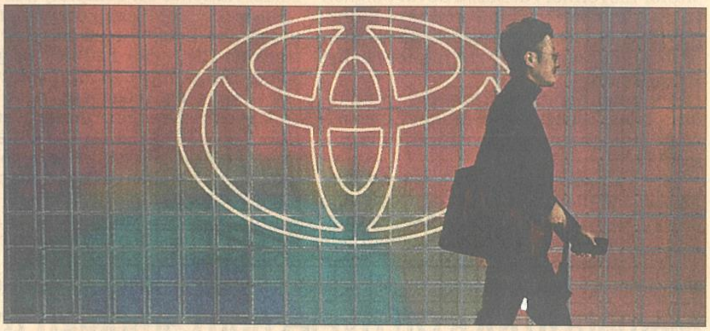
Tokyo: Toyota Motor said on Tuesday it expected to spend more than $13.5 billion by 2030 to develop batteries and its battery supply system, in a bid to take a lead in the key automotive technology over the next decade.

The world's largest automaker by volume, which pioneered hybrid gasoline-electric vehicles with the popular Prius, is moving rapidly to deliver its first all-electric line-up next year.

Considered a leader in developing batteries for electric vehicles, Toyota said it aimed to slash the cost of its batteries by 30% or more by working on the materials used and the way the cells are structured.

"Then, for the vehicle, we aim to improve power consumption, which is an indicator of the amount of electricity used per kilometre, by 30%, starting with the Toyota bZ4X," chief technology officer Masahiko Maeda told a briefing, referring to an upcoming compact SUV model.

The company is also the front runner to mass produce solid-state batteries — a potential game changer for automakers because they are more energy dense, charge faster and are less prone to catching fire. If developed successfully, they could replace liquid lithium-ion batteries.



The automaker is moving rapidly to deliver its first all-electric line-up next year – REUTERS

While it was still struggling with the short service life of these cells, Maeda said there was no change in Toyota's target to begin manufacturing solid-state batteries by the mid 2020s.

"We are still searching for the best materials to use," he said.

Efforts to mass produce solid-state batteries have stumbled as they are expensive to manufacture and are prone to crack when they expand and contract during use.

Toyota also planned to use solid-state batteries in hybrid electric vehicles such as the Prius, it said.

Volkswagen, the world's second-largest automaker, said on Tuesday it might have to spend more to deliver its planned transformation towards autonomous driving and EVs. The German firm, which plans to invest €150 billion ($178 billion) in its business by 2025, has repeatedly said it could fund this transition based on current cash flows.

The Economic Times 10th September 2021

Jio-BP, BluSmart Join Hands to Set Up EV Charging Stations

Stations to be set up across the country, starting with Delhi-NCR

Our Bureau

New Delhi: Jio-BP, the joint venture between Reliance Industries and UK's energy giant BP, has tied up with all-electric ride-hailing platform BluSmart to set up a network of electric vehicle charging stations, the companies said in a statement.

BluSmart has the largest fleet of EV cabs and the largest network of fast-charging stations across Delhi NCR, as per the statement. It aims to expand to other major cities across India.

As part of the partnership, Jio-BP will set up charging stations for passenger electric vehicles and fleets across the country, beginning with the national capital region.

Each charging station will have the capacity to accommodate a minimum of 30 vehicles.

"Leveraging BP's learnings from the UK with BP Pulse, where they have the country's largest EV charging network, from Germany through their Aral brand, Jio-BP intends to bring in the latest in EV technology to our consumers," said Harish C. Mehta, chief executive officer, Jio-BP.

Jio-BP is partnering with leading OEMs, technology and platform players to set up its EV fixed charging stations with a format-specific approach for all vehicle categories, as per the statement.

"EV Superhubs are the future of EV charging as it provides seamless charging access to consumers and ride-hailing fleets and we will be jointly building some of the largest EV Superhubs in the world," said Anmol Jaggi, co-founder and CEO, BluSmart.

Business Line 3rd September 2021

Sales of EVs in August powered by new incentives, high fuel prices

Sales cross 83,000 so far this fiscal

G BALACHANDAR

Chennai, September 2

The electric vehicle (EV) market in the country continues to gather momentum as August saw 11 per cent month-on-month increase in EV sales at 28,919 units across categories.

New FAME subsidies, pent-up demand and launch of new electric vehicles have created positive mood among the buyers.

This is reported to be the highest-ever monthly EV sales number.

Sales were driven by electric two and three wheelers as both accounted for about 92 per cent of total EV sales in August.

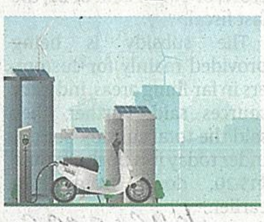
During July 2021, total registered EV sales stood at 26,127 units, while in July 2020, total EV sales were at 7,512.

Electric mobility achieved a new milestone in India as EV sales crossed the 2 per cent mark for the first time in monthly vehicle sales in India. 21 EVs were sold for every 1000 internal combustion engine vehicles sold in August 2021, according to the CEEW Centre for Energy Finance.

New models

"Pent up demand from the second wave slowdown got triggered due to additional FAME subsidies in June 2021 thus boosting the customer confidence and also higher promise by OEMs. Also launch of new models from OLA and Ather helped in creating some excitement," said Himani Jain, Senior Programme Lead, CEEW (Council on Energy, Environment and Water).

Till date (for the current fiscal), close to 83,772 electric vehicles across categories were sold in India. Electric three wheelers account for a major



portion, followed by electric two wheelers. More than 40,278 electric three wheelers have been sold, while electric two wheelers' sales stood at about 38,430 units. Sales of electric four wheelers was at a little over 3,510. Last month, electric car sales stood at 961 units, with Tata Motors and MG Motors accounting for 95 per cent of registrations during the month.

FAME-II

While new electric vehicle launches continue to keep up excitement, the recent FAME-II notification which increased incentives on EVs has resulted in a drop in their prices. "The revised benefits under FAME-II scheme and attractive EV incentives available in some states, combined with high fuel prices, have galvanised demand for EVs in the two wheeler segment," said Suraj Ghosh, Associate Director, Powertrain & Compliance Forecasts, South Asia, IHS Markit.

The Central government also indicated that petrol and diesel prices will not go down, and this may favour electric vehicle segment.

Among all the states and UTs, Uttar Pradesh continues to have maximum monthly registered EV sales with a 20 per cent share in overall sales in India in August 2021. Karnataka has the 2nd highest sales at a 13 per cent share, followed by Tamil Nadu (11 per cent) and Maharashtra (10 per cent), according to JMK Research and Analytics.

Business Line 1st September 2021

Ola's electric two-wheeler: Peppy start, but the road ahead looks hazy

Analysts still guarded on bike's disruption quotient

G BALACHANDAR

Chennai, August 31

As Ola Electric prepares to deliver its electric scooters from October, will it trigger the next big disruption in the Indian electric two-wheeler market by the hype and expectations created? Well, industry analysts are cautiously optimistic about the company's ability to emerge as a gamer changer, at least in the initial phase.

While it unveiled its electric scooter Ola S1 on August 15 with a price (₹99,999) matching petrol-powered bikes and scooters, it had already garnered more than 1 lakh pre-bookings.

Ola Electric appears to have achieved initial success with exciting specs in its scooter. But product acceptability remains to be seen. "Going by the specifications and features, the product could be disruptive as it appears to be matching the aspirations of younger groups and the higher-end segments. But there is no clarity on the battery quality and costing details. If one is required to change the battery after three years, it will cost a bomb — ₹60,000 to ₹70,000 — going by the specs in S1 variants. We still don't get a sense why they didn't go for the swapping option as well," says Himani Jain, Senior Programme Lead, CEEW (Council on Energy, Environment and Water).

Customer orders

The company is now working on the mammoth task of fulfilling the customer orders from October. Bhavish Aggarwal, Chairman and Group CEO of Ola, announced that it would deliver its S1 scooters across 1,000-plus cities from where it received pre-bookings. "The

constraints in the EV supply chain are well registered and acknowledged.

"Many EV components are still imported, any snag in the supply of critical components like battery cells or packs, may adversely affect the production plans. If Ola is able to fulfil the 1 lakh-plus bookings within reasonable time, then it'll be a great start for the newest EV start-up in India. But if Ola takes too long, then there's a risk of cancellations, which will not only hamper sales but also dent the image of Ola as an OEM," says Suraj Ghosh, Associate Director, Powertrain & Compliance Forecasts, South Asia, IHS Markit.

Ola S1 comes bundled with a convenient portable home charger that just needs to be plugged into a regular socket. The company is working on building its own Hyper-charger Network.

'Market share will be 3-5%'

"Ola has created huge excitement, and I am sure they must have put the delivery team in action. But adoption of high-speed electric scooters will not be so big – share will be just 3-5 per cent of the market. The share may cross double-digit only if the product becomes successful and the charging infrastructure improves. But Ola's launch will expand the EV ecosystem," says Sanjeev Garg, Practice Leader-Automotive, Praxis Global Alliance.

While the EV supply chain in India is evolving, the improving customer acceptance on the back of government policies and subsidies may favour Ola.

Business Standard 7th September 2021

Tesla plans fully-owned retail outlets in India

Electric carmaker initiates talks with govt on modalities

SURAJEET DAS GUPTA

New Delhi, 6 September

Palo Alto-based electric carmaker Tesla has initiated talks with the government on the modalities of setting up fully-owned retail outlets. The company needs to comply with the foreign direct investment (FDI) guidelines related to single-brand retail, including local sourcing norms, to sell directly in India.

At least two other foreign majors — Apple and Ikea — were engaged in talks with the government long before the sourcing norms were eased under the single-brand retail route. While Swedish furnishing company Ikea has begun its retail foray in India, the iPhone maker is yet to set up its physical store in the country. Last year, Apple launched its online store for India, while deferring the brick-and-mortar outlet due to the pandemic.

An e-mail sent to Tesla's press team in North America and Asia Pacific did not elicit any response.

Companies with proposals involving over 51 per cent foreign stake in single brand retail must source 30 per cent of the value of their goods from India.

Turn to Page 10 ▶

EXPLORING NEW MARKET

- Tesla has been sourcing components from Indian firms under non-disclosure agreements
- It is looking to expand its sourcing base in India, say experts
- The carmaker has sought a reduction in import duty on electric cars
- It has support from Hyundai and Volkswagen on this, but companies like Ola Electric have opposed the demand

ELON MUSK, co-founder and CEO, Tesla ▶

The Times of India 10th September 2021

E-vehicle registrations soar in July; all eyes on festivals

Joy.Sengupta@timesgroup.com

Pune: E-vehicle registrations at Pune and Pimpri Chinchwad regional transport offices (RTO) increased by 114% and 117%, respectively, in July as compared to the previous month.

"In August, there has been a very slight dip, but we expect the figures to stay higher in September and in the coming festive months. During festivals like Diwali and Dasara, people tend to buy new vehicles and unlike last year, we hope to see far better registrations of all vehicles this time around. Electric vehicle is a segment which has increased its market share and presence in the city. We are sure that their sales and registrations will go up," an official from the Pune RTO said.

Another RTO official said high fuel prices was among the reasons for the growth in e-vehicle sales.

"E-vehicles seem costly but a customer also calculates the money spent on fuel. An electric two-wheeler with a 250watt power motor or less doesn't require an RTO registration, which is attracting people. The cost of such vehicles is around Rs 80,000 to Rs 90,000, but it can be recovered quickly. The sale of e-carts meant for transport of goods is high in Pune," he said.

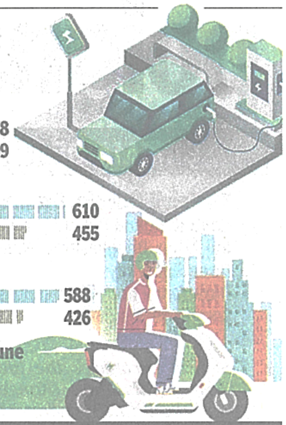
Amey Pawar, an e-vehicle dealer in the city, told **TOI** that e-vehicles were doing very well.

"There is a big growth and parents wanting bikes for their children, senior citizens and woman are opting for e-vehicles. The queries have gone up to 15 each day and the conversion rate is also decent," Pawar said.

ON FAST LANE

Graphic: Aamir Shaikh

Month	E-vehicle registrations in Pune	Pimpri Chinchwad
January	205	123
February	285	171
March	353	338
April	120	63
May	57	61
June	278	209
July	610	455
August	588	426



'SAVING ₹3,000-₹5,000 PER MONTH'

It was a risk but I calculated many things before buying e-bike. Ever since I bought it, I have been saving between ₹3,000 and ₹5,000 per month. The life of the bike is around five years and I will easily recover the cost soon. The bike takes around five hours to get completely charged and can cover 60km. So, I cannot take the bike to far-off places

Alpesh Gala | THE OWNER OF A HARDWARE STORE IN MUKUNDNAGAR WHO BOUGHT E-BIKE FOR ₹90,000

PMPML to get 350 new e-buses by Dec

Officials of the PMPML said 250 new e-buses would be added to its fleet by December this year.

"We presently have 150 e-buses. By the end of this month, 75 new buses will join the fleet and by the end of next month, another 75 will be added. We were expecting another 350 e-buses, which are being bought by the Pune and Pimpri Chinchwad civic bodies by the year-end, but things have been delayed due to the pandemic. However, by December, we will be getting 150 of the 350 e-buses," Dattatray Zende, the traffic manager, said.

He said by March next year, the remaining 250 e-buses would also join the fleet. "We are looking at 500 new e-buses by March. The necessary infrastructure is being developed," he said. TNN

Business Line 1st September 2021

With approval for four models, Tesla inches closer to entering India

BLOOMBERG

August 31

Tesla Inc is closer to making its official debut in India after it received approval to make or import four models.

Tesla has had its vehicles certified as being roadworthy in India, a posting on the website of the Ministry of Toad Transport and Highways showed. "The tests ensure the vehicle matches the requirements of the Indian market in terms of emission and safety and road worthiness," according to the site. A Tesla fan club earlier tweeted about the development, saying the cars were probably Model 3 and Model Y variants.

Gaining a foothold in the Indian car market won't be easy considering EVs account for only 1 per cent of the nation's annual car sales and Tesla's automobiles are very expensive. Scant charging infrastructure and a lack of financing for companies wanting to develop electric cars are other reasons why India is behind in the electric shift.

The country's high tax regime is another roadblock. Tesla Chief Executive Officer Elon Musk last month tweeted that import duties in India are among the highest in the world and the nation treats clean energy vehicles the same as gasoline, which isn't consistent with its climate goals. The billionaire said a factory in India is "quite likely" if the California-based carmaker can first test the waters by importing vehicles.

The Economic Times 5th September 2021

MANY TURNING TO EVs FROM TAMO, MG MOTORS

EVs Ride High in Motown Amid Chip Blues

Monthly Overall EV Sales

January	February	March	April	May
16,214	19,119	26,080	14,178	3,310
June	**July**	**August**	**September (first two days)**	
11,195	26,170	28,919	3,415	

Source: CEEW Centre for Energy Finance

Lijee.Philip@timesgroup.com

Mumbai: A global shortage of semiconductor chips continues to hamper passenger vehicle production in India and elsewhere with automakers losing billions of dollars in earnings, but there is one silver lining in Indian Motown — electric vehicles (EVs) are gaining traction.

At a time when car buyers in the country have to wait for 2-8 months to get possession of their dream cars, many are turning to EVs from manufacturers such as Tata Motors and MG Motors.

A positive outreach by manufacturers, improved charging infrastructure, and price parity with conventional vehicles on the back of government incentives and falling battery prices are driving the demand, experts said.

1,022 UNIT SALES CLOCKED BY TATA NEXON IN AUGUST

"We need to look at fundamentals," said Rajeev Chaba, MD of MG Motor. "EV trend is a global and local trend due to more environmental awareness and 'cost of ownership' reasons. In India, we believe that customers are ready and are waiting for good solutions, and the EV trend would grow significantly.

Last month, the company received more than 700 bookings for its ZS EV, a five-seater electric SUV.

The country's most-affordable electric SUV, the Tata Nexon EV had clocked 1,022 unit sales in August — the first time an electric car in the personal mobility segment posted four-digit sales in a month.

"EVs are fast gaining popularity on the back of rising comfort of customers, as the barriers to adoption are being overcome and due to growing preference for environmentally friendly solutions," said Shailesh Chandra, president, passenger vehicle business unit, at Tata Motors. "Increasing support from the central and state governments, providing subsidies and a conducive environment for EVs to grow, inspires us to expand our EV offerings."

Tata Motors launched EV version of the Tigor sedan last month.

Overall EV sales clocked 28,919 units last month, a growth of over 10% over July. EVs accounted for 2% of all vehicles sold for the first time last month, doubling from 1% in January, according to data compiled by policy research institution Centre for Energy Finance at Council on Energy, Environment and Water at Centre for Energy Finance (CEEW-CEF).

This is likely to improve this month as more than 3,000 EVs were retailed in the first two days alone.

Experts said subsidies will increase adoption, encourage R&D and innovation, and help in making EVs reach about 10% of the overall two-wheeler market in five years.

"Multiple EV sector policies such as the FAME II scheme and individual state policies provide EV buyers with purchase incentives," said Meghna Nair, research analyst at CEEW-CEF.

FOR FULL REPORT, GO TO www.economictimes.com

PRESS REPORTS
ON
TRACTORS

Tractor exports hit historic high in Aug, but domestic volumes fall

Price hikes, high base effect could be behind fall, say industry watchers

During April-August 2021 period, the total domestic sales stood at 3,48,367 units

G BALACHANDAR

Chennai, September 12

The Indian tractor industry witnessed a mixed trend in August 2021. While exports hit a historic high and the total production stayed over 1 lakh for the second consecutive month, domestic sales declined during the month.

In August 2021, the total domestic tractor production stood at 1,05,422 units – the largest-ever monthly number this year. This is the third time the monthly tractor production surpassed 1 lakh-mark in this calendar year.

Tractor exports continued to zoom as total exports at 11,760 units were the highest-ever monthly number. Also, tractor exports crossed the 10,000 unit mark for the third consecutive month in 2021.

However, sales in the domestic market appear to moderate and in August 2021, the total domestic sales stood at 53,721 units when compared with 64,729 units in August 2020 and 65,216 units in July 2021, posting 17 per cent decline year-on-year and 17.6 per cent drop month-on-month, according to the data provided by the Tractor & Mechanisation Association (TMA). Industry representatives attributed the drop in domestic sales to the higher base effect. Also, price hikes by tractor manufacturers seem to have impacted the demand.

Major drop

Top tractor maker Mahindra & Mahindra (M&M) reported a 15 per cent fall in its domestic sales at 19,997 units in August as compared to 23,503 units in August 2020, but exports grew 43 per cent at 1,363 units. Hemant Sikka, President – Farm Equipment Sector, M&M said the tractor industry saw de-growth in August over last year due to high base effect. However, with the festive period on the anvil, which also coincides with the harvesting season, the company is expecting robust demand in the coming months.

Escorts also reported a double-digit decline (27 per cent) in its August 2021 tractor sales at 4,920 units. The company said August 2021 sales were not strictly comparable with 2020 sales due to pent-up demand last year, post Covid-19 lockdowns. But Escorts continues to see strong farmer sentiments and increasing enquiry level.

During April-August 2021 period, total domestic sales stood at 3,48,367 units as compared to 2,93,022 units in the year-ago period, an increase of 19 per cent.

"Domestic tractor volumes in August 2021 were below estimates and declined in double digit due to subdued customer sentiment in some monsoon-deficit States. Despite the strong start to the year, FY22 may see volume decline, led by a high base and lower government subsidies," a report by Emkay Global Financial Services said.

Business Line
13[th] September 2021

TAFE's free tractor rental scheme helps farmers weed out Covid effect

OUR BUREAU

Chennai, September 9

Tractors & Farm Equipment Ltd (TAFE) has said that its free tractor rental scheme, under its popular JFarm Services platform, has helped thousands of small and marginal farmers in Tamil Nadu to continue with their agricultural operations in an uninterrupted manner despite the impact of the second wave of the pandemic.

"Under the scheme, more than 1,55,000 hours of free tractor and farm implement rental services were provided, cultivating over 1,03,000 acres, within 60 days," according to a statement.

Scheme coverage

TAFE offered its 19,000 Massey Ferguson and Eicher tractors and 33,500 implements on a "free-of-cost" rental basis to small farmers owning two acres or less.

Against the estimated coverage of 50,000 farmers in Tamil Nadu, the scheme covered 64,000 farmers. "High-demand implements like cultivator, disc plough, duck-foot cultivator and rotary tiller were widely used by the farmers under the scheme," it added.

"The Department of Agriculture & Farmers Welfare initiative to partner with TAFE helped in providing timely support and benefited farmers. I am particularly glad that the scheme focused on needy farmers with landholding of less than around one acre," said Tamil Nadu Agriculture Minister MRK Panneerselvam.

This CSR initiative by TAFE was helpful during the critical Rabi harvest and Kharif preparation season.

"We have been given an opportunity to serve the small and marginal farmers at this critical juncture, and at the same time, play a role in enhancing the revenue of farmers through a direct benefit system, which has been welcomed by both, the renter farmers and the small farmers," said Mallika Srinivasan, Chairman & Managing Director, TAFE.

Rajeswari from Erode, one of the beneficiaries

Business Line
10[th] September 2021

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Standard 3rd September 2021

Commercial vehicle makers boost despatches as economy improves

SHALLY SETH MOHILE
Mumbai, 2 September

Freight rates across key trunk routes rose an average 4.5-5 per cent in August. The increase — the third in three straight months since the lockdown lifted — was led by higher exports and increased cargo offering from all sectors, said the Indian Foundation of Transport Research and Training (IFTRT) on Thursday.

"If one looks at the absolute rates on each of the routes, this is the highest for the month of August since 2019," said S P Singh, senior fellow, IFTRT. As a result, the trucking and transport business has been fairly remunerative and fleet owners have been able to pass on all operating costs and yet recover remunerative truck rentals/retail freight in the open market transport business.

For the first time since the outbreak of the pandemic, the revenue of the operators is outpacing income and prompting them to not only replace older trucks, but also expand the fleet. A stable diesel price and low interest rate for finance have helped transporters' operating costs, said Singh.

India's industrial production grew 13.6 per cent in June, from the year-ago period, due to a low-base effect. "The steep decline in the number of daily confirmed Covid cases and increased economic activity have driven the sequential improvement in industrial activity in June. This improvement has continued into July, as reflected in the manufacturing PMI, which was back in the expansion territory after having contracted in June," said CARE Ratings in a note.

Taking a cue from improved macros, commercial vehicle makers bumped up despatches in August, resulting in a sharp year-on-year growth. Automobile firms in India count despatches as sales.

Albeit on a low base, cumulative sales for the top four commercial vehicle makers, including Tata Motors, Ashok Leyland, M&M, and Eicher Motors, rose 23 per cent YoY to 50,886 units, from 41,202 units a year earlier.

The despatches also showed an improvement from July for most companies, with the exception of M&M that saw steep decline — sequentially as well as YoY of 50 per cent and 42 per cent, respectively. According to Singh, fleet owners have reverted to fleet replacement and even expanding their intermediate light commercial vehicle sales running on compressed natural gas since diesel prices have shot up since January. But not everyone agrees with IFTRT's views. Bal Malkit Singh of Bal Roadways says while the hike in freight rates is encouraging, there is scope for correction as it is still not in proportion to the rise in the overall operating costs.

RAMPING UP PRODUCTION

Manufacturers	Aug '20	Jul '21	Aug '21	% MoM change	% YoY change
Tata Motors	17,889	23,848	29,781	25	66
Ashok Leyland	5,824	8,129	8,400	3.33	44.2
Eicher Motors	2,190	3,553	3,864	8.7	76
Mahindra & Mahindra	15,299	17,666	8,841	-50	-42
Total	41,202	53,196	50,886	-4.3	23.5

Source: Companies

RISE IN FREIGHT RATES

Key trunk routes	Full truck load*		% change	Average truck rental**
	Aug 1	Sep 1		
Delhi-Mumbai-Delhi	1,10,500	116,500	5.0	86,400
Delhi-Nagpur-Delhi	95,500	1,00,500	5.1	83,650
Delhi-Kolkata-Delhi	92,500	98,000	6.0	81,900
Delhi-Guwahati-Delhi	144,600	150,300	4.0	133,250
Delhi-Hyderabad-Delhi	127,800	132,800	4.0	114,150
Delhi-Chennai-Delhi	120,500	1,26,000	4.5	117,900
Delhi-Raipur-Delhi	96,000	101,000	5.4	80,300

* ₹per round trip; ** Between Jan2019 to December 2019

Source: IFTRT

Business Line 6th September 2021

Commercial vehicles on the green-way

Hydrogen generation from agri residue could well change the mobility scenario

PREETI MEHRA

With India accelerating its efforts at building an electric vehicle (EV) ecosystem, every breakthrough towards a fossil fuel-free future becomes vital.

In 2016, Pune-based KPIT Technologies, along with the Council of Scientific and Industrial Research (CSIR), developed an automotive-grade PEM fuel cell to power EVs. This hydrogen fuel cell (HFC) technology uses chemical reactions between hydrogen and oxygen (from air) to generate electrical energy, eliminating fossil fuels. Further, it emits only water, thus cutting back on harmful greenhouse gases and other air pollutants.

Then in 2020, again with CSIR, KPIT developed a 10 kWe automotive-grade LT-PEMFC fuel cell stack, which uses extremely thin metal bipolar plates to reduce the weight by about two-thirds.

They successfully ran trials on a battery-electric passenger car platform. The entire fuel cell stack and its related components with power train were retro-fitted in a five-seater sedan car. Going forward, they found that the technology would be more appropriate for heavier vehicles such as buses and trucks, which require a large battery for their operating range. HFC technology requires a smaller battery for a large operating range, making it an ideal match.

ISTOCK.COM

Last month, Sentient Labs, the incubator for KPIT, along with the MACS-Agharkar Research Institute in Pune achieved a breakthrough by generating hydrogen directly from agricultural residue for use in fuel cell-powered vehicles. They developed a process of anaerobic digestion of biomass for hydrogen generation. The technology uses rice straw, wheat straw, sugarcane tops, sugar industry waste and so on — basically plants rich in cellulose and hemicellulose content. The country generates around 200 million tonnes of such agri residue.

The process further generates methane, which can be utilised to produce more hydrogen by steam methane reformation. The innovators say the two-stage process eliminates pre-treatment of the biomass, making it cheaper and cleaner. Its by-products can be used as fertilisers, soil conditioners, and undigested solids can be sold as fuel.

"The idea is to take our technology to its commercial end. Along with appropriate partners we will produce this green hydrogen in areas where plant residue is in plenty. We will link these to hydrogen fuel stations for electric commercial vehicles," says Ravi Pandit, Chairman of Sentient Labs.

Though tightlipped about the partners' identity, Pandit expects the first plant to be up in 12-15 months. A green initiative to watch out for.

PRESS REPORTS
ON
TWO-THREE WHEELERS

The Economic Times 10th September 2021

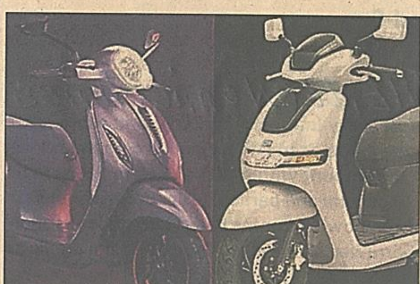
BACK IN THE MARKET

LML in its New Avatar to Invest ₹1,000 cr to Make Electric Bikes

Sharmistha.Mukherjee@timesgroup.com

New Delhi: Kanpur-based LML Electric has earmarked an investment of ₹1,000 crore to develop products and set up manufacturing units in the country in the next 3-5 years as a part of its plan to re-enter the local two-wheeler market by the end of the upcoming calendar year.

Yogesh Bhatia, CEO, LML Electric, told **ET**, "We have commenced market surveys to gauge customer requirements for our first product which will be launched by the end of 2022. We have received proposals for collaboration from technology partners in Germany, Japan and South Korea. A decision will be taken shortly." Talks are simultaneously on with investors for the project and will be concluded soon, informed Bhatia.



Bhatia declined to share specifications of the product, but said that the company's first electric vehicle—a scooter—will be priced competitively. "We will start with scooters and later on enter the motorcycle segment. We aim to target upper-middle class customers and urban segments of society," he said. Bajaj Chetak and Ola Electric come tagged between ₹1-1.5 lakh, currently. LML Electric is currently in talks with the state governments of Haryana and Madhya for setting up a manufacturing unit with total installed capacity of 100,000 units per annum. Depending on how discussions progress, the company may set up production and parts manufacturing units in either one or both locations.

Batteries for the electric products being planned by LML will be sourced locally. "There are battery makers who are going to start operations in the next 12-18 months. Everything will be sourced locally. We expect the ecosystem to evolve by the time we launch our first product," said Bhatia.

As regards distribution, Bhatia said the company plans to appoint a dealer principal in every district in the next three years.

Bhatia said, ""LML has a very strong brand recall. We are working hard to ensure that our product meets customer expectations in terms of design, specifications and quality. We will have at least one dealer in 750 locations within a period of three years, with more outlets in larger cities. We are targeting sales of 100,000 units within a year of launch."

Business Line 9th September 2021

Hero Motors aims to triple exports, international revenue

PRESS TRUST OF INDIA
Mumbai, September 8

Hero Motors Company (HMC) Group aims to triple its exports and international revenue to ₹3,000 crore by FY24, driven by high growth in the European and American markets.

The group is set to cross ₹1,000 crore in exports and international revenue this financial year, backed by strong global demand for bicycles, e-bikes and automotive components segments, which would be as much as 92 per cent higher over FY21, HMC Group said in a release.

Global presence

Earlier this year, the group announced its plans to set up new international headquarters, Hero International (HIT), in London as part of a push towards expanding the Hero Cycles overseas business and strengthening its global presence.

Besides Hero Cycles, the group also includes auto parts manufacturing companies Hero Motors, ZF Hero Chassis Systems and Munjal Kiriu Industries.

Hero International, in June, at the time of delivery of the first batch of 'Made-in-India' e-bikes to Europe, had said the company aims to achieve an organic revenue of up to €300 million by 2025 while adding €200 million from inorganic growth.

PRESS REPORTS
ON
WORLD AUTOMOBILES

Business Standard 10TH September 2021

Wild wheels at IAA Mobility Show

From battery-powered vehicles to luxury concept cars, here's a peek at some snazzy rides on display in Munich

1) Ola Kaellenius, chairman of Daimler AG, unveils the EQE in Munich
2) A Mercedes-Benz scooter
3) The German-Israeli development City Transformer electric car
4) The MINI Vision Urbanaut concept car at a BMW event

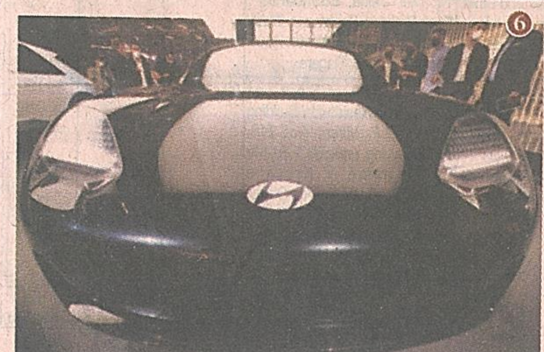
HANNAH ELLIOTT
9 September

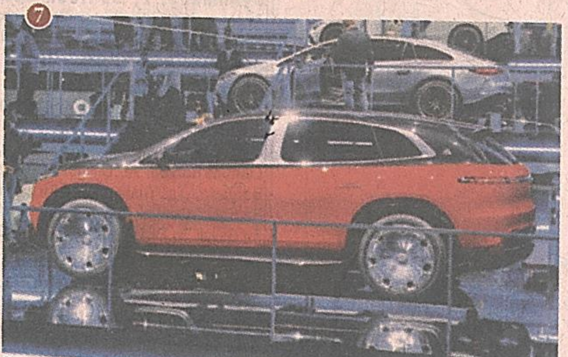
This week, Munich is hosting IAA Mobility, a reinvention of the car show that for seven decades occurred annually in Frankfurt, until the Covid-19 pandemic forced its cancellation in 2020.

Set amid environmental protests that shut down roadways and the buildup to a September 26 election that will see German Chancellor Angela Merkel replaced after 16 years, IAA has been rebranded to a "mobility" showcase of electric scooters and e-bikes, electric buses and trams, transportation pods, and — oh, yes — some cars, too.

It was the first major automotive show to be held since pandemic cancellations brought Germany's trade show industry a $47 billion loss, according to the Association of the German Trade Fair Industry. Auto brands were already questioning the relevance of car shows before the novel coronavirus arrived. Ferrari, Aston Martin, McLaren, and Bentley opted to skip this one, too. But several major manufacturers thought it worth their while to be a part of the confab, which was staged at Munich's gargantuan convention hall and some of the city's most significant and beautiful historical sites, including the Bayerische Staatsoper opera house. BLOOMBERG

5) Volkswagen showcases its ID.5 GTX crossover coupe
6) Hyundai shows off its all-electric Ioniq 6 concept car
7) A Mercedes-Maybach luxury SUV seen ahead of the IAA Mobility





PHOTOS: REUTERS

PRESS REPORTS
ON
COMPANY NEWS

The Economic Times 10th September 2021

German Auto Parts Co ZF to Hire 5,000 Engineers in India

Co lines up €200 investment in India, a fifth of which will be allocated for new tech centre

Ketan.Thakkar
@timesgroup.com

Mumbai: German auto component major ZF Friedrichshafen will be hiring over 5,000 engineers in India as it aims to capture a larger share of connected and autonomous technology adopted by the auto makers for the future.

The European auto component major has already lined up €200 million investment in India — a fifth of that will be allocated for the new tech center which will be doing a sizable global work from its base in Hyderabad in India.

The group also aims to triple its business in India to €3 billion and quadruple sourcing to more than €2 billion of parts from India for global operations by the end of decade, even as it eyes a faster growth in India vis-a-vis its last decade's performance post Wabco acquisition.

Wolf-Henning Scheider, global CEO ZF Friedrichshafen AG told ET after Wabco takeover, the presence in India has significantly increased and the group is in a great position to increase its footprint in the country.

"Beyond India, I would like to emphasis, we are building a world-class development centre in the country. Our focus on software and electronic design will significantly increase in the future. We will be increasing our employee strength by 5,000 more people, next to improving our localisation in India," he added.

ZF Tech Centre, set up in 2017, is one of the largest and fastest growing software & engineering center that is designated as a major multi divisional location within ZF global. The center plays a key role in supporting all four technology fields of ZF in automated driving, electric mobility, vehicle motion control and integrated safety.

BUSINESS EXPANSION

The group also aims to triple its business in India to €3 b and quadruple sourcing to more than €2 b of parts from India

ZF Technology Centre in India aims to hire 3,000 employees and take up employee strength to 5,000 by 2027. Including other locations, the company in total will be hiring 5,000 engineers by the end of 2028.

The major areas of competency are systems & software development, function control & algorithm development, design & simulation in mechanical engineering, mechatronics and electronics engineering.

With multiple teams involved in advanced development in areas of AI, system functions, product localization, digitalization including dev ops, the tech centre is "well poised" to broaden engineering capabilities for future mobility from India, says the company.

Despite the current operations being impacted by Covid-19 in India, the ZF Group reposed its faith in the Indian market and committed fresh investments with "Refresh India four-point strategy." This new investment will go into product launches, manufacturing, and engineering footprint expansions, hiring and other developments across all business domains.

Business Line 1st September 2021

Lucas TVS inks pact with 24M Tech to produce lithium-ion cells in Chennai

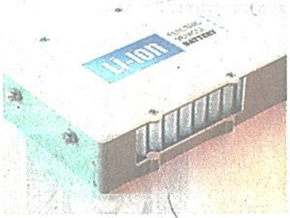
Investment value seen at ₹2,500 cr

OUR BUREAU

Chennai, August 31

Lucas TVS Ltd, auto electrical parts maker, and US-based 24M Technologies, Inc, engaged in development of generation lithium-ion battery technologies, have signed a licence and services agreement to build what they call "one of the first Giga factories in India" using 24M's semisolid platform technology.

While Lucas TVS has not disclosed the financial details of the proposed investment in the factory, the previous AIADMK government had, in January, put the value



of investment at ₹2,500 crore over phases. The factory will come up at Thervoy Kandigai, Gummidipoondi near Chennai and Lucas TVS expects to build other plants throughout India to support the growing energy storage, electric mobility and lead acid battery replacement markets. The company plans mass production of cost effective, safer and high energy density lithium-ion cells, according to a statement.

The Chennai plant is expected to begin commercial production in the second half of 2023. Lucas TVS plans to grow the capacity of the plant to a globally competitive scale of 10 GWh in two stages in view of the emerging opportunities in the renewable and electric mobility space in the country.

Next-gen tech

"Lucas TVS believes in investing in next-generation technologies, which is why we chose to partner with 24M. We are confident that their innovative semisolid platform technology will enable us to provide our customers affordable e-mobility, lead acid battery replacement and storage solutions with improved quality and best-in-class safety," said TK Balaji, Chairman and Managing Director, Lucas TVS.

"Our innovative semisolid technology and ongoing R&D investments will support Lucas TVS' ambition to become a leader in the energy storage space for mobility, lead acid battery replacement, storage and grid scale markets in India," said Naoki Ota, Chief Executive Officer of 24M.

Lucas TVS will be the first to introduce semisolid lithium-ion batteries produced in India and specifically designed for the Indian market. There are large capacity units being planned globally in Japan, ASEAN, Europe, East Asia and the US based on the semisolid technology.

Business Line 1st September 2021

Exide all charged to set up Tesla-style gigafactory

Lithium-ion battery assembly factory in Gujarat to go on stream this fiscal-end

ABHISHEK LAW

Kolkata, August 31

The country's largest automotive battery maker, Exide Industries, will look to set up a Tesla-style gigafactory using the production-linked incentive (PLI) scheme while it ramps up focus on lithium-ion batteries.

The company is expected to finalise details of its advanced chemistry cell battery making facility once the PLI PLI related to the segment is announced.

India's second largest battery manufacturer, Amara Raja Group, has also announced its intention to invest into ACC battery making depending on the PLI scheme nitty-gritty.

PLI scheme

The Cabinet had in May approved a PLI scheme with an outlay of ₹18,000 crore to promote manufacturing, export and storage of lithium-ion cells, essential for developing electric vehicles.

According to Subir Chakraborty, MD and CEO, Exide Industries, ACC battery-making is a capex intensive segment and the PLI scheme "will act as a sweetner".

However, a final call on the foray will depend on the "long-term prospects of the investments". "We are interested in the gigafactory and investments will be made depending on the long-term prospects. However, the details of the PLI scheme are something that we are awaiting at the moment. We are a cash-rich company and we are not ruling out anything at the moment," he said after the company's AGM.

Subir Chakraborty, MD and CEO

Typically, investments for setting up one gigawatt per hour (1000 megawatt per hour) battery capacity is to the tune of ₹700 crore ($100 million) and it is sufficient to power one million homes for an hour and around 30,000 electric cars.

Chakraborty added that Exide has "not frozen" its investment details, but added that a one GWh capacity would be "too small" to ensure a "significant scale" in the lithium-ion space.

Gujarat facility

Exide is also planning to bring its lithium-ion battery assembly factory in Gujarat by this fiscal-end. Plans to bring the facility on-stream were delayed by a year because of the pandemic.

The company already has a tie-up with 100-odd OEMs and different prototypes and testing are being carried out. "We are expecting the products to hit the market this fiscal," he added.

The JV with Switzerland-based Leclanche SA is the first such for the company as it looks to tap the EV and energy storage segments.

Derisking

According to Chakraborty, the company is exploring de-risking as it looks to tap export markets and "build deeper presence" across the existing 50 markets that cover West Asia, Europe, SE Asia and the US. Focus on the industrial segment – with exclusive tie-ups – is also being explored across international markets.

Business Line 10th September 2021

A tale of two automakers: Ford's failure, Hyundai's dream run

ANALYSIS

N MADHAVAN

Chennai, September 9

In 1996, when Ford Motor Company and Hyundai Motor Company zeroed in on Chennai to set up their manufacturing facilities, one was a brand well known in India while the other not many had even heard of.

In fact, Hyundai roped in actor Shah Rukh Khan and to start with, ran a series of advertisements introducing the company and the brand. Indians, of course, knew the Ford brand and a few had experienced it too.

And 25 years later, the story is very different. Hyundai Motor India has grown to become the second largest player in the country with a volume of 4,71,535 units and a market share of 18.12 per cent in FY21. Ford India, with a market share of 1.84 per cent and volume of 48,041 units in FY21, has just announced that it, in footsteps of its American counterpart General Motors, is shutting down its manufacturing operations in India. It had incurred a loss in excess of $2 billion in the last 10 years alone. Why has India turned out to be a graveyard for American brands even as smaller global brands like Hyundai reaped rich gains?

Different market

The answer is products. India is a very different market compared to the US where size and engine power matter the most. Indian consumers prefer fuel efficiency, low cost of ownership and re-sale value.

Ford understood that a bit late. It is also guilty of taking Indian consumers for granted. Its first car in India was Ford Escort, a product that was consigned to scrap yards in other markets. It was under-powered too and failed miserably. It caused a bad first impression among the consumers, something it could never really shake-off.

Hyundai, on the other hand, did its research and came out with Santro, a small car that perfectly fit into the Indian psyche. It was a big hit and the company never really looked back there after. It built on that success by quickly launching newer models with best-in-class technologies, keeping in mind what Indian consumers wanted. Soon it had multiple winners in its product line-up and that helped it to gain market share rapidly. In no time it became the second largest player in the Indian market.

Hyundai's Santro

Ford's Aspire

Flawed product strategy

Ford, on the other hand, struggled to get its product strategy right. It did have some success with Ford Ikon, Ford Fiesta, Ford Figo and EcoSport. But none of these brands gave it the volume it looked for to challenge Hyundai or Maruti Suzuki, the market leader.

Never once did it have multiple best sellers in its line-up. This ensured that its volumes, at best, touched 1 lakh units. Its Maraimalai Nagar (Chennai) plant thus remained under-utilised massively. To make matters worse, it chose to expand at Sanand in Gujarat in 2011 by investing billion dollars. This was part of a new multi-product strategy that was thought up to revive Ford in India.

That strategy failed too even as Ford's problems at home in the US and elsewhere in the world began to distract it.

A much larger investment and continued poor volumes meant that losses began to pile up. Ford tried to align with other manufacturers like M&M but that did not work.

Apart from products, importance of the geography too played a part in Hyundai's success and Ford's failure. Hyundai saw India as a critical market not only for its domestic demand but for exports too. In fact, Hyundai was the first car maker to see India's potential as a small car hub. It began exporting cars to a host of countries (it now numbers in excess of 100), including the evolved markets in Europe.

For Ford, India was just another market. A market for which it had to develop vehicles from the scratch (as it did not have suitable vehicle in its global product range) by investing huge sums of money with no commensurate returns. It launched specific products for India like Figo and EcoSport.

Their volumes petered off after initial success. They were exported too but the volumes were small. Also, unlike Hyundai, Ford was already present in many Asian and other neighbouring markets and potential for export was less.

With India not becoming a manufacturing hub for it, Ford chose to pull the plug and cut its losses. It forgot the basic premise of business success — put consumers at the centre of decision making — and paid the price for it.

Mumbai Thursday 2nd September 2021

Mahesh Babu to head Switch Mobility

OUR BUREAU

Chennai, September 1

Switch Mobility, the electric vehicle arm of Ashok Leyland, has appointed Mahesh Babu as its Chief Operating Officer and Chief Executive Officer.

Babu was earlier Managing Director and CEO at Mahindra Electric where he launched six new electric vehicles, including 3-wheeler and 4-wheeler commercial vehicles, as well as the innovative software platform, NEMO, according to a statement.

"I am delighted to announce this appointment as Mahesh brings over 25 years' of experience to Switch and his expertise as a CEO and track record as an EV pioneer is well-known. He joins a strong leadership team and I look forward to working with him closely to achieving our ambition," said Andy Palmer, Executive Vice-Chairman and CEO of Switch Mobility Ltd. Babu actively contributed to various EV committees of both Central and State governments, CII and FICCI and until recentlyserved as the Chairman of the Electric Mobility Group at SIAM. Before joining Mahindra, he had worked at Ashok Leyland.

Mahesh Babu

"The uptake of zero- carbon commercial mobility products and solutions globally is both a personal and professional aspiration of mine and I believe Switch has the capability and the compelling offering to create a leading first-class global electric vehicle company. I look forward to being part of its growth story," Mahesh Babu said.

Business Line 9th September 2021

NCLT admits TVS Automobile plea against KPN to recover ₹5.27-cr dues

OUR BUREAU
Chennai, September 8

The National Company Law Tribunal (NCLT) on Tuesday admitted an application filed by TVS Automobile Solutions Pvt Ltd against Salem-based KPN Travels, a well-known travels operator in Tamil Nadu, to recover dues of ₹5.27 crore for supply of various products between August 2017 and December 2019.

The application sought to initiate the Corporate Insolvency Resolution Process (CIRP) against KPN; declare moratorium and appoint Interim Resolution Professional.

The order by R Sucharitha, Member (Judicial) and B Anil Kumar, Member (Technical), said the application stands admitted in terms of Section 9 (5) of IBC, 2016 and the moratorium shall come into effect as of this date. It was mentioned in the order that TVS Automobile is engaged in the supply of automobile parts, sales and distribution and after sales services of cars, heavy commercial vehicles, light commercial vehicles and other vehicles. KPN had placed several orders with TVS Automobile for supply of spares such as filter, brakes, linings, clutch plates, gear box components, tyres and tubes, lubricants and grease.

The case

KPN failed to make payment for the same and it is evident from the statement of accounts of the travel operator that it had an outstanding amount of ₹3.94 crore, payable to TVS Automobile. It was submitted that the payment, which is due for the period from August 31, 2017, to December 31, 2019, amounted to ₹3.94 crore at an interest rate of 18 per cent per annum. Hence, the total amount due and payable by KPN was ₹5.27 crore, the application said.

KPN's stance

However, KPN said that TVS Automobile had not established the debt and the default on the part of KPN and that there was a pre-existing dispute. KPN also submitted that there was no proper service of the Demand Notice and it was bereft of invoices. Hence, it was submitted that the mandatory requirement under Section 8 of IBC, 2016 was not complied with and that the application is liable to be dismissed on the said count.

Business Line 4th September 2021

Maruti to recall record 1.81 lakh vehicles for possible faulty part

Ciaz, Ertiga, Vitara Brezza, S-Cross, XL6 manufactured from May 4, 2018 to Oct 27, 2020 may have defective unit

OUR BUREAU
New Delhi, September 3

The country's largest passenger vehicles maker, Maruti Suzuki India (MSIL), said it is proactively recalling 1,81,754 units of some petrol variants of Ciaz, Ertiga, Vitara Brezza, S-Cross and XL6 for potential defect in the motor generator unit. This is possibly the most number of vehicles the company has ever recalled.

Third recall in a year

The company did two recalls over the last one year. In July 2020, it had recalled 1,34,885 units of WagonR (1 litre) manufactured between November 15, 2018 and October 15, 2019 and Baleno (Petrol) manufactured between January 8, 2019 and November 4, 2019, for issues with the fuel pump.

The replacement of the motor generator unit will start from first week of November

Then, in November, it recalled 40,453 units of Eeco manufactured between November 4, 2019 and February 25, 2020, for the issue of standard symbol missing on the head-lamp.

A Maruti statement on Friday said: "This is to inspect for a possible defect in 1,81,754 units of these models manufactured between May 4, 2018 and October 27, 2020. Recall campaigns are undertaken globally to rectify faults that may be potential safety defects."

The company said the owners of affected vehicle will get a communication from Maruti Suzuki authorised workshops and the inspection/replacement of the motor generator unit will be done free of cost. "The replacement of the affected part shall start from the first week of November. Till then, customers are requested to avoid driving in water-logged areas and direct water spray on electrical/electronic parts in vehicle," it said.

Owners of vehicles suspected to have defects can visit the 'Imp Customer Info' section on the company's website and fill in their vehicle's chassis number to check if their vehicle needs attention, Maruti added.

Business Line 1st September 2021

Maruti Suzuki's production to be 40% of normal in September

Chip shortage limits output

S RONENDRA SINGH

New Delhi, August 31

The country's largest passenger vehicles manufacturer Maruti Suzuki India Ltd (MSIL) on Tuesday said that it would manufacture around 40 per cent of its normal production, across all plants, including the Suzuki Motor Gujarat (SMG) facilities from where it buys vehicles and sells in the domestic market.

"Owing to a supply constraint of electronic components due to semiconductor shortage, the company is expecting an adverse impact on vehicle production in the month of September in both Haryana and its contract manufacturing company, SMG in Gujarat," the company said in filings to stock exchanges.

Production volume

"Though the situation is quite dynamic, it is currently estimated that the total vehicle production volume across both locations could be around 40 per cent of normal production," it said.

Speaking to *BusinessLine*, Shashank Srivastava, Senior Executive Director (Marketing & Sales), MSIL, said that the demand and supply of the cars are reflective of the semiconductor shortages. "This has been a month (August) where we had some limited production because of the semiconductor shortages and that has been one constraint. But; we are still trying to push as much as possible as always," he said.

Earlier in August, SMG had no production days on three Saturdays (August 7, 14 and 21), thereby impacting the sales of MSIL.

Price hike

Meanwhile, the company had also announced price hikes across models from September amid rising input costs. This is the fourth price hike in this calendar year since January. The company had, in January, increased prices by 1.6 per cent across all categories, then in April by 1.9 per cent and in July only on CNG vehicles by 0.4 per cent.

"Commodity prices are quite high since April 2020. For instance, the prices of steel have gone up from ₹38,000 per tonne, last year, to ₹65,000 per tonne, today. Similarly, copper price rose from $6,200 per tonne to $10,200 per tonne now, while the prices of rhodium and palladium over the last one year have also gone up multi-fold," Srivastava said.

Although the company did not give any quantum of the price increase, sources said the range would be ₹5,000-22,000 across models. Domestic automobile manufacturers are facing a tough situation following the shortage of semiconductors, and are now more worried due to lockdown in Malaysia, which is one of the largest chip suppliers.

The Economic Times 15th September 2021

SHAREHOLDERS APPROVE ₹40K-CR FUNDRAISING

Tata Motors' PV Business Turnaround Impresses Shapoorji Pallonji Group

In a conciliatory move, SP group also singles out the group's digital strategy for praise

Our Bureau

Mumbai: Shapoorji Pallonji Group, which is involved in a legal battle with the Tata group, chose a more conciliatory approach at the Tata Sons virtual annual general meeting (AGM) on Tuesday as shareholders approved ₹40,000-crore fundraise via bonds and non-convertible debentures.

SP Group, which holds an 18.4% stake in Tata Sons through Cyrus Investments and Sterling Investment Corporation, appreciated the performance in some Tata companies, particularly the turnaround of passenger vehicle business in Tata Motors under Shailesh Chandra, at the AGM, people aware of the development said.

Tata Sons and SP Group did not comment on the matter.

SP Group has filed a review petition before the Supreme Court against its March 26 verdict in the dispute between Tata Sons and Cyrus Mistry who was ousted as the chairman of Tata Group in 2016. The apex court had set aside a National Company Law Appellate Tribunal (NCLAT) order of December 18, 2019, restoring Mistry as executive chairman of Tata Group.

Meanwhile, Tata Sons shareholders approved issue of non-convertible debentures on private placement basis amounting to ₹40,000 crore to invest in new businesses and future growth plans. The group is committing big funds into Tata Digital, Tata Electronics, and its infrastructure and financial services verticals.

Reappointment of some board members including Saurabh Agrawal, Ralf Speth and Harish Manwani were also approved.

Tata Trusts owns 67% stake in Tata Sons. Tata Sons' revenue from operations for 2020-21 slumped to ₹9,460.24 crore from ₹24,770.46 crore in the previous year. Its dividend income was higher in FY20 due to a special dividend received from a subsidiary.

But its other income stood at ₹10,138.1 crore for FY21 against ₹125.93 crore for 2019-20. A substantial part of the other income last year was profit from buyback of shares by a subsidiary.

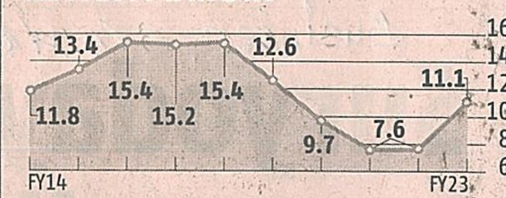
Business Standard 13th September 2021

Chip shortage may keep Maruti margin in check

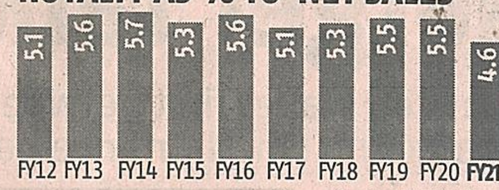
Declining trend in royalty payment unlikely to cushion the fall

SHALLY SETH MOHILE
Mumbai, 12 September

EBITDA MARGIN



ROYALTY AS % TO NET SALES



Source: Company/ Motilal Oswal

A continuing downward trend in royalty payments by Maruti Suzuki to parent Suzuki Motor is unlikely to arrest the decline in the former's margins.

Lower volumes owing to the shortage of semiconductors and a persistent increase in input costs will keep up the pressure on the company's margins for the remaining quarters of the year and even next year, said analysts.

Earlier this month it said its vehicle production in September would tumble by 60 per cent.

Following muted Q1 earnings and the production cuts announced by the company owing to the chip shortage, most brokerages have pared their estimates by up to 50 to 100 basis points on margins for FY22 and FY23. One basis point is one hundredth of a percentage point.

Maruti Suzuki India's royalty payments to parent Suzuki Motor Corp, which used to be investors' concern till three years ago, touched the lowest in a decade in the financial year ended March 31.

A spokesperson at Maruti Suzuki said the fall in royalty payments was expected. "Royalty is covered in accordance with the revised agreement approved in January 2018 and accordingly it was expected to come down gradually." It is payable on the models of Maruti Suzuki and Suzuki Motor Gujarat and on the same terms. The amount depends on the product mix during the year, the spokesperson added.

Maruti Suzuki has a contract-manufacturing agreement with Suzuki Motor Gujarat.

But lower royalties couldn't help in arresting the steep decline in the company's Ebitda (earnings before interest, tax, depreciation, and amortisation) margins. A sharp increase in raw material prices, coupled with a contraction in volumes which impacted the company's operating leverage, erased gains.

"Despite lower royalties, higher commodity prices and lower volumes have impacted margins, which are expected to be under pressure in the forthcoming quarters as the chip shortage deepens," said Mitul Shah, head of research, Reliance Securities. Cost escalation has been sharp for auto companies but they have been able to pass on the costs only partially, he added. This is set to weigh on the realisations of all of them, he added.

Royalties as a percentage of net sales at the local arm of the Japanese carmaker fell to 4.6 per cent in FY21. This is the lowest since Maruti Suzuki started paying royalties to Suzuki in 2011. They were 9.7 per cent in FY20 and 12.6 per cent in FY19.

The model mix and the rupee's movement against the yen are the two main factors that govern the payment. The rate tapers off once the model is five years old or reaches the 500,000-unit volume mark.

Maruti Suzuki's royalties to Suzuki hovered at 5 per cent plus till the former started paying some part of it in the Indian currency in 2018. The payment in rupees hedged the maker of the Wagon R and Baleno models from the currency's depreciation against the yen. The decline in FY21 was on account of higher contributions of models that attracted lower royalties in the overall mix.

To tide over the steep increase in commodity prices, last week Maruti Suzuki hiked prices by up to ₹22,500. The hike, the fourth one in the current year, came on the back of an incessant increase in prices of steel, aluminum, palladium, and other metals. The company, which had earlier cut production at its Gujarat plant, said the chip shortage would hit output at the Gurugram and Manesar plants also.

Business Line 3rd September 2021

Chip shortage: Mahindra to shut plants for seven days this month

Car-maker sees output dipping 25% in September

AYUSHI KAR
Mumbai, September 2

The company said its revenues and profits will be impacted

Mahindra & Mahindra announced on Thursday that there will be a 20-25 per cent dip in production volumes of its automotive division in September as it faces shortages of semiconductors.

Consequently, Mahindra will shut its plants for seven days this month. The company said revenues and profits will be impacted in line with the fall in production volumes.

Earlier this week, Maruti Suzuki said it will cut back production by 60 per cent because of the chip shortage.

Malaysia's Covid surge

The chip shortage has been plaguing auto manufacturers globally for almost a year due to Covid-induced supply chain disruptions, and the situation has worsened for OEMs in India because of the Covid surge in Malaysia.

The country is seeing its worst surge since the start of the pandemic, and nationwide lockdowns from June 1 have left chip manufacturing units facing acute labour shortage.

Festival demand hit

Experts expect the situation to improve only in the second half of this fiscal year. OEMs, including Tata Motors and Maruti Suzuki, have warned that the chip shortage can dampen demand recovery during the festival season ahead. Dealers have also warned of a 30 per cent sales dip during the festival season.

However, according to Mahindra, there will be no material impact on the new XUV700 production, ramp-up and launch plans. The company does see any major impact on its tractor, truck and bus segments or three-wheeler production. "As the situation is dynamic, Mahindra is carefully reviewing the supply situation and all efforts are being made to minimise the impact," it said.

The Economic Times 15th September 2021

Ashok Leyland COO Seth Puts in His Papers

Ashutosh R Shyam & Ketan Thakkar

Mumbai: Bus and truck maker Ashok Leyland's chief operating officer **Nitin Seth** has resigned from the company, people aware of the development told ET.

The resignation comes at a time when Ashok Leyland's light commercial vehicles business is gaining momentum, both locally and internationally, and its electric vehicle arm, Switch Mobility, is preparing for a round of funding. Seth was a director on the board of Switch Mobility.

However, people in the know said the truck maker's core business of medium and heavy commercial vehicles has seen severe erosion in market share in the recent quarters.

An email query sent to Ashok Leyland remained unanswered till as of press time. Seth could not be reached immediately for a comment.

The Economic Times 12th September 2021

AFTER MORE THAN 2 DECADES IN INDIA...

Model T-urnaround! Why Ford Shifted to Reverse Gear

Ford in India

Total investments $2.5 b

Accumulated losses $2 b

Capacity 4 lakh units

Customer base 10 lakh

Dealers 170

Ford's production fell to 80,000 units, one-fifth of its combined capacity of 400,000 at plants in Sanand (Gujarat) and Chennai (Tamil Nadu)

OTHER EXITS BY US AUTO COS

Harley Davidson Sep 2020

General Motors May 2017

Poor product pipeline and falling exports among key triggers, say experts

Lijee.Philip@timesgroup.com

Mumbai: To industry watchers, it was a question of 'when' and not 'if'.

Saddled with $2 billion in accumulated losses, iconic US carmaker Ford Motors has bid goodbye to its India dreams after struggling for 25 years to gain a decent toehold in a notoriously price-conscious automobile market.

WHAT WENT WRONG?

ET spoke to industry experts and insiders to figure out why the US automobile giant stumbled despite staying put for well over two decades.

Its poor product pipeline, which utilised less than 20% of capacity, and falling exports were the proximate triggers for an exit, with no Plan B in place to claw back, they said.

"Automotive companies need to build scale with a wide portfolio of products, and without both, it's difficult to survive in this value conscious Indian market," experts pointed out.

LACK OF SCALE

Ford did not have the products to snuggle into every part of the value chain. It did not usher in usable product aggregates that could have been cost competitive in the Indian context. The carmaker's first India launch - Escort – failed, so did the Mondeo and Fusion. The only models that worked were its entry-level mid-size sedan, Ikon, and the compact sport utility vehicle Ecosport.

BOOM IN BRANDED MERCHANDISE ▸▸ PAGE 3

"Too many products in the entry level mid-size segment at that time made it difficult for Ford to get into the volumes game with the Ikon. To get the right product in the right segment at the right price became a challenge," a company insider told ET.

Volumes Play ▸▸ 7

Volumes Play

▸▸ From Page 1

This was in stark contrast to South Korean automaker, Hyundai, which upped the volumes play with its striking designs and consumer connect, not to talk of industry leader, Maruti Suzuki.

Ford consistently struggled with an under 2% market share. It sold only about 48,042 units (including exports) in 2020-21, in a year when the country's largest carmaker Maruti Suzuki did about 1.1 million and Hyundai 414,000 vehicles. The low sales volumes did not justify Ford's ₹2,000 crore investment in dealerships, which currently stand at 170 across the country. Its production fell to 80,000 units, one-fifth of its combined capacity of 400,000 at plants in Sanand (Gujarat) and Chennai (Tamil Nadu).

M&M'S COLD FEET

The maverick chief executive of Ford, Jim Farley, and wife Lia spend some time each year in charity work in Kerala. So, for this frequent India visitor, it came as no surprise when Mahindra & Mahindra (M&M) extended a hand of partnership in October 2019, albeit for the second time.

Pawan Goenka — whom Farley hugely admires — was at the helm of the Indian automaker then. For Ford, the M&M option was a literal 'get out of jail' card, a last-ditch attempt to stay relevant in India. Ford had even said at the time that it had learnt the nuances of frugal engineering from Mahindra. Even as its first parting was not acrimonious, the second marriage — to develop products and platforms jointly — was always going to be a risk.

The plug was pulled out of this 'non-starter' joint venture (in December 2020) even before Goenka retired in April this year. The speedy divorce was a bitter pill to swallow for the US automobile maker.

"While a number of reasons are being given for the dismantling of the JV (joint venture), what is noteworthy is the fact that post-Goenka, Mahindra did not possess a leader to take a JV of this magnitude forward," an automobile consultant said requesting anonymity. "It is one thing to manage domestic businesses, but international JVs require a high level of skill, precision and management play," he said.

FOR FULL REPORT, GO TO www.economictimes.com

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Standard 9th September 2021

Automakers to get $3.5 bn in govt's clean tech push

Scheme redrawn for companies building electric & hydrogen fuel-powered vehicles

REUTERS
New Delhi, 8 September

The central government will give about $3.5 billion in incentives to auto companies over a five-year period under a revised scheme to boost the manufacturing and export of clean technology vehicles, two sources aware of the latest proposal have said.

The government's original plan was to give about $8 billion to automakers and part manufacturers to promote mainly gasoline technology, with added benefits for electric vehicles (EVs).

The scheme was redrawn to focus on companies that build electric and hydrogen fuel-powered vehicles, Reuters reported on Friday, with the shift just as Tesla Inc is gearing up to enter the country.

It was not immediately clear why the allocation had been revised, but one of the sources said since the focus had changed to clean and advanced technology, fewer companies would be eligible for the incentives.

The Centre sees clean auto technology as central to its strategy to reduce its oil dependence and cut the debilitating pollution in its major cities while also meeting its emissions commitment under the Paris Climate Accord.

Domestic automaker Tata Motors is the largest seller of electric cars in India, with rival Mahindra & Mahindra and motorbike companies TVS Motor and Hero MotoCorp firming up their EV plans.

The country's biggest carmaker, Maruti Suzuki, has no near-term plan to launch EVs as it does not see volumes or affordability for consumers, its chairman said last month.

A government official with direct knowledge of the matter said the initial allocation over the five-year period has been reduced but that up to $8 billion could be made available if the scheme is successful, initial funds are spent, and certain conditions are met. The official did not specify those conditions, and industry and finance ministries did not immediately respond to an email seeking comment.

Details of the scheme, part of India's broader $27-billion programme to attract global manufacturers, could be made public as early as next week, the two sources said. Under this, companies that qualify will get cashback payments equivalent to around 10 per cent to 20 per cent of their turnover for EVs and hydrogen fuel cell cars, one of the sources said.

Carmakers would need to invest a minimum of about $272 million over five years to qualify for the payments.

Auto parts makers will get incentives to produce components for clean cars and for investing in safety-related parts and other advanced technologies such as sensors and radars used in connected vehicles.

GREEN DRIVE

- The government's original plan was to give about $8 billion to automakers and part manufacturers to promote mainly gasoline technology, with added benefits for EVs
- The focus has now changed to clean and advanced technology and fewer companies would be eligible for the incentives
- The government is seeing clean auto technology as central to its strategy to reduce its oil dependence and cut pollution
- A government official said the initial allocation has been reduced **but up to $8 billion could be made available if the scheme is successful**

Business Line 14th September 2021

'Will support industry in quick time'

At a meeting with industry players, FinMin says Centre will not wait for budget to announce support measures

Nirmala Sitharaman, Finance Minister, with TV Narendran, President, CII; CK Ranganathan, President, CII- Southern Region; and Chandrajit Banerjee, Director General, CII, at an interaction with industry representatives in Chennai on Monday BIJOY GHOSH

OUR BUREAU

Chennai, September 13

The disinvestment plan is on track, and liquidity crunch is no longer a major concern, said Union Finance Minister Nirmala Sitharaman while addressing a galaxy of industrialists in Chennai on Monday.

She was happy that nobody could raise any issue relating to liquidity this time as government measures have helped address that concern, and there was a low and stable interest regime prevailing.

In a closed-door meeting with CII members, the minister said that the Bank-NBFC-MFI channel has been de-clogged from October 15, and there would be a special drive to reach out credit to those who need it.

It is gathered that industry captains mentioned various issues, including tax-related; factors that were hindering export competitiveness and also sought more support from the government to take advantage of the China+1 strategy of global companies. Some of the exporters sought restoration of higher incentives and relief measures. Representatives from healthcare sector sought a PLI scheme from the FM.

'Immediate support'

Sitharaman was reported to have assured all possible support to the industries in quick time as the Centre would not wait for the Budget to announce any support measures. "All possible measures would be done immediately," she said. The Development Finance Institution announced in the budget would be operational soon, she added.

Emphasising the trust that the government reposes in the industry, the Minister said that this trust is important to leverage the opportunities thrown up by the pandemic and can take India one generation ahead. This trust is also reflected in the Government's actions.

Welcoming continuous feedback and inputs from industry, the Finance Minister said that the ongoing dialogue with industry has enabled the government to take a series of actions, as the pandemic situation evolved.

Elaborating on the Government's strategy for handling the pandemic, Sitharaman, said that on one hand the focus is on ramping up vaccination as that was the big protection against the Covid infection. On the other hand, the government is working on ramping up health infrastructure, including in the tier-2 and -3 cities, by supporting the private sector, she said.

Industry captains from leading corporate houses like Hinduja Group, Murugappa, TVS, Rane, CavinKare, Daimler India Commercial Vehicle, Apollo Hospitals, 3M India, Saint Gobain India, Tractors and Farm Equipment and Chettinad Group, participated in the meeting.

In a meeting with members of FICCI, the minister said the economy was doing well.

There was no negative feedback in the meeting, which was attended by members from various sectors, including cement, leather, chemicals and healthcare.

The Times of India 11th September 2021

Assemble here to cut cost: Min to Tesla

Sidhartha & Pankaj Doval | TNN

Government fears that customs duty reduction may lead to import of electric vehicles instead of local manufacturing

"Offering duty concessions when someone will consider investing after two-three years will be a reversal of a policy that we have followed for several years, and will be unfair to existing players," says a source

New Delhi: Tesla's plan to import cars to India on duty concessions has hit a roadblock. The ministry of heavy industries, which sets the policy for the country's automobile sector, has told the US electric auto giant that the government does not favour a reduction in duties based only on an "intent to invest".

The government has suggested that the Elon Musk-founded entity should begin its India business by starting with local assembly operations, and thereafter scale it up to full-fledged manufacturing. "Offering duty concessions when someone will consider investing after two-three years will be a reversal of a policy that we have followed for several years, and will be unfair to existing players," a government source told **TOI**, adding that lower tariffs cannot be offered only to one firm.

The government fears that an industry-wide cut in customs duty will result in import of electric vehicles instead of companies, such as Ola, setting up manufacturing facilities.

Tesla executives have been told that they should consider importing semi-knocked down (SKD) kits into the country and assemble them locally to attract lower duties, as opposed to importing completely built units. Tesla has told the government that it is already sourcing components from India for its global supply chain and proposes to scale it up.

Musk had recently pitched for duty cut in India, as the company prepares to start sales . "We are hopeful that there will be at least a temporary tariff relief for electric vehicles. That would be much appreciated," he had said during a conversation on Twitter. India maintains over 100% duty on imported vehicles as part of a strategy to encourage companies to manufacture domestically, a strategy that has seen several car makers set up shop in the country. It wants to adopt a similar strategy for EVs, with some officials arguing that government's stand against offering similar concessions to Apple a few years ago resulted in iPhone maker getting its vendors to set up manufacturing facilities in the country.

Several agencies such as NITI Aayog, transport ministry and the department for promotion of industry and internal trade are backing a cut in duties. But in the absence of support from the heavy industries ministry, the move is unlikely to go through.

Business Line 4th September 2021

FinMin may set up panel to review demand for rate correction: Goyal

Export target for textiles for FY22 fixed at $44 billion, says Commerce Minister

OUR BUREAU

New Delhi, September 3

The Finance Ministry is likely to set up a review committee to examine inputs that have been given by the industry for correction of rates under the new input duty remission scheme for exporters so that the required changes can be made in case anomalies have crept in, Commerce & Industry Minister Piyush Goyal has said.

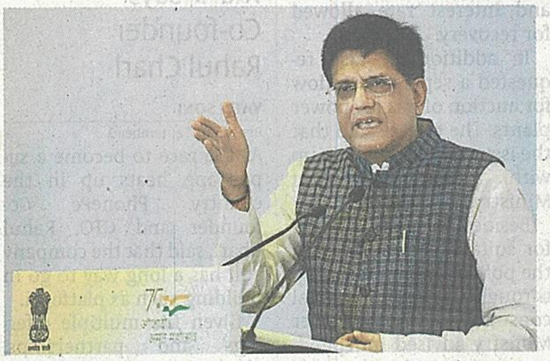
An export target of $44 billion for the textile sector for 2021-22 should be aimed at, the Minister said, adding that trebling of exports from the present value of $33 billion to $100 billion and enhancing domestic production to $250 billion must be the next step.

The government is open to hearing from any sector that feels that the rates under the new Remission of Duties and Taxes on Exported Products (RoDTEP) do not remit taxes that are not part of the GST, Goyal said, addressing the textile industry on Friday.

Correct anomaly

"We have requested the Ministry of Finance to set up a review committee or an anomaly committee to go into any inputs that we may like to put up for correcting any rates, where there may be a mistake," he said, adding that India did not want to export any taxes.

"If any of you feel that your product has not rightly received what is due to them,..it will be examined by the independent committee. It is not for the government or Ministry to finalise or settle across the table. It is a rational scientific process," the Minister added.



Minister for Commerce & Industry Piyush Goyal interacting with textiles exporters in New Delhi, on Friday PTI

When the scheme is reviewed next year, the government will be able to take a look at any anomaly that may have come into the system, he said.

The government announced rates under the RoDTEP scheme last month for remitting all input duties paid by exporters, including embedded taxes, but many of them have complained that the rates fall short of the taxes paid by them. The RoDTEP rates fall between 0.01 per cent and 4.3 per cent of the export value of a specific item and cover about 8,555 product lines. The Textile Ministry is also working closely with the Ministry of Finance to resolve the issue of old dues on incentives for exporters, most of which may be paid this year while the rest may be cleared next year or at most in two years, Goyal said.

New avenues

To open new market opportunities and avenues, the Minister said that he was personally interacting with different nations to expedite free trade agreements and preferential trade agreement, with partners such as the EU, the UK and Australia.

Goyal also assured the industry that the Production Linked Incentive scheme for the textiles sector and the Mega Investments Textiles (MITRA) Parks Scheme were at an advance stage of government approval.

The Times of India 11th September 2021

Govt to limit incentive plan for auto to green vehicles

₹26K-Cr Scheme For EVs, H2 Vehicles May Get Nod Next Wk

Pankaj Doval & Sidhartha | TNN

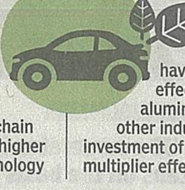
New Delhi: Petrol and diesel vehicles will not be included in the ambitious production-linked incentive (PLI) scheme for automobiles as the government will restrict benefits of the Rs 26,000 crore scheme — slashed from the originally-planned Rs 57,000 crore — to green technologies such as electrics.

The scheme, which could be announced as early as next week, is likely to be a dampener for top companies such as Maruti Suzuki, Honda (cars and two-wheelers), Toyota, Renault-Nissan, Skoda-VW and many other auto companies that derive all their sales only from petrol, or diesel cars.

Homegrown Tata Motors and M&M, which have been pursuing electric and other clean technologies for many years, will stand to gain. Although the original plan was to have an allocation of Rs 57,000 crore over five years, starting 2022-23, the scope of the scheme has now been refined, government sources told **TOI**.

WHY THE SCHEME IS NEEDED

- Will help create a strong base for new green automotive technologies such as hydrogen, electric vehicles, which are expected to gain in volumes in the coming years
- Move up the value chain and focus on growing higher value and higher technology
- Increase India's share of global automotive trade from the current level of 2%
- Will have multiplier effect on steel, aluminium, plastics, other industries. An investment of Re 1 creates multiplier effect of Re 3



The government believes that restricting incentives only for greens will prompt almost all the firms to urgently focus on getting electric and other sustainable technologies to the market, rather than wait for a mega customer transition.

Apart from vehicles, the PLI scheme for automobiles will also provide benefits to auto components that are aimed at making vehicles green, or smarter. Categories that will be rewarded by incentives in the component industry will include those engaged in hybrid energy storage systems, collision warning gear, EV parts, automatic braking and blind spot detection parts, advanced driver assistance systems, and sensors of certain categories, sources told **TOI**.

The original plan was seen to be far too wide, while the revised draft is now focused on the so-called new-age clean automobiles as part of the government's aim to leapfrog into the next generation of green, connected and smart vehicles.

The change in government strategy may push top car players such as Maruti Suzuki and Hyundai (it has only one imported electric Kona), to provide an aggressive thrust for electric and other green technologies to make the cut.

Several of the existing players are currently seen as reluctant to switch over to e-vehicles as they look to maximise value of their investments in operational plants (producing petrol and diesel cars), prompting the government to incentivise those willing to make a quick transition, sources said.

The Centre has argued that incentives for the two green technologies will fuel a significant growth in the share of hydrogen and battery-electric vehicles. With several international majors seen to be transitioning to electrics, the government is hoping to tap into what it believes will be a booming business in the coming years. Government officials said several companies as well as industry bodies, including Siam and Acma, have been consulted before formalising the plan.

Business Standard 8th September 2021

SEZ units may get more sops soon

SHREYA NANDI
New Delhi, 7 September

The government is considering a proposal to allow units in special economic zones (SEZs) to sell goods outside these zones in the country with concessional duties to help them utilise idle capacities.

"We will soon hear a decision on allowing SEZ units to sell goods in the domestic tariff area (DTA) on a duty foregone basis (on raw material) rather than the current arrangement of full Customs duties," said Bhuvanesh Seth, the newly-appointed chairman of the export promotion council for EOUs (export oriented units) and SEZs. The council also held a meeting on this issue with the Department of Commerce earlier this week.

With this incentive, manufacturers in SEZs that have spare capacity will be able to boost production.

SEZs are areas within the country that have different economic regulations and are considered foreign territory. They not only aid foreign investment, but are export hubs. Companies operating in such zones get tax sops from the government and also pay lower tariffs when the goods are exported and not sold outside these zones.

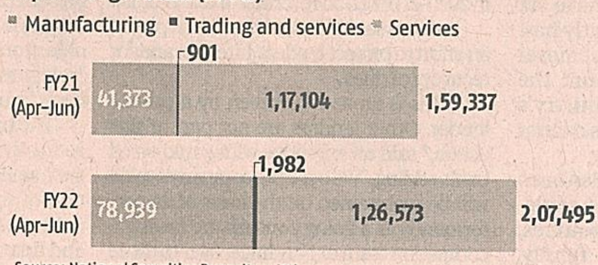
At present, SEZs pay full Customs duty in case a product is sold outside these zones. The council has urged the government to allow the sale of goods in the DTA zone. Duty will be charged only on the basis of raw material cost and exclude the value addition done in India.

Seth also said that the government needs to improve infrastructure in SEZs and make the processes and procedures more business friendly. Besides, SEZs should be declared as 'infrastructure' to get priority lending from banks. There is also a need to improve the connectivity from SEZs to ports.

"Have submitted a proposal to cover SEZs and EOUs under the Remission of Duties and Taxes on Export Products (RoDTEP) scheme. The Department of Commerce has assured that a committee is being set up to finalise the rates for exports from SEZs," he added.

BIG BOOST

Exports at govt SEZs (in ₹cr)



Source: National Securities Depository Ltd

Exports recovery

Seth added that with the recovery in export markets, exports from SEZs are increasing.

During the June quarter, merchandise exports from SEZs grew 91 per cent year-on-year, while services exports grew 8 per cent. "We are expecting that this year the exports from SEZs will be definitely more than the pre-Covid level of ₹7.84 trillion in 2019-20 (merchandise ₹3.11 trillion and services ₹4.73 trillion). We should be able to achieve about ₹8 trillion," he said.

During the previous financial year, total exports from SEZs were ₹7.55 trillion, a decline of 4 per cent year-on-year. Merchandise exports fell by over a fifth to ₹2.46 trillion, while services export grew 8 per cent to ₹5.09 trillion.

The Times of India 13th September 2021

Efforts for FTA with UK, Oz gather pace

But Old Worries Resurface, Centre May Avoid Sensitive Sectors Like Dairy, Legal Services

Sidhartha@timesgroup.com

New Delhi: The government is stepping up its efforts to speed up free trade agreements (FTAs) with ministerial level consultations with Australia and the UK lined up this month.

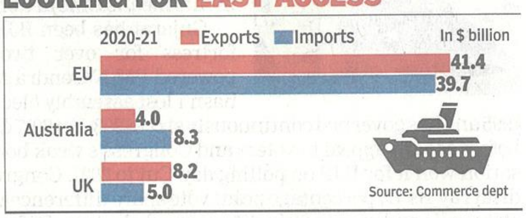
Commerce and industry minister Piyush Goyal will be in the UK for talks with his counterpart Elizabeth Truss this week, while Australian trade minister Dan Tehan is scheduled to be in the capital towards the end of the month to take forward the dialogue. Although discussions are still in an exploratory phase, the Centre has started marking out the red areas, many of which may prove to be contentious as the talks progress.

For instance, in an interview, the UK chancellor of exchequer Rishi Sunak had indicated to **TOI** that his government was keen on services being liberalised by both countries. While India's interest is in Mode IV — visas for its tech professionals, doctors and nurses — for the UK, the pitch will be opening up of legal services and such "taboo areas".

When it comes to some of the earlier no-go territories, such as lower duties on Scotch, signals are that India will be more accommodative in its stand than earlier, hoping that it will manage to get the UK to offer easy access for Indian textiles and engineering goods.

Similarly, when it comes to Australia, the government is willing to engage on sectors like coal where imports for power plants are in any case taking place. But dairy is a sector which has proved to be a red zone, as was seen during the aborted negotiations for the Regional Comprehensive Economic Partnership (RCEP) agreement, where India pulled out at the last minute.

LOOKING FOR EASY ACCESS



For Australia, dairy has been a key area of interest, but India has been wary of cutting tariffs, especially on products such as skimmed milk powder, given its likely adverse impact on the domestic economy. Unlike the large farms in Australia, the Indian dairy sector has millions of small farmers.

What complicates matters further for talks with the UK, Australia as well as the European Union is the fact that nearly half the goods exported by India are already in zero-tariff category, with these countries having their defensive interests in some of the items where customs duty are in place.

Although it is early days, the stance taken by negotiators also evolves as talks progress, depending on what the other side is willing to put on the table. Besides, the discussions for the free trade agreements also need to be seen in the context of the new geo-political alignment taking place in the post-Covid world.

Given that ties with Australia have strengthened in the last few months as Canberra has signalled that it wants to rely less on China, the government is hoping to clinch what is called an early harvest scheme by December, covering around half the tariff lines. But with elections due in Australia, it is unlikely that the trade deal can be ratified by Parliament until at least the second half of the year.

In any case, the government's keenness for such an agreement is not shared by some of the other sides, such as the European Union, which is another focus partner for a trade and investment treaty.

Business Line
2nd September 2021

Govt proposes retaliatory duties against EU products

Bloc had imposed curbs on steel imports

The EU had implemented tariff rate quotas on steel imports as a safeguard measure in 2018

AMITI SEN

New Delhi, September 1

India proposed to impose additional import duties worth €292 million on select products from the European Union (EU) as a retaliation against quota restrictions put in place by the bloc on steel imports from the country. New Delhi has submitted to the World Trade Organisation (WTO) that it would shortly provide details of the measures it plans to put in place, according to an official tracking the matter.

"India estimated that the safeguard measures have resulted in the decline of exports to the tune of €1.168 billion on which the duty collection would be €292.01 million. Accordingly, India's proposed suspension of concessions would result in an equivalent amount of duty collected from products originating in the EU," according to the country's submission to the Committee on Safeguards at the WTO.

Tariff rate quotas

The EU had implemented tariff rate quotas (TRQs) on steel imports as a safeguard measure in 2018 following the US decision to impose additional import duties on steel from a number of countries including Russia, India and Turkey. It fixed specific quotas for steel imports for exporting countries beyond which the items attracted additional import duties of 25 per cent. The main reason behind the TRQs was to avoid diversion of exports from the US market to the EU market.

Subsequently, the EU came up with some changes in the TRQ administration that made the situation tougher for Indian exporters as they had tailored their exports as per the initial measures announced, the official said.

Business Line 8th September 2021

To reach containers to exporters faster, govt mulls rail movement of empties

Shipments hit by shortage of boxes; returns by road not fast enough

P MANOJ

Mumbai, September 7

The government may not have a handle on the steep freight rates, but it can speed up movement of empty containers from ports to the hinterland for loading export goods and stop empty boxes from being taken out of the country to help improve the availability of containers. India's exporters are facing a huge shortage of empty containers in the wake of disruptions in the global supply chain.

"There is hardly anything we can do on freight rates," said a source in the Ministry of Ports, Shipping and Waterways.

The government is veering around to the view that all empty containers from ports to hinterland locations in the North should move by rail only, which typically takes about three days from the western region.

How boxes move

Some 25- 35 per cent of the import containers head for the northern hinterland after being cleared of the goods. Upon landing at one of the west coast ports, some of the import containers are de-stuffed at warehouses and the empties are handed over to transporters to be hauled to the hinterland for loading export cargo. The shipping lines pay as little as possible to the transporters for the trip.

To recover their cost, the transporters pick local cargo and drop them at various locations en route to the inland container depots (ICD) in the North nominated by the shipping lines for delivering the empty container.

About 25-35% of the import containers are destined for the northern hinterland after being cleared of the goods

"This trip takes about two weeks," says TS Ahluwalia, President, Northern India Shipper Association. "If the empty containers are moved by rail, they can reach the northern hinterland in three days," he says. This mode is also cheaper.

Concor scheme

From September 1, the state-run Container Corporation of India Ltd (Concor) introduced a volume-based rebate on rail freight for repositioning of empties in a bid to ensure sufficient availability of containers at hinterland ICDs to boost exports and cut logistics costs.

Concor said the existing scheme for repositioning of empty containers from gateway ports to hinterland terminals with a rebate of 50 per cent on rail freight will continue till March 31. The scheme has been extended to repositioning of empties from port-side Concor container freight stations (CFSs) to ICDsalso for export purposes, the company said in a trade notice.

Exporters have also urged the government to extend the time limit for keeping empty containers in the country without paying import duty from 6 months to 12 months.

Currently, empties can be kept in India for six months, per a convention followed by the Customs Department. Shipping lines take them out just before the expiry of six months to avoid the import duty.

MISCELLANEOUS REPORTS

The Economic Times 14th September 2021

IN-SPACe Chief Calls for Bold Space Bets from Private Firms

Regulatory clarity 1st priority in encouraging pvt sector participation: Goenka

Our Bureau

Bengaluru: The Indian National Space Promotion and Authorisation Centre (IN-SPACe) will soon clarify regulations and announce policies to encourage more private firms to participate in India's space sector, the space facilitator's chairman-designate Pawan Goenka has said.

The government set up IN-SPACe last year to provide a level-playing field to private companies and startups in the space sector and ensure that they utilise the investments made by India's space agency in building technology and infrastructure.

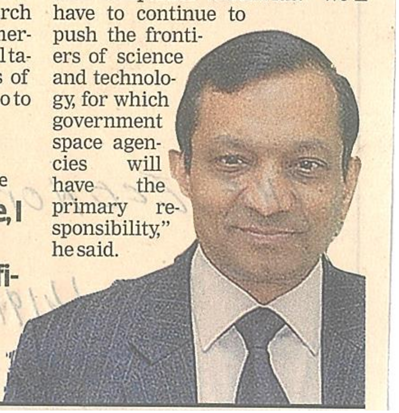
"In my new role, I am looking to set targets, define strategies, responsibilities and monitor the same. India's share of the $440-billion global space economy is less than 2% and this is something we will work towards changing. It is too early for me to speak of a specific number," Goenka said at an international space conference and exhibition on Monday.

Indian Space Research Organisation (Isro) will focus on research and development, while a commercial entity, New Space India, will take over the operational assets of the space agency and offer it also to the private sector

PAWAN GOENKA
Chairman-Designate, IN-SPACe

In my new role, I am looking to set targets, define strategies, responsibilities and monitor the same

Goenka said private firms must make bold bets and invest to grow the space sector. Investments in new space companies in India stood at around $21 million, less than half a percent of the investments in space tech companies worldwide. "We'll have to continue to push the frontiers of science and technology, for which government space agencies will have the primary responsibility," he said.



Business Line 14th September 2021

Ola Futurefactory to be driven entirely by women

In a first for auto sector, 10,000 women to work at its Hosur e-2-wheeler plant

OUR BUREAU
Bengaluru, September 13

Every two-wheeler that will come out of the Ola Electric Futurefactory at Hosur in Tamil Nadu will have a woman's touch. Ola CEO and founder Bhavish Aggarwal announced on Monday that, in a first of its kind in the auto manufacturing world, 10,000 women would be employed at the Futurefactory.

Announcing this on Twitter, Aggarwal said, "Aatmanirbhar Bharat requires Aatmanirbhar women! Proud to share that the Ola Futurefactory will be run ENTIRELY by women, 10,000+ at full scale! It'll be the largest all-women factory in the world!! Met our first batch, inspiring to see their passion!"

With the announcement of a 100 per cent women-run facility, Ola scales a new high in companies employing a female-centric workforce. At consumer electronics firm Xiaomi's factories in India, 95 per cent of the workforce is women.

Ola said it has invested significantly in training and upskilling its first batch of women recruits in core manufacturing expertise. The 500-acre manufacturing facility will have the capacity to produce 10 million electric scooters annually.

Dipping participation

The Ministry of Statistics periodic labour force survey for the October-December 2020 quarter noted that labour force participation rate (LFPR) of women was 20.6 per cent. Whereas the worker-population ratio, or the percentage of employed women in the population, stood at 17.9 per cent for the period. According to the World Bank, female labour participation rate in India has dropped from 26 per cent in 2005 to 20.79 per cent in 2019 compared to 36.37 per cent in Bangladesh and 33.7 per cent in Sri Lanka.

Saundarya Rajesh, founder president of Avtar, a diversity and inclusion strategy firm, said that what Ola is doing is not only a clarion call for all start-ups to take the bold decision of creating a women majority workplace (above 60 per cent) but also a nation building activity in the truest sense of the word.

More inclusive workforce

According to Rajesh, "Some of the benefits of having a workplace that is more than 60 per cent women includes a safer workplace for women, better problem-solving skills, greater customer centricity and a motivated workforce wanting to go above and beyond the call of duty."

Interestingly, Ola said its move is the first in a series of initiatives to create a more inclusive workforce and provide economic opportunities for women across the board. "Increasing women participation in the labour workforce requires active and conscious efforts from all of us, especially in manufacturing where participation remains the lowest at just 12 per cent," Aggarwal noted in a company blog.

Just last month, Ola Electric launched its keyless electric two-wheeler scooter, priced at ₹99,999 (ex-showroom price in Karnataka, including FAME II). Initially scheduled to start the sale from September 8, Ola Electric had to postpone the sale process of its electric scooter S1 by a week as it faced "technical difficulties" in making the website for purchases live for customers on Wednesday.

Bhavish Aggarwal, Founder and CEO, Ola, with women workforce

Business Line 11th September 2021

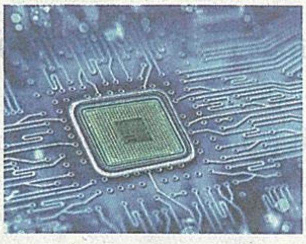
It will take at least a year for chip output to bounce back: IESA

KV KURMANATH

Hyderabad, August 31

The Indian automobile companies, which are facing chip shortage after the semiconductor foundries lowered capacities during the pandemic, will have to wait till at least a year before they get back to the normal lead times of 2-4 weeks.

Owing to the chipset shortage, top car manufacturers have indicated a cut in production levels.



Factories shut

"It is not easy for the fabs to open the foundries overnight or whenever we want. It is a process where a lot of gases and chemicals are involved. You are talking about production of things that is one-hundredth of your hair strand," K Krishna Moorthy, President and Chief Executive Officer of India Electronics and Semiconductor Association (IESA), said.

With lockdowns unsettling economies and supply chains in early 2020, almost all the top semiconductor companies lowered their capacities by shutting down some of the foundries, forecasting a huge drop in the demand. "However, the world soon realised that it had to live with the challenge and began to work from home. This triggered a huge demand for consumer electronics," he said.

With whatever capacities they had, fabs focused all their energies on meeting the demand for chips for phones, computers, laptops and all other consumer electronics devices, that witnessed a sharp increase in demand.

There was also an increase in the demand for automobiles, industrial systems and other sectors where chips play a crucial role. This required a full-fledged capacity utilisation of foundries. But the foundries are not ready to meet the demand as they are busy serving the consumer electronics industry.

"It is not easy to quickly revive the production lines. It will take at least 18-24 months for the semiconductor industry to get back to the production levels that would give you the normal lead time (in supplies of chips to the car makers) of 2-4 weeks," he said.

"As they begin to increase the capacities, the situation will slowly improve. The lead times, which are currently four quarters, will gradually come down to three, two quarters and finally to the pre-pandemic level," he said. But the challenge is, they would have saddled with a backlog of the demand of almost one year.

Key role

Unlike in the past, chips play a key role in a motor vehicle. "Forget about cars, even two-wheelers need electronics. In the case of electric or hybrid vehicles, the problem is much more, with the total of cost of electronics and battery would get past the half of the vehicle value," he said.

The IESA President said the situation is getting better for the industry globally and in the country. "Samsung has announced an investment of $100 billion, while the US government and European consortium too have announced investments to the tune of $30 billion each," he said.