ACMA
(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India

(Western Region)

Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

CONTENTS

TWO-THREE WHEELERS Page No.

COMPANY NEWS

GOVERMENT POLICY

MISCELLANEOUS

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 23rd September 2021

'Auto parts sector on recovery lane'

With the forthcoming festival season, Q3 looks promising, says Arathi Krishna

G BALACHANDAR

Chennai, September 22

Sundram Fasteners Ltd (SFL), one of India's top auto parts makers, posted a strong operating performance in the recent quarter amid the challenges posed by the Covid second wave. The gradual opening up of the economy from the second quarter of FY21 helped create an upward trend in demand as vehicle makers ramped up their production levels. This has augured well for the parts makers. Arathi Krishna, Managing Director of Sundram Fasteners, discusses the demand recovery, prevailing challenges, opportunities in the EV space and export growth. Excerpts:

THE BL INTERVIEW

How has been the recovery in demand for auto parts makers?

Our order book remains healthy and is improving with industrial, power generation and farm sectors growing rapidly. Auto parts manufacturers are likely to see a swift recovery in demand during the third and fourth quarter of FY22. The recovery is also expected to offset (if not fully) the loss of revenue during the first quarter.

The domestic OE segment order has reached near normal levels — 80-85 per cent of pre-Covid levels, except for the CV segment (especially heavy commercial vehicles). With the forthcoming festival season, Q3 looks promising, and the momentum is expected to last till Q4 of FY22. The replacement market has been showing good recovery and this helps SFL as we have a presence across the country. The accumulated material in the channel, which is secondary sales, is getting liquidated.

On a Year-on-Year basis, all the industry segments have fared better in August 2021 with passenger vehicle and the tractor segments doing better than August 2019 levels. We may experience a significant uptick during the forthcoming festival season, if only the chip and other shortages are taken care of. Exports are doing well too as customers from the US and Europe are looking at India as against traditional sources like China and Taiwan.

Has the semiconductor shortage issue and the associated challenges in auto manufacturing impacted the whole auto parts industry?

Semiconductor shortage is a real threat and likely to remain a challenge for the next one-to-two years on account of capacity getting diverted to lucrative areas like mobile phones, laptops, computers, etc.

It has caused light vehicle production cuts of 5.16 million worldwide, which could rise to 6.3 million before year-end. North America alone has added another 78,000 cuts, bringing the total unproduced vehicles to 1.68 million.

This number is expected to rise to 1.98 million before the end of this year. The Indian industry which looked insulated hitherto is also getting impacted significantly both directly and through some Tier 1 manufacturers.

Semiconductor shortage is a real threat and likely to remain a challenge for the next one-to-two years on account of capacity getting diverted to lucrative areas

ARATHI KRISHNA
Managing Director
Sundram Fasteners Ltd

Which are some of the auto segments that show sustainable recovery trends?

Tractors, commercial vehicle and the passenger vehicle (PV) segments are showing sustainable recovery trends. The chip shortage situation is affecting PV business in the short run and is likely to get resolved and reach predictable/stable levels by the end of Q3. The two-wheeler segment has been hit due to drastic cost increases, in view of new regulatory requirements.

The flurry of Electric Vehicle (EV) scooter launches has also created a dent in the demand for Internal Combustion Engine (ICE) variants, as many new customers are holding back purchases, with a hope that EV will become more lucrative price-wise, in the coming years. Two-wheeler urban penetration levels are very high, and demand is primarily a replacement phenomenon, and most of the urban market customers tend to view EVs positively.

'We are stratifying our current portfolio into three broad categories from an EV perspective and working closely with the customers'

How is your EV business progressing? Are you supplying to both Indian and global OEMs?

The transition to EV and BS VI impacts technology especially in the emission control area and not much with respect to the products portfolio of SFL. However, as part of an overall portfolio expansion, SFL is looking at non-auto segments like aerospace, defence, wind, solar, among others. As far as EVs are concerned, we have not had any major impact till now. However, SFL has pretty good opportunities like shafts (rotor and intermediate assembly), gear blanks, differentials, electric oil and water pumps.

Therefore, SFL will continue to post healthy growth during this transition as well. We are also stratifying our current portfolio into three broad categories from an EV perspective and working closely with the customers. The segments include parts that can be adapted to EVs with no or minimal changes, parts that can be adapted with significant changes and parts that have to be completely re-designed.

Are you getting new businesses as a result of the "China+1" strategy of global OEMs?

We are focussing on a diversified product range from EVs to non-autos, including aerospace, defence, wind, solar, etc.

We are deepening our engagement with existing customers and also participating in the new projects, in which the customers are foraying into, while at the same time we are getting into new territories and geographies uncharted earlier.

Further, there seems to be quite a good flow of Request for Quotations (RFQs) from Europe, as they look at India as a viable and effective alternative to China.

Business Standard 16th September 2021

PLI will accelerate new tech shift: Automakers

SHALLY SETH MOHILE
Mumbai, 15 September

R.C Bharagava, Chairman, Maruti Suzuki India

"IF MARUTI STARTS MAKING EVS, IT WILL ALSO GET BENEFITS. IT DOESN'T NEED PLI FOR EXISTING VEHICLES. MARUTI'S PROGRAMMES FOR NEW TECHNOLOGIES REMAIN UNCHANGED. IT WILL BRING TECHNOLOGIES ON MERIT & MARKET CONDITIONS"

Rajiv Bajaj, Managing Director, Bajaj Auto

"THE PLI SCHEME IN ITS NEW TLI (TECHNOLOGY-LINKED INCENTIVE) AVATAR SUGGESTS THAT 18 MONTHS OF DIALOGUE WITH INDUSTRY TO ENHANCE EXPORTS AND, HENCE EMPLOYMENT IS NOW HISTORY"

S S Kim, MD & CEO, Hyundai Motor India

"THE ANNOUNCEMENT OF PRODUCTION-LINKED INCENTIVE SCHEME IS RIGHT ON TIME WHEN INDIA IS WITNESSING RAPID TRANSFORMATION IN AUTO MANUFACTURING"

The government's productivity-linked incentive (PLI) scheme for the automotive sector will encourage companies to investment more on new technologies, produce parts locally, and generate additional employment, said top officials at auto firms.

This signals that there is no room for legacy automakers' reluctance on switching to green vehicles in the world's fifth largest auto market, experts said.

Rajiv Bajaj, managing director, Bajaj Auto, said the support from the policymakers towards futuristic vehicles puts greater onus on firms even as it steers clear of the earlier objectives of enhancing exports and employment. "The government's PLI scheme in its new TLI (technology-linked incentive) avatar suggests that 18 months of dialogue with industry to enhance exports and, hence, employment is now history," said Bajaj.

Support has been diverted to fuel e-scooters like the Chetak that are already entitled to a combined subsidies (central and state) of ₹1 lakh per vehicle – as also other such advanced vehicles, technologies or components – to fulfill their great responsibility with even greater subsidy, said Bajaj. The ₹26,058-crore scheme has two components — champion original equipment manufacturer (OEM) incentive scheme and component champion incentive scheme. The OEM incentive scheme is a sales value-linked scheme, applicable on electric vehicles (EVs) and hydrogen fuel cell vehicles across all segments.

Coming on the heels of the FAME II, the new scheme reinforces the government's resolve to push cleaner technologies. "It would further unleash the potential for EVs in two- and three-wheelers," said Hemal Thakkar, director, CRISIL Research. However, PV and commercial vehicles will have to wait till they attain viability from a total cost of ownership (TCO) perspective. Automotive component firms would see further improvement in cost competitiveness and will help position India as an export hub, he added.

R C Bhargava, chairman of behemoth Maruti Suzuki India, said the scheme looks good prima facie, but Maruti's decision to foray into new technologies would be based on merit. The policy takes care of some aspects of the cost, but there are others like market conditions and affordability that a company has to manage, he said.

"If Maruti starts making EVs, it will also get the benefits. It doesn't need PLI for existing vehicles. Having said that, fundamentally, Maruti's programmes for new technologies remain unchanged. It will bring new technologies on its merit and market conditions," said Bhargava.

To be sure, the market leader that controls half of India's PV market is one of the few mass carmakers that remains conspicuous by its absence in the segment. Others including Hyundai Motor India, Tata Motors, Mahindra and Mahindra have either launched an EV offering or have spelled out such plans. "The announcement of PLI scheme is right on time when India is witnessing rapid transformation in auto manufacturing," said SS Kim, managing director and chief executive officer, Hyundai Motor India. This will make domestic manufacturing globally competitive, be instrumental in achieving government's vision of Aatmanirbhar Bharat, and position India as a mobility hub.

The scheme will contribute towards reducing carbon emissions and oil imports with local manufacturing. "SIAM (Society of Indian Automobile Manufacturers) will be happy to engage with the Ministry of Heavy Industries for detailing and fine-tuning, execution and further strengthening the scheme," said Kenichi Ayukawa, president, Siam.

According to Vipin Sondhi, MD and CEO, Ashok Leyland, the scheme provides incentives for incremental performance by the firms as they move towards making India a strong hub for e-mobility while also looking at harnessing the potential of hydrogen energy. "The PLI scheme has the potential to substantially increase volumes and will provide a huge opportunity for exports to grow," said Sondhi. Anish Shah, MD and CEO of Mahindra & Mahindra, echoed the view. "This scheme is a giant step in the right direction," he said.

Business Standard 28th September 2021

Auto component firms hope to pare imports

SHALLY SETH MOHILE
Mumbai, 27 September

The productivity-linked incentive (PLI) scheme for the automotive sector, which got notified last week, would help manufacturers introduce new technologies with higher local content.

It would also reduce imports from countries like China, Taiwan and South Korea and facilitate foreign collaborators to set up manufacturing footprint in India, said executives of auto component firms. This, in turn, could also make India an export hub, they added.

India imported parts worth $13.8 billion in FY21 while it exported $13.3 billion worth of parts in the same year, according to Automotive Component Manufacturers Association (ACMA). The PLI is expected to bridge the trade deficit, which reduced to $0.5 billion in FY21, said experts.

China's share in the overall import pie was the highest at 29 per cent, followed by South Korea at 13 per cent and Germany 10 per cent. The remaining 48 per cent came from Japan, the US, Thailand, Singapore and others. The department of heavy industries (DHI) is expected to notify, in a few days, a detailed list of parts that are eligible for PLI. After this, component makers can initiate work on applying for the scheme. Once an application is approved, investment decisions can be firmed up.

"We expect to complete the whole process by the end of this year," said Nirmal K Minda, chairman, Minda Industries. Minda, which makes a diversified range of auto parts, including alternative fuel systems, air filtration systems, switches, sensors actuators and advanced driver assistance systems (ADAS), among others, is expected to be among the key beneficiaries of the PLI scheme. The scheme will speed up the localisation of new technologies and promote exports, he said, citing an instance of battery charger and controller and various other parts that are used in electric vehicles (EVs).

Deepak Jain, chairman and managing director at Lumax Industries, said, "It would facilitate investments in the joint ventures we have forged in the recent past. It only helps that the scheme has revenue-linked targets," said Jain. Lumax controls 60 per cent share in the automotive segment. With its wide range of lighting products and shifters, it is well positioned to benefit from the scheme. The scheme will help in launching an advanced technology product with a high local content, added Jain. He said after automatic transmission and automated manual transmission, a new technology like shift-by-wire can be introduced with a high local content.

Under the scheme, the local content can be as high as 60 per cent over a five year-period against 20 per cent if one had launched it without the PLI, added Jain. For auto components, the incentives range from 8 to 18 per cent. Battery and hydrogen fuel cell makers will get an additional incentive of 5 per cent. The scheme has excluded petrol, diesel and CNG vehicles from its purview for the time being.

Aakash Minda, chief executive officer (CEO), Minda Corp, which specialises in starter motors, security systems and wiring harness, said the company was exploring technology partnerships, telematics, EV components and ADAS.

Suresh K.V, president of ZF India, said, "The scheme excellently dovetails with the Make in India and is in sync with all the past schemes."

Most of the family-run auto component firms and multinationals will be eligible for the scheme, said Hemal Thakkar, director of CRISIL Research. "It provides a sizable opportunity for auto components," he said.

According to Thakkar, it will help in import substitution of electric and electronic parts that account for a sizable portion of auto component imports from South Asian countries and China.

TRACKING IMPORT

Share of imports in FY21 (in %)

Top 10 countries

China	29
South Korea	13
Germany	10
Japan	8
USA	7
Thailand	5
Singapore	5
Italy	3
UK	3
France	2

Source: ACMA

The Times of India 27th September 2021

Audi Pitches for Lowering of Import Duties on Electric Cars

Press Trust of India

New Delhi: German luxury carmaker Audi has termed high taxation on imported cars in India an impediment for growth of the electric segment while noting that even some relief in terms of duties could help it sell more vehicles and convince its headquarters to re-invest in the country for local manufacturing of such models. The company, which now sells five electric cars in the country, noted that lower taxes would help in lowering the price tag of the imported models which would help it in achieving a certain minimum volumes in the market.

In an interaction with PTI, Audi India head Balbir Singh Dhillon noted that the company has been able to sell the first set of electric vehicles it imported into the country for sale. "The first set of e-trons brought into the country are all sold off. It gives us confidence that people are ready, India is ready for electric mobility. All this is helping us to introduce more and more such cars," he noted.

The Economic Times 26th September 2021

Quad Aims to Secure Chip Supply

Nations agree on bolstering supply-chain security for critical areas

Linking up

Pact advantageous to India; country home to design houses of large chip cos

India inviting global cos to set up semiconductor fabs, could benefit with rejig of supply chain

Self-sufficiency in semiconductors a challenge, cooperation necessary for such advance tech

China's tiff with Taiwan a concern for the semiconductor supply chain

Raghu.Krishnan
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Bengaluru: The Quad Alliance — India, US, Japan, and Australia — has joined hands to secure supply chains in critical areas such as semiconductors and 5G telecom technologies, in a bid to contain the rising influence of China in these strategic sectors, according to geopolitical experts.

"Resilient, diverse and secure technology supply chains – for hardware, software and services – are vital to our shared national interests," the US said in a statement during the first-ever in-person summit of Quad leaders in Washington on Friday.

Prime Minister Narendra Modi joined US President Joe Biden, Japanese Prime Minister Yoshihide Suga and Australian Prime Minister Scott Morrison in calling for "close cooperation on supply chains with allies and partners who share our values" with an aim to enhancing "security and prosperity" of the four partner nations and to "strengthen capacity to respond to international disasters and emergencies".

PM Modi, who met Qualcomm CEO Cristiano Amon, asked the company to step up its India investments

SEMICONDUCTOR SHORTAGE

The agreement comes at a time when there is a global shortage of semiconductors.

Business Line 23rd September 2021

Import duty on luxury cars must be cut to 40%:

Launches electric four-door coupes

S RONENDRA SINGH

New Delhi, September 22

The buying power of youth in India is improving when it comes to luxury cars, but some relaxation in import duties is needed for such products so that the market reaches new heights, a top official at Audi India said.

Speaking on the sidelines of two new product launches, Balbir Singh Dhillon, Head, Audi India, told *BusinessLine* that import duties should come down to at least 40 per cent for 5-6 years, for the market to reach some volume and cater to new buyers. Right now, import duties go beyond 100 per cent when everything is added.

"From the affordability point of view, we have seen really good uptake in cars that are ₹1 crore-plus in general... not just the electric vehicles (EVs), but overall. You can correlate to this fact the quantum of liquidity with customers — any IPO is oversubscribed 100 times sometimes. That means retail investors have a lot of money, people are not able to spend the money on holiday travel and so many things. People are buying personal mobility for that reason...for weekend holidays," Dhillon said.

He said that Audi India has grown more than 115 per cent on yearly basis in the first eight months of this calendar year as compared to the industry's (luxury cars) growth of 47 per cent.

On the higher import duty for luxury car or EVs, he said, "the more import duty is taken care of, it has three levels of effect — every 10 per cent reduction has lower GST and also lower registration costs. The earliest possible ways to reduce the taxation, the multiple effect that you get, and reverse as well. The higher import duty has impact on GST because it is tax on tax".

Balbir Singh Dhillon, Head, Audi India, during the launch of Audi etron GT KAMAL NARANG

Asked about PLI scheme, he said the latest announcement by the government is very sector-specific and focused on electric mobility and hydrogen cells, not only for vehicle manufacturers but also components manufacturers.

"The first decision is, 'when do we start manufacturing cars (electric) in India?' then come the do's and don'ts. The question is when. The incentive we need is for two years and we want to do it as soon as possible and that is where the threshold limit comes into the picture...the earlier the better," Dhillon said.

More the merrier

On entry of Tesla in India, Dhillon said "more the merrier because we are in the very beginning of the electric mobility and more players would mean

The Times of India 28th September 2021

Small towns go big on Lamborghinis

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New Delhi: Difficult to believe, but one in four of the super-luxury Lamborghini cars — with an on-road price in excess of Rs 4 crore — is being bought in the hinterland and the country's smaller towns and cities such as Ludhiana, Kanpur, Guwahati, Salem, Surat, Madurai, and Indore.

Once a coveted buy, mainly for the wealthy in metro cities such as Delhi, Mumbai, Bangalore and Chennai, the ultra-expensive vehicles — such as sports cars Aventador and Huracan, and SUV Urus — are increasingly finding buyers in smaller towns where new-generation entrepreneurs, and those from multi-generational business families are buying them for a status upgrade and to announce that they've 'arrived in life'.

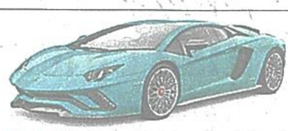
STATUS UPGRADE

The New Market

Nearly 25% of Lamborghini sales come from the hinterland or smaller towns and cities such as Ludhiana, Kanpur, Guwahati, Salem, Surat, Madurai, and Indore

The Buyers

New-generation entrepreneurs and those from multi-generational business families



We have seen a consistent growth in business from Tier 1 and 2 cities. In 2015-16, the demand was largely concentrated in metros as smaller cities were contributing only in single digits to our business —**Sharad Agarwal**, HEAD OF LAMBORGHINI IN INDIA

While flaunting wealth was avoided in many of these cities previously, the trend has been changing over the past few years, even when it comes to moving around in a top luxury brand like Lamborghini.

"In 2015-16, the demand was largely concentrated in metros as smaller cities were contributing only in single digits to our business. Today, 25% of our business is coming from tier-1 and -2 cities," Sharad Agarwal, head of Lamborghini in India, told **TOI**, adding that the trend has become more pronounced after the company drove in its first full-bodied vehicle, the Urus SUV. Lamborghini has completed the sale of 300 units in India since it began business in the country, and the last 100 came in the previous two years against the seven years it originally took to crack the three-figure mark.

Business Line 17th September 2021

Citroën India to drive into mass car market with premium hatchback

Unveils 'New C3' which will be rolled out in first half of next year

G BALACHANDAR

Chennai, September 16

The car has two-tone bodywork with a wide range of combinations

Citroën India is set to enter a big volume segment in the passenger car market as it unveiled 'a modern hatchback', developed in India for the domestic and the global markets.

The vehicle code named 'New C3' will be rolled out in India in the first half of 2022 in the premium hatchback segment that accounts for about one-fourth of the passenger car market here.

Citroën India, part of the Dutch-headquartered Stellantis Group that was formed this year through the merger of Peugeot and Vauxhall owner PSA and Fiat Chrysler, started its innings here with a premium SUV – C5 Aircross, which went on sale from April, has spelt its strategy for the Indian market. It will launch a new product every year across segments, including compact SUV, that hold good potential for future growth.

Important market

"In a market like India, the most important part is higher local content in order to be cost-competitive and the second important aspect is wider product portfolio with frequent refreshes. The New C3 will also have more than 90 per cent localisation," Roland Bouchara, CEO and MD for Stellantis in India, told *BusinessLine*.

The sub-4-mtr C3 is the first product to be developed out of the new C-Cubed platform, which will roll-out one new product every year for the next four years for the Indian and South American markets.

"With 70 per cent of demand for sub-4-mtr vehicles and 50 per cent of the people being first time buyers, C3 will be a very crucial part of our India growth journey. Our R&D teams in India and Paris have collaborated and developed this car with very high localisation, which will be improved further going forward," said Bouchara.

C3 will offer a high driver position, which is in fact one of the highest in the segment and higher ground clearance (180 mm) compared to other hatchbacks. Also, the car has two-tone bodywork with a view to offer a wider range of combinations. 10 customisation variants are available in India, including single-tone and two-tone (body in one colour and roof in another colour). Four body colours are available (White, platinum grey, steel grey, Orange), as well as two roof colours (platinum grey or zesty orange).

Young buyers

"The C3 is positioned in that sweet spot and will appeal to the young generation of customers in India, who are looking for differentiated experiences. Our customisation strategy will play a big role," said Saurabh Vatsa, Citroen Brand Head, India.

C3 will be produced at its Chennai plant, which will have an annual production capacity of 100,000 units. It has built a Powertrain Plant at Hosur in Tamil Nadu.

Business Line 21st September 2021

'Auto majors must take advantage of sops'

OUR BUREAU

Chennai, September 20

Arun Goel, Secretary, Ministry of Heavy Industries, at a press meet in Chennai BIJOY GHOSH

The Centre will continue to support the automotive industry, but it will be the responsibility of individual players to devise strategy and stay successful by taking advantage of incentive measures, according to Arun Goel, Secretary, Ministry of Heavy Industries.

He was responding to a question on the exit of automotive players like Ford from the Indian market.

'Supporting the industry'

"We don't look at one particular company. We are supporting the entire industry. We are offering a level playing field as compared to any other country in the world.

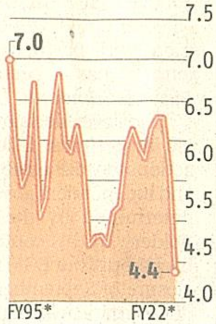
"Our role is that of a facilitator and we want to attract investments through various programmes such as the PLI scheme. It's up to each company to figure out how they fit in based on their corporate strategy," he said after an interaction with the industry players in Chennai on the production linked incentive (PLI) scheme for the automobile industry. Highlighting the industry's potential, he said the Indian auto sector received $34.5 billion investments during the five years preceding Covid. "If the Indian auto ecosystem was not attractive, why would those investments have come," he added.

The auto industry continues to see investments and job growth. Also, exports are on the rise. The Indian auto industry's domestic sales and exports have grown at a CAGR of 8-10 per cent in the last five years. So, it is a success and an encouraging story, said Goel.

He also pointed out that the PLI scheme would encourage the existing component players to graduate to next level of manufacturing advanced automotive technology products.

2-wheeler to car sales: Record low ratio shows Covid impact on poor

TIGHTENING RATIO
Two-wheelers to PV sales



*FY22 number annualised based on sales in the first five months Source: SIAM

KRISHNA KANT
Mumbai, 26 September

The recent trend in two-wheeler sales in the domestic market suggests that the economic slowdown and Covid-19 have taken a bigger economic toll on those at the lower-income ladder. Two-wheeler makers have reported a much sharper decline in their sales volume in the domestic market than car and sports utility vehicle (SUV) manufacturers and the corresponding ratio is now at an all-time low. Domestic sales of two-wheelers when annualised — based on the figures for the first five months of FY22 as provided by Society of Indian Automobile Manufacturers (SIAM) — would be down 21 per cent YoY, the lowest since FY11. Turn to Page 4

2-wheeler vs car sales

"The Covid-19 lockdown hit the poor and those at the lower-income ladder in the services industry much harder than high-income earners in white-collar jobs. This has badly hit the demand for motorcycles and scooters -- the prime mode of transport for the majority of working people in the country," says Madan Sabnavis, chief economist, CARE Ratings.

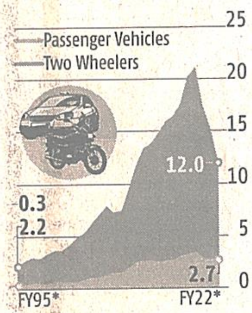
In contrast, sales of passenger cars, SUVs, and multi-utility vehicles or vans -- together clubbed as passenger vehicles (PVs) -- have bottomed out after the demand contraction in FY20 and FY21. Domestic sales of PVs were up 1.2 per cent on an annualised basis (based on the April-August 2021 figure). However, volumes were still down nearly 19 per cent from FY19 levels.

Automakers sold 1.14 million units of passenger vehicles in the April-August 2021 period which translated into an expected sales volume of around 2.74 million in FY22, up from 2.71 million in last financial year.

As a result, the ratio of two-wheeler to passenger car sales declined to an all-time low of 4.4X in the first five months of FY22, from 6.3X in FY20 (a normal year). Analysts say that a sharp decline in two-wheeler sales may also hit car sales a few years down the road as most two-wheeler users upgrade to four-wheelers.

DOMESTIC SALES OF PVS AND 2-WHEELERS

(Numbers of units in mn)



*FY22 numbers annualised based on sales in the first five months Source: SIAM

"Auto ownership in India largely starts with a motorcycle or scooter, and then people upgrade to entry-level cars and eventually to SUVs as their income rises. So, such a big decline in two-wheelers sales is bad for the growth potential of the four-wheeler industry," says Shailendra Kumar, CIO Narnolia Securities.

Two-wheeler makers, such as Hero MotoCorp, Bajaj Auto, TVS Motors, and Honda Motorcycle & Scooters India (HMSI), together, sold a little less than 5 million units in the domestic market during the April-August 2021 period, translating into annual sales of around 11.97 million units.

This will be nearly 44 per cent lower than the industry's peak domestic sales of 21.2 million units in FY19. Overall sales in FY22 may be higher or lower if the demand trend changes in the second half of FY22. Two-wheeler makers had sold 15.1 million units in the domestic market in FY21, down 13.3 per cent from 17.4 million in FY20.

The current decline in two-wheeler sales is the longest drought for the industry since SIAM started reporting sales data beginning FY95. For example, two-wheelers sales had declined 7.9 per cent in FY08, following the 2008 Lehman Crisis, but volumes picked up from the next year itself. Before that sales had declined by a modest 1.6 per cent in FY98.

Analysts fear that this time, it may take many years of double-digit growth for the industry to recoup the loss in sales volume. At the current level of sales, it would require a 77 per cent jump in volumes to reach the sales volume achieved in FY19.

Business Standard
27th September 2021

PRESS REPORTS
ON
FORD INDIA EXIT

Business Line 24th September 2021

Ford India coercing dealers to sign non-disclosure agreement: Fada

SHALLY SETH MOHILE
Mumbai, 23 September

The Federation of Automobile Dealers' Association (Fada), the automobile dealers' apex body, in a letter to the minister of heavy industries, Mahendra Nath Pandey, has alleged Ford India is making "coercive efforts" to get its dealers to sign a non-disclosure agreement (NDA), imposing "unreasonably tight timelines, under economic duress".

It has urged the government to form a task force to monitor the compensation structure being worked out by Ford India for its dealers in the country. The management of the local arm of the US automaker is in discussion with its dealers.

In the letter to the minister, Fada President Vinkesh Gulati asked the government to instruct Ford India to keep the industry body in the loop regarding the compensation structure.

Earlier this month, the Detroit-based automaker said it would stop vehicle production at its two plants in India and sell only imported vehicles as part of a restructuring exercise.

Its decision will impact over 4,000 employees and about 170 dealers who operate more than 300 outlets.

"We humbly request your Ministry's intervention ... Create a task force which takes day-to-day updates from Ford India to monitor the compensation plan for automobile dealers and dealership employees," Gulati said in the letter.

Besides, he has asked the ministry to make sure that Ford India indemnify dealers from various consumer and civil cases, both under pendency and against any future cases that may arise directly or indirectly out of the automaker's restructuring announcement.

"Ford India is forcing its dealers to first sign Non-Disclosure Agreement (NDA) latest by September 14, 2021, before any compensation package is worked out. Many Ford dealers have directly or indirectly requested Fada to take up the matter for an amicable resolution," he noted.

The contents of the NDA, pointed out Gulati, are broad and do not mention whether they would take into account factors including damages owing to the costs of idle establishment and infrastructure, maintenance, employee retrenchment claims, etc.

According to Fada, close to 464 automobile dealers have lost ₹2,485 crore over the past five years and some 64,000 employees have lost their jobs due to the exits of multinational automakers from India.

Among those that have quit India's automobile market, the investment of ₹2,000 crore made by the dealers of Ford India, the fifth-biggest and latest auto company to wind down its manufacturing and sales operations, tops the chart, shows the data compiled by Fada.

The dealer body is seeking legislation for protecting dealers' rights. This would ensure that adequate information is available to the customers and protect dealers from sudden exits by companies, the letter said.

COST OF INDIA EXITS

Year of exit	Name of the company	No. of dealers	Employment loss	Dealer investment (₹ cr)
2021	Ford India	170	40,000	2,000
2017	General Motors	142	15,000	65
2020	Harley Davidson	34	2,000	70
2018	Man Trucks	38	4,500	200
2019	UM Lohia	80	2,500	150
	Total	**464**	**64,000**	**2,485**

Source: Federation of Automobile Dealers' Association

Business Line 24th September 2021

FADA asks govt to set up task force to monitor Ford's compensation structure for dealers

OUR BUREAU

New Delhi, September 23

The Federation of Automobile Dealers Associations (FADA) has urged the government to set up a task force to monitor the compensation structure being worked out by Ford India for its dealer partners across the country.

In a letter to Heavy Industries Minister Mahendra Nath Pandey, FADA President, Vinkesh Gulati, urged Ford India to keep the industry body in the loop regarding the compensation structure for dealerships.

"We humbly request your Ministry's intervention...create a task force which takes day-to-day updates from Ford India to monitor the compensation plan for automobile dealers and dealership employees; initiate a formal discussion on Automobile Dealers' Protection Act, and its importance to protect small and medium enterprises, their skilled employees and the customers," Gulati wrote.

He also urged the Minister to make sure that Ford India indemnifies dealers from various consumer and civil cases, both under pendency and against any future cases that may arise directly or indirectly out of Ford's restructuring announcement.

Fifth biggest exit

After General Motors (in 2017), Man Trucks (in 2018), UM Lohia (in 2019), Harley Davidson (in 2020) and multiple fly-by-night electric vehicle players, Ford India is the fifth biggest exit from Indian markets since 2017. While Ford maintains that this is not an exit, the modalities of the restructuring of Indian operations suggest otherwise, he said. "Ford India is forcing its dealers to first sign Non-Disclosure Agreement (NDA) before any compensation package is worked out. Many Ford dealers have directly or indirectly requested FADA to take up the matter for amicable resolution," he said.

He further said that on reading the agreement, FADA found that the definition of confidential information is extremely broad and does not explicitly mention the scope of the discussions that Ford intends to undertake with the dealers.

Business Line 23rd September 2021

Ford exit: MSME suppliers seek Brazil-like compensation

Turnover to take a hit, should compensate for job losses: parts makers

G BALACHANDAR

Chennai, September 22

Ford India's auto parts suppliers in the MSME (micro, small and medium enterprises) segment have sought adequate compensation from the US car maker like it offered in Brazil and made a plea to the Tamil Nadu government to extend support for the short term to overcome the losses on account of the closure of factories by the company.

While parts makers that put up dedicated units are worried over the future

Affected MSME players have made a plea to the TN govt to extend support BIJOY GHOSH

course of action, most of the other MSME suppliers will see an impact in the range of 15-30 per cent on their revenues, it was pointed out at a meeting chaired by T M Anbarasan, Rural Industries Minister, V Arun Roy, Secretary-MSME and others.

"Ford has indicated that it would produce about 30,000 EcoSport till December and if that continued, we would have exhausted raw materials and finished goods by then. About 15-20 per cent of our turnover will be impacted by Ford's closure," stated a representative of Alfa Rubber & Springs Ltd, a tier-2 supplier of Ford.

He said the company had made investments and hired staff exclusively to supply for Ford India. "We have to plan how we can use the same for other OEMs. When Ford closed its operations in Brazil, they gave adequate compensation to the suppliers. Hope they will do the same here as well," the representative said.

Another medium-sized company, which has been supplying connecting rods to Ford India for the past 10 years, said about 1/5th of its production is dedicated to the US car maker. The ₹80 crore company said that it carries huge stock and materials and would have to seek adequate compensation.

Abhijeet Ranee Polymers, which supplies blow moulding parts, said its parts are special ones and would not be able to explore new business with other OEMs. Its revenue is ₹2.2 crore, of which ₹1 crore and 180 employees will be impacted due to Ford's exit.

'No response from Ford'

SFS Solutions, which has been supplying fuel and brake parts since 1997, will see about 80 per cent of its turnover (₹80 crore) and 200 staff impacted by the closure of Ford India. "We will have to make a claim of about ₹25 crore to Ford. They should also compensate for job losses. Meanwhile, we are operating on leased land from Ford. What will happen to us after Ford India's exit? There is no response from Ford on this," said a representative of the company.

State Minister Anbarasan stated that the Chief Minister MK Stalin acted swiftly after the announcement of Ford's exit from India. "The Chief Minister indicated the State government's intent to facilitate the sale of Ford's factory to any interested party. The workers union has also already submitted a plea and the Tamil Nadu government will extend all possible support," he added.

Business Standard 23rd September 2021

Ford talks up compensation with dealers

SHALLY SETH MOHILE
Mumbai, 22 September

Ford India on Wednesday met its principal dealers to work out a compensation formula as it prepares to exit India's automobile market as part of a restructuring it announced on September 9. Most of the company's 170 dealers signed a non-disclosure agreement — a precondition set by the company to start negotiations.

The day-long meeting hosted by Anurag Mehrotra, Ford India managing director, was attended by 10 principal dealers of the company at its corporate office in Gurugram.

As part of the restructuring plan, Ford will cease production of cars and sport utility vehicles at its plants and will sell vehicles only till stocks last.

In a response to a query on the company's dealer compensation plan, a spokesperson for Ford India said, "We have a plan that ensures continued viable business for our dealer partners. We like to share those details first with our dealer partners than anyone outside."

Meanwhile, in a meeting with Minister of Heavy Industries (MoHI) Mahendra Nath Pandey on Tuesday, the Federation of Automobile Dealers Association requested the ministry to act as an intermediary between dealers and the company.

"This is to ensure all dealers get fair compensation and the company gives a written commitment regarding servicing the vehicles for 10-15 years," said a person who attended the meeting. The Ford India spokesperson said the company is working with its dealers. "We continue to maintain full customer operations for our existing customers with service, aftermarket parts, and warranty support," he said. The 170 dealers have 391 outlets and have invested approximately ₹2,000 crore for setting up their dealerships. Cumulatively, dealerships employ around 40,000 people. Dealers currently hold 1,500 vehicles, which amount to ₹150 crore via inventory funding from reputed Indian banks.

S&P: Revenue may crimp to a fourth in FY22

Ford India's revenue from operations will crimp to less than a fourth of its FY21 tally, with the announced closure of its automotive operations, according to India Ratings & Research. Ford India's 2021-22 revenue is expected to be ₹2,000-3,000 crore, a sharp fall from ₹13,516 crore in FY21, said the rating firm in a report. The management has indicated that Ford India's near-term operational performance is may be in line with initial 2019-20 earnings. BS REPORTER

Business Line 17th September 2021

FADA seeks clarity from Ford on dealer compensation

PRESS TRUST OF INDIA
New Delhi, September 16

Automobile dealers' body FADA has sought clarity from Ford about the compensation structure it is working out for its dealer partners after announcing the closure of its two manufacturing plants in the country as part of a restructuring exercise.

In a letter to Ford India MD President and Managing Director Anurag Mehrotra, FADA President Vinkesh Gulati pointed out the difficulties being faced by the company's dealers across the country.

Huge losses

He said Ford dealers were staring at huge losses as customers have started cancelling the bookings in the wake of the plant closure announcement.

Gulati said dealers were worried about the compensation structure as many were not even five years old in the system and may not have even reached the break-even point. He also pointed to lack of clarity in the Non-Disclosure Agreement (NDA) communication sent by the automaker to its dealer partners.

According to a Bloomberg report, Ford Motor Co dealers in India face potential legal action from customers after the US auto giant decided to shut its factories in the country. Dealers will likely face "legal complications" given that Indian consumer law makes them liable after a manufacturer exits, Vinkesh Gulati, President, FADA, said in an interview with Bloomberg TV.

"We expect Ford to give some compensation to dealers and plan something in future so that dealers aren't in a legal strangle against customers in consumer court cases for their service responsibility," Gulati said.

Dealers invested about ₹2,000 crore building Ford dealerships in India, which employ about 40,000 people, he said.

PRESS REPORTS
ON
ELECTRIC VEHICLE

The Economic Times 27th September 2021

Not Just Startups, EV Makers Also Keen on Hiring Freshers

EV players faced with talent crunch, aim to build cost-efficient and effective teams

Nehal.Chaliawala
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Mumbai: For Gen-Z, startups aren't the only Day Zero talent shoppers on campus. Hot new success stories in mobility – EV makers – are now lining up to hire fresh college grads. And these companies don't seem that keen on talent coming in from traditional automakers.

Staffing firm TeamLease said on average it hires 10 freshers for every one experienced employee for EV firms. That compares to a ratio of four campus recruits to one experienced hand for conventional automakers. The company has placed over 2,000 people with seven EV manufacturers so far.

"The companies are asking us to send as many freshers as we can, which was really surprising for me too," Indranil Ghosh, VP and business head, TeamLease Services, told **ET**.

The roles range from assembly line workers on the factory floor to sales personnel and even test riders. Graduates from industrial training institutes (ITI) and diploma holders are finding work on shopfloors, while college graduates are being hired to handle sales, Ghosh said.

Green & Fresh

TeamLease on avg hires **10 freshers for every 1 experienced employee** for **EV cos**

Company has placed over **2k people** with **7 EV cos** so far

Quess Corp said **EV cos** are hiring a few experienced hands and supplementing them with many more freshers

Roles range from assembly line workers to sales personnel and test riders

Quess Corp, the largest staffing firm in the country, said that EV makers are hiring a few experienced hands and then supplementing them with many more freshers rather than going for a team full of experienced employees. That makes the teams not just cost-efficient but more effective too. "Because six hands are more productive than two hands," explained Lohit Bhatia, president – Workforce Management at Quess Corp.

"If they (EV makers) were earlier paying an experienced resource compensation of ₹24 lakh, now they would hire one experienced resource and allocate five-six freshers reporting to them at compensation of ₹3-3.5 lakh."

The focus on freshers was also due to a lack of people with the necessary experience in the market, EV being a new industry, manufacturers told ET. People with experience at conventional automakers also must go through a lot of unlearning when joining an EV company, putting them more or less on a par with freshers.

"Given that we have the need to go back to the drawing board repeatedly, we have found it easier to work with freshers. They come with fresh perspectives, don't have biases, and are ready to learn quickly," Sunitha Lal, CHRO at electric scooter maker Ather Energy, told ET. The company has about 1,200 employees of which 200 are campus recruits.

The Economic Times 30th September 2021

Small EV Cos Rue Lack of Adequate Footprint to Qualify for PLI Scheme

To ask govt for lower thresholds for existing EV makers, special sops for startups

Nehal.Chaliawala@timesgroup.com

Mumbai: Indian companies that specialise in the manufacturing of electric two- and three-wheelers believe they will be left out of the government's production-linked incentive (PLI) scheme, because the qualification criteria are too steep for them to meet.

An automaker must have a group-level revenue of at least ₹10,000 crore and have made a minimum investment of ₹3,000 crore in fixed assets to qualify under the recently announced ₹25,938-crore scheme to promote the manufacturing of battery and hydrogen fuel cell vehicles.

While appreciative of the scheme, electric vehicle (EV) makers say they would not qualify if the criteria remained the same for everyone. Most of the specialised EV makers are small and several — such as Hero Electric, Ather Energy and Kinetic Green — are startups.

At a closed-door meeting organised by the Society of Manufacturers of Electric Vehicles, multiple manufacturers said the criteria left them ineligible, people in the know told **ET**. The meeting was attended by more than 30 EV makers and component vendors.

The EV segment in India is tiny compared with the conventional vehicle industry. Specialised EV manufacturers make a fraction of the revenue and investments required for the PLI scheme.

However, established manufacturers of conventional vehicles, like Bajaj Auto, TVS Motor, Tata Motors and Mahindra & Mahindra, easily meet both conditions. New entrants like Ola Electric would also be able to qualify. The unit of cab aggregator Ola that just started production will be classified as a new, non-automotive company at the group level.

In Short, It's A Tall Ask

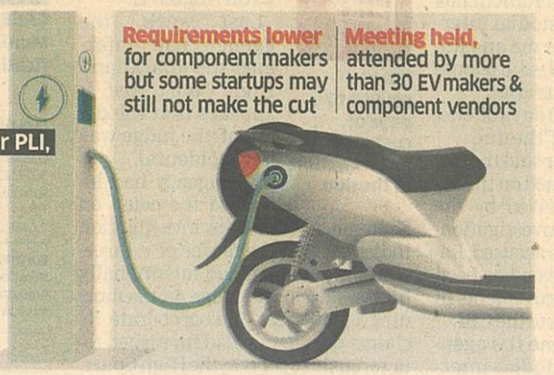
Only large conventional automakers will qualify for PLI, EV makers argue

₹10,000 cr minimum revenue, ₹3,000 cr minimum investment to qualify

₹250-2,000 cr minimum investment in next 5 years to receive incentives

Requirements lower for component makers but some startups may still not make the cut

Meeting held, attended by more than 30 EV makers & component vendors



The Economic Times 22nd September 2021

Ola's EV Entry Gives Spark to Price War

Existing players in the electric scooter space hold on to their price points

Lijee.Philip@timesgroup.com

Mumbai: Ride-hailing firm Ola's entry into the electric two-wheeler space has triggered a price war in the segment.

EV players like Ather, Okinawa, Pure EV, Simple Energy and traditional two-wheeler makers such as TVS Motor Co, Hero Electric and Bajaj Ltd are retailing e-scooters in the Rs 70,000 to Rs 1.13 lakh range, aided by state subsidies.

Models such as Ather 450X/Plus, Okinawa Praise, Pure EV Pluto, Simple Energy One, TVS iQube and Bajaj Chetak are witnessing an interesting price play after Ola said its S1 and S1 Pro models would be sold for Rs 99,999 and Rs 129,999, respectively.

Existing players in the e-scooter space are holding on to their price points despite competitive pressures, experts said.

The Indian electric two-wheeler segment is currently dominated by a handful of players and the entry of Ola has charged up the e-scooter landscape further, they said.

India has the potential to become a global EV manufacturing hub and Ola's EV ambitions hinge on its make-or-break pricing.

Affordability could help achieve scale in a vehicle segment where scooters with traditional engines cost ar und Rs 75,000 to Rs 80,000.

At the time of annoncing his e-scooter's pricing in August, Ola chief executive Bhavish Aggarwal had said that low running costs and inexpensive maintenance could help it take on traditional two-wheeler makers.

"Ola's scooter pricing comes from a known disruptor. Competition will have to counter it on pricing, technology and efficiency as their USPs for e-scooters," said VG Ramakrishnan, MD of Avanteum Advisors. "Ola has managed to establish its brand and sourcing efficiently to cater to large volumes."

EV firms will compete on technology and performance in addition to price, said Jeetender Sharma, managing director of Okinawa.

"The benchmark is the Honda Activa and it should be easy to transform it into an e-scooter. Consumers are preferring e-vehicles due to lower operating costs," Sharma said.

Tarun Mehta, CEO of Ather Energy, said automotive buyers do not decide purchases "by a small price delta".

EV Offerings

Ola S1/Pro	₹99,999-129,999	Pure EV Pluto	₹83,999
Ather 450X/Plus	₹110,000-132,000	Okinawa Praise	₹99,708
Bajaj Chetak	₹100,000-115,000	TVS iQube	₹1,10,898
Simple Energy One	₹1,09,000	Revolt (bikes)	₹1,66,000

Business Line 17th September 2021

Ola Electric sells scooters worth ₹600 cr in 24 hours

Four units of its flagship 2-wheeler offerings sold every second

OUR BUREAU

Bengaluru, September 16

India is embracing electric two-wheelers and how! On Wednesday and Thursday, customers were beating a path to Ola Electric's sales window. The mobility giant's electric vehicle arm reported sales worth ₹600 crore within 24 hours of opening the purchase window for its S1 and S1 Pro scooters on September 15. It said it sold four units of the vehicles every second.

The company had kept a very short window of sales open. CEO Bhavish Aggarwal had noted in a company blog that midnight of September 16, sales would close. However, consumers can still continue to reserve a spot in Ola's purchase queue.

When it opened registrations for the scooters on July 15, the company had said it had got over a lakh bookings within 24 hours. A euphoric Aggarwal, seeing the booming sales of the much-anticipated scooters, said in his blog post, "That's more, in value terms, than what the entire 2W industry sells in a day. Make no mistake, the age of EVs is here. This response is beyond our expectations."

Booming domestic market

The Ola S1 Electric scooter is priced at ₹99,999, while the S1 Pro costs ₹1,29,999. The former has a 2.98kWh battery pack, while the latter has a larger 3.97kWh battery pack. Both are available in a choice of colours.

The company sees the high consumer demand as a sign that India has huge pent-up demand and is a massive domestic market for two wheeler EVs. "India is committing to EVs and rejecting petrol," noted Aggarwal. "We must leverage this to drive innovation, a robust local EV ecosystem and make India not only a big EV market, but also a global EV manufacturing hub," he added.

The company has set up more than 100,000 charging points across 400 cities

Ola Electric recently committed to employing 10,000 women at the company's manufacturing facility Ola Futurefactory and make it an entirely women-run shop-floor. Located in Hosur, Tamil Nadu, Ola Futurefactory is a 500-acre manufacturing unit set up for the production of Ola's two-wheeler EVs. The manufacturing facility will have the capacity to produce 10 million electric scooters per year.

Charging points

Along with the manufacturing plans, Ola Electric also has plans to set up a charging network called Ola Hypercharger Network. The company says it has set up more than 100,000 charging points across 400 cities. However, these charging points would only be accessible to Ola e-scooters.

Led by the rise in fuel prices and revised FAME II incentives, two-wheeler EV companies have recorded tremendous growth this year.

Business Line 30th September 2021

EV plans may not fructify soon as India will be hooked on to oil for years to come: OPEC

BLOOMBERG

September 29

Indian motorists will struggle to move away from gasoline- and diesel-powered cars over the next quarter of a century, suggesting the nation's push for electric vehicles may not be a complete success, said OPEC.

Diesel and gasoline will make up 58 per cent of India's oil demand in the next 25 years, from 51 per cent now, according to the latest long-term report from the Organisation of Petroleum Exporting Countries.

The addition of 200 million passenger and commercial vehicles mean the two fuels will continue to dominate oil consumption in the world's third-biggest oil consuming nation, it said.

'Diesel, gasoline will make up 58% of oil demand in next 25 years'

Oil demand

India's oil demand, which was battered by the Coronavirus, is expected to reach its pre-pandemic level of 4.9 million barrels a day in 2021 before more than doubling to 11 million barrels by 2045. OPEC meets almost 71 per cent of India's crude oil requirements.

The projections from OPEC are at odds with Prime Minister Narendra Modi's aim to make India energy independent in the coming decades through increased carbon efficiency and gas-based fuel usage and electricity-driven mobility.

Continued addiction to petroleum would mean greater dependence on imports for a country that already buys 85 per cent of its oil from overseas.

The Economic Times 26th September 2021

Evergrande EV Unit Says There's no Certainty it Can Pay Its Debt

'In view of liquidity pressure, the group has suspended paying some of its operating expenses'

Bloomberg

China Evergrande Group's electric-car unit said there is no guarantee it can meet its financial obligations as it continues to look for strategic investors to inject much-needed capital.

"The group is encountering a serious shortage of funds," the Hong Kong-listed entity said in an exchange filing late Friday. "In view of the liquidity pressure, the group has suspended paying some of its operating expenses and some suppliers have suspended supplying for projects."

The statement confirmed an earlier report by Bloomberg News that China Evergrande New Energy Vehicle (NEV) Group had missed salary payments to some of its employees and fallen behind on paying a number of suppliers for factory equipment. Those cash flow difficulties mean the carmaker that had ambitions to take on Elon Musk in the electric-vehicle sector will likely miss its target to start mass deliveries next year.

Evergrande NEV said Friday that it's negotiating with potential investors about selling some of its elderly care projects and overseas assets in order to "improve the group's overall efficiency and to supplement working capital".

The company added, however, that it "remains uncertain as to whether the group will be able to consummate any such sale".

Officially created when Evergrande Health changed its name to Evergrande NEV in July last year, the company bills itself as a carmaker but most of the money it does bring in still comes from its community health service business and nursing home facilities.

Last month, Evergrande NEV reported a 4.8 billion yuan ($742 million) loss for the six months to June 30 and revenue of 6.92 billion yuan, the vast majority of that — 6.89 billion yuan — from the group's health and aged-care business. The EV unit is a relatively small part of Evergrande's sprawling empire, which includes financial services and a bank, but which is primarily reliant on residential apartment sales.

Shares in Evergrande NEV tumbled as much as 25.8% on Friday, bringing losses for the year to 93%. In February, when the stock was at its peak, Evergrande NEV, which hasn't mass produced a single car, was valued at more than Ford Motor Co. and General Motors Co.

Facing Losses

Evergrande NEV continues to look for strategic investors for more capital

Firm said it's negotiating with potential investors about selling some of its elderly care projects and overseas assets

(It) remains uncertain as to whether the group will be able to consummate any such sale — Evergrande NEV

$742 million **Loss Evergrande** NEV reported last month for the six months to June 30

The Economic Times 27th September 2021

'Demand for EVs for Commercial Use may Rise 15-fold in 6 Months'

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New Delhi: Demand for electric vehicles for commercial use is estimated to increase fifteenfold in the next six months with rise in fuel prices, incentives rolled out by the central and the state governments and renewed emphasis by e-commerce companies to electrify their last-mile delivery fleets, accelerating the adoption of e-mobility in the country.

Sameer Aggarwal, founder & CEO at RevFin, which has been financing electric vehicles in the space since 2018, said in the last 6-9 months, recognition has come in the market about the need to move to EVs. Both central and state governments have announced incentives that have made EVs a lot more affordable for consumers; EMIs have become smaller, repayments have bettered. "In July and August alone, there has been a three-fold increase in demand compared to pre-pandemic years. We expect a15X rise in demand in the next six months (compared to pre-pandemic times)", he informed.

With the government aggressively encouraging the use of e-mobility to reduce crude imports and improve vehicular pollution, all major e-commerce companies have started looking at electrifying their delivery fleet and placing orders for new products. "The momentum is already there, sizeable scale will kick in in the next 9-12 months", said Aggarwal, adding the market size for electric vehicles for commercial use is estimated to grow to $15-20 billion in the next five years.

For one, economics alone will propel the drive towards EVs — the running costs per km for an electric vehicle for commercial use is nearly a fourth of ₹4/ km for a petrol or diesel vehicle. Aggarwal informed, "There is already a sharp uptick in demand for electric vehicles for commercial use in Delhi, Madhya Pradesh, Orissa, Jharkhand, Uttar Pradesh, Uttarakhand, Punjab and Haryana."

To be sure, Niti Aayog chief executive Amitabh Kant earlier this month told ET, in the next two years, all urban delivery vehicles must go completely green. The government think-tank already has on-board 30 companies including Mahindra Electric,vTata Motors, Zomato, Sun Mobility, Lightning Logistics, Big Basket, Bluedart, Hero Electric, and Swiggy for the recently launched Shoonya initiative.

Business Line 18th September 2021

Ola e-scooter sales top ₹1,100 crore in two days

OUR BUREAU

Bengaluru, September 17

The second and final day of sale of Ola electric scooter continued to surge high, reaching over ₹1,100 crore.

"This is unprecedented, not just in the automotive industry but it is one of the highest sales in a day (by value) for a single product in Indian e-commerce history! We truly are living in a digital India," said Bhavish Aggarwal in a company blog.

While the purchase window is now closed, the reservations for Ola S1 and S1 Pro remain open on the company website. Ola will now be reopening the purchase window on November 1, around Diwali. Those who have already reserved but did not purchase in the last two days will be able to purchase during that time.

Ola had reported sales worth over ₹600 crore in the first 24 hours of opening the purchase window. "That's more, in value terms, than what the entire two wheeler industry sells in a day. Make no mistake, the age of EVs is here. This response is beyond our expectations," Aggarwal had said yesterday.

It has recently committed to employ 10,000 women at the company's manufacturing facility Ola Future factory. Located in Hosur, Tamil Nadu, Ola Future factory is a 500-acre manufacturing unit set up for the production of its electric two wheelers. The manufacturing facility is said to have the capacity to produce 10 million electric scooters per year.

Training, upskilling

The company claims to have invested significantly in training and upskilling these women in core manufacturing skills and they will be responsible for the entire production of every vehicle manufactured here.

Ola Electric also has plans to set up a charging network called Ola Hypercharger Network. The company claimed that it plans to set up more than 1 lakh charging points across 400 cities for its e-scooters.

Led by the rise in fuel prices and revised FAME II incentives, two-wheeler EV companies have recorded tremendous growth this year.

The Economic Times
19th September 2021

EV Customers Facing Charging Roadblocks

Many RWAs don't want charging points but builders offering infra in new projects

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Mumbai: When Roshan John, a Bengaluru-based IT engineer, brought home an electric scooter in June this year, he ran into an unforeseen problem: the residents welfare association (RWA) in his housing society would not allow installation of an EV charging point at his parking bay. John has to take his scooter a kilometre away from home to charge it. The story is the same for electric vehicle owners across cities, but help is on the way.

Many governments and leading real estate developers are taking measures to ensure at least upcoming residential complexes have adequate vehicle charging facilities as EV adoption picks up across the country.

"EVs have become more mainstream... Potential residents will want EV charging as an inbuilt amenity in their apartment, like air conditioners," said Amitabh Kant, chief executive officer of official think tank Niti Aayog. "Several states, as part of their EV policies, have already announced that EV charging would be a mandatory requirement for new buildings, especially large-scale buildings," he said. "It now remains to be included in the byelaws to become enforceable."

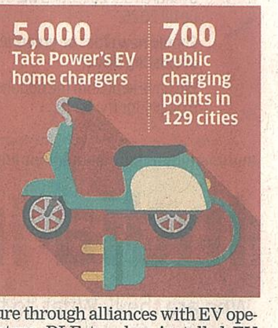
EV charging (infra) will be mandatory for new buildings, especially in large-scale projects, says Niti CEO Amitabh Kant

Leading real estate developers including Hiranandani Group, DLF and K Raheja Corp have started including EV charging in their new complexes.

Developers Take Lead ▸▸ 6

Developers Take Lead

▸▸ From Page 1



"We have signed with EV charging and battery swapping solution provider EVRE to install and operate EV stations within the integrated township (in Thane), the electricity for which is being supplied by MSDCL service," said Niranjan Hiranandani, founder and MD of Hiranandani Group.

"EV charging points for individual parking at the request of residents can also be installed," Hirandani said. "Future development within the township will have pre-installed charging points, cabling and equipment." The company plans to follow it up by installing EV charging stations in its projects in Navi Mumbai, Chennai and Powai.

Ramesh Ranganathan, CEO of K Raheja Corp Homes, said the developer's upcoming residential projects will be equipped with EV infrastructure through alliances with EV operators. DLF, too, has installed EV charging points in all its new projects in Delhi and NCR. "While these are in dedicated locations in each project, we are installing meters and EV points as per customer's requests as they buy an EV," a company spokesperson said.

The Times of India 21st September 2021

MCCIA to launch workshop on EVs with focus on safety

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Pune: The Mahratta Chamber of Commerce, Industry, and Agriculture (MCCIA) will launch a training programme for capacity building in electric vehicles, with emphasis on current business environments, future expectations, and safety measures.

The programme is aimed at industry players and educational institutions. EV experts have long called for increased capacity building among students, industry players, and others; for more dissemination of prevailing standards in car bodies, powertrains, and other inputs; regulatory and policy framework; and the schemes available. The need for awareness of safety standards has become relevant after last week's fire completely gutted a Bavdhan Budruk warehouse, with investigations pointing to a short circuit at an electric vehicle charging station on the premises.

The course, designed by current and former auto industry veterans and experts, will focus on technology trends in the EV business, powertrain, and transmissions such as hybrid technology, as well as batteries and battery management system (BMS), the latter being crucial to ensure battery and charging equipment safety "Since EVs are coming up in a big way, and Pune is an auto hub, we need to track this trend for the good of the industry. Infrastructure for EVs is also very important , and so is health and safety," said Prashant Girbane, the director of MCCIA.

Auto sector welcomes PLI scheme

Pune: The product-linked incentive (PLI) scheme announced by the Union government for the automotive sector last week was welcomed by manufacturers and suppliers.

Large component manufacturers said the focus on electric vehicles in the scheme would incentivize them to invest in new technologies, especially with other subsidies announced under FAME. "The government must next focus on upskilling the workforce for the EV market," KV Suresh, president of the components manufacturer ZF India, said.

However, MSMEs, which are key to the automotive sector supply chain, said longstanding issues should have be addressed first. "The issues were exacerbated due to the pandemic. Many units in our area have had to shut down due to cash crunch, and others are struggling," a Pune-based manufacturer said. TNN

PRESS REPORTS
ON
TRACTORS

Business Line 25th September 2021

VST Tillers to widen focus on small farm equipment

Will ramp up dealer network for growth

G BALACHANDAR

Chennai, September 24

VST Tillers Tractors, a leading manufacturer of farm equipment and tractors, is widening its product portfolio in power tiller and other small farm equipment segments and simultaneously ramping up dealer network to support its growth plans.

Big growth

It has set out a strategy to become a strong small farm mechanisation company over the next 4-5 years. "We are betting big on this small equipment category as we are seeing a lot of demand for small farm equipment — power weeders, brush cutters, even things like chainsaws. Demand for these is coming from across the country as labourers have become scarce and people are wanting to do it themselves, especially the ones who have 2-3 acre farms. So, there is an exponential growth for these machines as the segment has been recording a CAGR of 20-22 per cent," Antony Cherukara, Chief Executive Officer of the company, told *BusinessLine*.

Total market

In FY21, the total market for power weeders alone was about 125,000 units and it is expected to grow to 150,000-170,000 units this fiscal. Though the market is highly unorganised, consolidation is expected going forward.

In power tillers, we are

looking at 20-30 per cent growth. For small and marginal farmers, the power tiller is an affordable machine. And the dependency on subsidies has gone down. So, there are multiple reasons driving growth and as leaders (with 53-54 per cent market share) we are bringing out new products so that the affordability can be ensured, he said.

A few days ago, the company launched what it called India's first 9 HP, electric start, indigenous power tiller, specifically for farming, orchard, nursery & gardening applications.

Supply opportunity

Cherukara said the ban on import of power tillers from China provided an opportunity for the company to supply to all the importers who were buying from China. "With adequate capacity, we have been supplying to major players already and we are in talks with a couple of other players to supply power tillers," he added.

In the first year of operation after it entered into a distribution tie-up with French company Pubert for power weeders, VST Tillers sold about 1,800 units of Pubert's weeders and in this fiscal it expects exponential growth in sales as it has already sold more than 1,000 units in the past few months.

To support its growth plans, the company will continue to ramp up its dealer network. Last year, it added about 155 dealers in power tillers and 100 dealers in tractors. The company plans to have about 800 dealers in the tractor and close to 1,000 dealers in the small farm mechanisation space. Currently, it has about 520 dealers in the power tiller space and about 350 dealers in the tractor space, he said.

"Last year we achieved a milestone by clocking over 40 per cent growth. This year, in the first quarter, we clocked 33 per cent growth and we expect to continue to do that," he said.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

The Economic Times 28th September 2021

Demand from CV Sector Picking up, to Drive Growth: Sona BLW

Co expects sales in the category to regain peak volumes seen in 2018 only by 2024

CHARGED UP

Contribution from electric vehicles to the company's overall revenues will increase every year, says managing director Vivek Vikram Singh

PRESS REPORTS
ON
TWO-THREE WHEELERS

The Economic Times 22nd September 2021

Recovery Still Slow for 2-Wheelers, Segment's Share Lowest in 10 Years

Price increases, pandemic's impact bring share below 74% for the first time since FY13

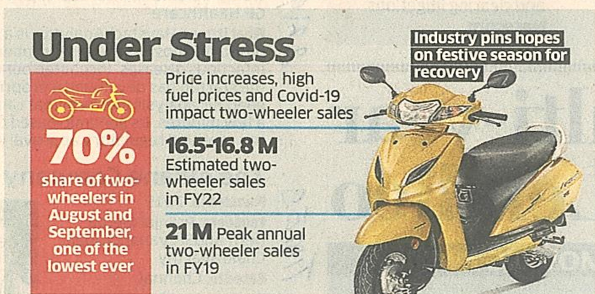
Nehal.Chaliawala
@timesgroup.com

Mumbai: The share of two-wheelers, the common Indian's primary means of transport, has dipped to a decadal low in the market due to several factors like sharp price increases, the economic impact of the pandemic, and educational institutions being closed.

Out of all the vehicles registered in the country, the share of two-wheelers has dipped below 74% for the first time since FY13, data show. In fact, during the months of August and September, it has dipped to just 70% which could be one of the lowest ever.

The data were sourced from the road transport and highways ministry's VAHAN platform by the Federation of Automobile Dealers' Associations (FADA). Vehicle registration data are a proxy for the retail sales of automobiles in the country.

"Demand in two-wheelers has become challenging. The lower-middle class has been highly impacted financially by the pandemic," FADA President Vinkesh Gulati told **ET**.



Sales of two-wheelers in the country were languishing even before the Covid-19 pandemic. From a peak of 21 million units sold in FY19, sales dropped to just 15 million units in FY21.

This was primarily due to a dip in demand for the entry-level motorcycle, experts said, that have witnessed price increases upwards of 20% in the past two years due to regulatory compliance.

High fuel prices and uncertainties caused by the pandemic for the economically less-privileged has added to the woes of this segment.

Petrol prices have breached the Rs 100-mark in several states in the country. Education institutions like colleges being closed also worsens the situation as students form a significant consumer base for two-wheelers.

Meanwhile, since the country opened post the lockdowns, the recovery in the passenger vehicle segment, or cars, has far outpaced that in the two-wheeler segment.

For perspective, registrations of two-wheelers in India during the month of August lagged pre-pandemic figures of August 2019 by 23%. Meanwhile, passenger vehicle registrations grew 32% last month when compared to August 2019.

In fact, carmakers are looking at second-best sales in a decade this fiscal year despite a shortage of semiconductor chips limiting production. Meanwhile, the two-wheeler market is expected to end this financial year at 16.5-16.8 million units, a growth of 10-12% over FY21 but significantly lower than the peak of FY19, according to a recent note from Crisil.

"Significantly, this volume growth would come on a low base–after a tumble of 13.2% last fiscal and 17.2% in (FY20)," Crisil analysts wrote in their report.

Financial lenders to the automotive segment like HDFC Bank and Mahindra Finance expect a sharp recovery in sales of two-wheelers too during the next 90 days, ET reported last week.

Gulati said that all hopes for the sector are pinned on the festive season.

"The upcoming festive season could be a trigger for the segment," he said. "If not, then we have little hopes for the segment in the near future."

Business Line 22nd September 2021

'We will continue to push for premiumisation'

Yamaha Motor India chief speaks on product strategy, market share growth

G BALACHANDAR
Chennai, September 21

Japanese two-wheeler major Yamaha has been boosting its presence with a range of premium products in both bike and scooter segments from time to time. The premiumisation push under the brand campaign 'The Call of the Blue' appears to have worked well for the company in boosting market share. On Tuesday, Yamaha introduced its globally popular Maxi sports model Aerox 155 and its flagship 155cc super sport bike, the YZF-R15 V4 to up its game. Motofumi Shitara, Chairman, Yamaha Motor India Group, spoke to *BusinessLine* about the company's product strategy, market share growth and marketing campaigns: Excerpts:

THE BL INTERVIEW

How would you describe Yamaha's performance as compared to peers in India in the past two years?

Yamaha has acquired around 20 per cent market share in the premium motorcycle segment (149cc to 155cc), and 6 per cent market share in the premium 125cc scooter segment. Features and specs in our premium bikes and scooters are at par with our global offerings. Every product introduced by Yamaha is designed to target specific customer requirements that are gathered through our ongoing market research. We also keep updating these products with the changing market demand and actively educate our customers about all the new technological advancements through various on-ground and digital activities.

Your scooter business seems to have hit a slowdown curve. What are the key reasons?

The scooter market saw an overall decline of 20 per cent in FY21 compared with FY20, owing to the impact of Covid-19 and growing fuel prices. But, Yamaha's 125cc scooter sales have been increasing steadily, with 5 per cent market share in the year 2019 and 6 per cent in 2020. This steady market share is owing to a well-planned customer focused digital marketing strategy, backed by a product range that's packed with several unique features. Nonetheless, our hybrid scooter models — the Fascino 125 Fi, Ray ZR 125 Fi and the Ray ZR Street Rally 125 Fi — are highly popular in the 125cc space due to performance, mileage, safety, and utility factors, while they are also the lightest scooters in their segment.

How are you planning to boost your scooter segment share?

To make our 125cc scooter range even more attractive, we have recently introduced hybrid technology, making the Fascino 125 Fi and the RayZR 125 Fi the first ever Indian scooters to have received this technology. While we will create awareness about our features-packed 125cc scooter range, we will also be taking feedback from our customers and closely monitoring the competition to identify the scope for new segments. Yamaha will also focus on building a strong network and strengthen its position in the premium segment through a strong portfolio of strategically planned products, under 'The Call of the Blue' campaign that has already set its stage in sportiness, and style. Overall, Yamaha will focus more on reaching out to a wider audience in the metro cities and surrounding districts with aggressive digital and on-ground customer engagement activities, as the demand for personal mobility in these areas will surge more than ever.

Customers focus more on the features and technology on offer and are willing to pay, if the product justifies it.

MOTOFUMI SHITARA,
Chairman, Yamaha Motor India Group

In bikes, is there a plan to target the commuter segment or would you stick to 150cc and above segments?

We have been focusing on the premium 150cc segment since 2018 and will continue to do so, as it has been one of the most rapidly growing segments for motorcycles in the Indian market. Today, motorcycling has become a part of lifestyle for the young generation, which is also our target audience. Herewith, the customers focus more on the features and technology on offer and are willing to pay, if the product justifies it. Hence, even with higher displacement products entering the market, the 150cc category has continued to be an exciting class offering the perfect balance of performance, practicality, and cost effectiveness. As a result, the 150cc class holds enormous value for both new and experienced customers. Other factors that have led to the growth of this segment over the last few years are increasing urbanisation, aspirational needs and improved purchasing power.

Business Line 22nd September 2021

Yamaha drives in YZF-R15 range; new 155 cc scooter at ₹1.29 lakh

OUR BUREAU
New Delhi, September 21

India Yamaha Motor (IYM) on Tuesday launched a range of motorcycles and scooters, as part of its brand campaign 'The Call of the Blue', to be available from the end of this month.

In the motorcycle segment, it launched the fourth iteration of its flagship 155 cc supersport, the YZF-R15 Version 4 with price starting at ₹1.68 lakh (ex-showroom, Delhi). The 2021 range of YZF-R15 gets a host of segment-first features, the company said.

The range is powered by a 155 cc, four-stroke, liquid-cooled, SOHC, four-valve engine that produces a maximum power of 18.4 PS at 10,000 rpm, with a torque output of 14.2 Nm at 7,500 rpm. The fuel-injected motor with variable valve actuation (VVA) is mated to a 6-speed gearbox.

Manual transmission

The model is also the first small-displacement Yamaha motorcycle with manual transmission to feature Traction Control System, which

The YZF-R15 Version 4

The Aerox 155

controls the ignition timing and fuel injection volume to instantly adjust engine power output to avoid excessive slippage.

It is also the first Yamaha single-cylinder motorcycle to feature a quick-shifter (standard on the YZF-R15 V4 Racing Blue and YZF-R15M), for smooth, clutchless, upshifts. It activates when speed is at or over 20 km/h, the engine rpm is at or over 2,000 rpm, and accelerating, IYM said.

"The YZF-R15 V4 carries the same racing DNA as the YZF-M1 and YZF-R1. The R15 V4 will provide Indian customers with all the latest technology that Yamaha has gained from conducting multiple racing activities. I believe that the all new YZF-R15 V4 and the YZF-R15M will take the thrills of racing to a whole new level and provide greater experience to our R15 fans in India. Yamaha will continue to provide such unique products and services in the Indian market in the future as well," Motofumi Shitara, Chairman, Yamaha Motor India group of companies said.

In the scooter segment, the company introduced globally renowned Maxi Sports Scooter – Aerox 155, in India's premium scooter space, at starting price of ₹1.29 lakh (ex-showroom, Delhi). It is powered by a new generation 155 cc Blue Core engine equipped with VVA and mated to a CVT transmission. The liquid-cooled, four-stroke, SOHC, four-valve motor produces a max power output of 15 PS at 8,000 rpm with 13.9 Nm of peak torque produced at 6,500 rpm.

Business Line 17th September 2021

TVS Motor's new 125cc bike Raider priced at ₹77,500

OUR BUREAU
Chennai, September16

TVS Motor Company has introduced its new 125cc bike TVS Raider, targeted at "the aspirational young customers in India and globally".

At a starting price of ₹77,500 (ex-showroom, Delhi), TVS Raider is available in drum and disc variant. It will come in four colours — red, blue, black and yellow.

The new launch is expected boost the overall bike volumes of the company as it has been absent in the 125cc segment. The annual volumes of this segment (above 110cc -125cc as per the definition) is

estimated at about 2.4 million units. Hero and Honda are the major players in this segment with a combined market share of about 80 per cent.

TVS Raider comes with first-in-class features such as a reverse LCD digital speedometer, optional 5-inch TFT cluster with voice assist, multiple ride modes and first-in segment under-seat storage, according to a statement.

Key features

It is coupled to an advanced 124.8 cc air & oil-cooled 3V engine, which will churn out a maximum power of 8.37 kW @ 7,500 rpm and torque of 11.2 Nm @ 6,000 rpm. Also, it boasts of acceleration of 0-60 km/h in 5.9 secs, described as the best-in-class, and a top speed of 99 km/h.

"We will again seize their imagination with the TVS Raider and its Naked Street Styling, best-in-class Acceleration with Ride Modes and mono-shock based ride-handling together with the TVS intelliGO and ETFi led mileage performance. I am sure our customers would appreciate the distinctive ride character of the TVS Raider; its one-of-a-kind animalistic headlight and the first-in-segment reverse LCD cluster," said Aniruddha Haldar, Vice President (Marketing) – Commuters, Corporate Brand & Dealer Transformation, TVS Motor Company.

TVS Raider also comes with an optional 5-inch TFT cluster with TVS SMARTXONNECTTM variant, which offers Bluetooth connectivity and voice assist.

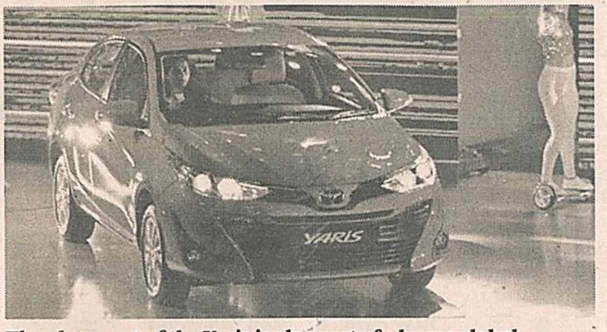
PRESS REPORTS
ON
COMPANY NEWS

Business Standard 28th September 2021

Toyota slams the brakes on Yaris

Customers can get spares for sedan for next 10 years; rebadged Ciaz roll-out soon

SHALLY SETH MOHILE
New Delhi, 27 September



The phase-out of the Yaris is also part of a larger global strategy which has seen Toyota and Suzuki sharing products for India and the neighbouring markets

Toyota Kirloskar Motor (TKM) will stop making the Yaris with effect from Monday (September 27), amid falling sales and shifting buyer preferences from sedans to sport utility vehicles (SUVs).

The local arm of the Japanese carmaker launched the premium mid-size sedan three years ago to take on the likes of the Honda City, Hyundai Verna, among others.

The phase-out of the Yaris is also part of a larger global strategy which has seen Toyota Motor Corporation and Suzuki Motor Corporation sharing products for India and the neighbouring markets.

Much like the Glanza and the Urban Cruiser, which are the rebadged versions of the Suzuki Baleno and the Brezza, Toyota will get the new-generation Suzuki Ciaz, expected to be launched during the festival season this year. The phasing-out of the sedan, said TKM, is part of the company's product strategy "to continue to cater to the ever-evolving needs of the customer through enhanced technologies and product offerings".

Preparations are underway to launch new Toyota models in 2022, the firm said. Both the Ciaz and Yaris addressed the same segment. It, therefore, made little or no sense to continue selling a low-selling under-performing model.

The Yaris broke cover at the Auto Expo in 2018 and was aimed at reeling in newer buyers who couldn't afford a Toyota model, into its fold. But it failed to have the desired effect. Compared to rivals Honda and Hyundai that sold 1,200 to 1,300 units of the City and the Verna, Toyota sold less than 600 units of the Yaris per month. It didn't help that the buyer preference has been of late shifting rapidly to compact and mid-size SUVs. The segment accounts for a third of total passenger vehicle (PV) sales in the country.

The Yaris lacked crucial aspects, such as rear leg space. Whatever little chance it had was marred by the Urban Cruiser and the Glanza, said Avik Chattopadhyay, co-founder, Expereal, a brand consulting firm. "The Yaris was pitched as a more affordable Toyota. But that pitch got diluted with the launch of the Suzuki rebadged models, which were roomier, better, and less expensive," said Chattopadhyay.

Moreover, Toyota and Suzuki had tasted success with the Glanza and the Urban Cruiser and rebadging a third product reinforced the strategy, said Puneet Gupta, director, I.H.S Markit, a market research firm. For Toyota, which was struggling to clock higher volumes in India's competitive PV market, cross-badging worked really well, he said.

The latest move by Toyota is also prompted by the rapidly changing priorities of global automakers, said Gupta. "They (automakers) would rather conserve their resources for new technologies like electric or hybrid. No one is keen on investing in internal combustion engine-only markets anymore," he added.

Toyota will continue to seamlessly cater to all Yaris customer needs through its dealer service outlets across the country, along with the promise of availability of genuine spare parts for a minimum of 10 years on this discontinued model.

Business Line 17th September 2021

TVS Motor pedals into e-bicycle space with Swiss co EGO Movement buy

G BALACHANDAR

Chennai, September 16

TVS Motor Company today announced the acquisition of Switzerland-based electric bicycle company EGO Movement in an ₹132-crore (CHF 16.6 million) all-cash deal.

The company picked 80 per cent in EGO through its Singapore arm and the remaining 20 per cent will be held by the founders of the Swiss company.

Three outcomes

The two/three-wheeler major's acquisition signals three broad outcomes. First, the company's intent to become a personal mobility player with a wide-ranging portfolio, including electric bicycles, which are seen as future mobility products with huge potential particularly in urban centres.

Second, the acquisition is set to create more visibility for the TVS brand in Europe, which is at the forefront of electric mobility. Third, the acquisition offers the company the scope to further boost its international revenues, which have grown to 30 per cent now. E-bikes can accelerate this further.

Sudarshan Venu, JMD, TVS Motor Company.

"The e-bike segment has been growing dramatically particularly in Europe and the US. This will come to other markets as well. So, we are super excited about this deal," said Sudarshan Venu, Joint Managing Director, TVS Motor Company.

Scaling up overseas biz

EGO Movement, founded by Daniel Meyer and Marie So, has a wide range of e-bikes, e-cargo bikes, and e-scooters. The company employs about 40 people and reported a revenue of CHF 5 million in 2020. It sells around 3,500 units a year including e-personal mobility vehicles in the city, hybrid and cargo category. The plan is to scale up the business in Europe, where the e-bike market is forecast to grow to $20 billion in five years. "EGO has unique design capabilities and offers a customer-focussed approach. We have 10 stores already in Europe, particularly in Switzerland and Germany. Liechtenstein is also a fast-growing market. Apart from the Europe expansion, we will look at America, India and other markets, too," said Sudarshan Venu.

Along with digital and other forms of distribution, EGO's stores will be ramped up to 20 by 2022 and 32 by 2025 in Europe. With the proposed expansion, TVS expects to grow the revenue of EGO to CHF 10 million this year and about $100 million (CHF 90 million) in about five years.

In India, the leisure segment offers scope for the launch of EGO e-bikes, while in the long-term other segments will also offer scope, he said.

Business Line 27th September 2021

Open to offering diesel option if situation demands it: Maruti

S RONENDRA SINGH

New Delhi, September 26

The country's largest passenger vehicles manufacturer, Maruti Suzuki India (MSIL), still thinks there is no immediate requirement for diesel option on its cars.

The company has not been offering diesel options on its cars for the last two years.

Speaking to *BusinessLine*, Shashank Srivastava, Senior Executive Director (Marketing & Sales), MSIL said,"We are still re-evaluating if there really is a requirement for diesel vehicles to be brought in. We are analysing data and getting market feedback and we will decide on the reintroduction of the diesel vehicles."

He, however, added that whenever there is a market for diesel, MSIL will launch products with the existing 1.5-litre engine.

Electric vehicles

Asked about electric vehicles (EVs), Srivastava said the market is still nascent. "Right now, it is only two per cent of EVs compared to internal combustion engine (ICE) vehicles. To make a business case, you need to have a sustainable volume and probably hybridisation is the way – we have to talk about electrified cars and not electric cars alone because the powertrain of a hybrid vehicle is similar to ICE and the localisation will happen, which will bring down the cost and further generate volume. We have been saying that and the direction has been clear," he said.

Shashank Srivastava, Senior ED (Marketing & Sales), MSIL

PLI scheme

Asked about the latest production linked incentive (PLI) scheme, Srivastava said that it is progressive and will give a thrust to EVs.

He added that while the cost of acquisition will come down, the cost of battery still has to be brought down.

"Last year, only 5,000 electric passenger cars were sold, which is less than 0.5 per cent of the overall PV sales. But it is a good beginning, and we have been saying it should continue to grow to reach up to an inflection point...how fast we can reach there, is a big question though. So, PLI scheme probably can help in achieving that a little bit," he said.

Till then, Srivastava said that manufacturers have to continue to work on making fuel-efficient vehicles, which MSIL has been doing.

Business Line 10th September 2021

Eccentric Engine starts virtual concierge for Nissan Magnite

SHALLY SETH MOHILE
Mumbai, 24 September

Concierge claims to be the first-of-its-kind digital platform with embedded native experience by any automotive firm globally

Checking each detail of a newly launched car or SUV model from the comfort of your living room at the click of a mouse is now passé, thanks to 3D visualisation. But imagine moving a step further and being assisted by a sales manager virtually, real time, and taking the purchase decision to its last leg! That's the promise Eccentric Engine's Concierge is making.

With the virtual sales advisor, it is possible to not only check out the car from every possible angle, but also initiate the purchasing process, figuring out the resale value of the existing model and even choosing the requisite finance option. Concierge claims to be the first-of-its-kind digital platform with embedded native experience by any automotive company globally. The Mumbai-based a technology incubator and a pioneer of automotive visualisation in India, launched the solution for Nissan Magnite on Friday.

"This is the first 3D-enabled live commerce for the automotive industry in the world. We want to make it a norm for any car and even two-wheelers and commercial vehicle purchase," Varun Shah, co-founder, Eccentric, told *Business Standard*.

A car buying process includes 28 touch-points, of which 17-20 have been digitised by most carmakers. Processes such as selecting financing options and related documentation will be digitalised in future, according to Deloitte's latest Global State of Consumer Tracker survey.

The Concierge will allow Nissan users with real-time personalised product expert interaction that provides information about the vehicle, answer product and ownership-related queries, variant suggestions, financing and exchange value options, virtual test drives as well as booking the car online.

The virtual sales manager's concept is based on live commerce (a form of online shopping where customers can shop during live video streaming of events) is common in FMCG. It's unheard of in the automotive industry as automobiles are a highly emotive product that involves multiple layers of decision making, said Shah.

Though people explore cars online, the final purchase is made at the dealership. The time span when a person checks out a model online to when it is purchased ranges from 5-50 days. "That's the bottleneck we are looking to address. We want to crunch this to about 10 minutes," said Shah, adding that the idea is to get an online sales assistant to help the potential buyer address all additional queries he might have after zeroing in on a model. Rakesh Srivastava, managing director, Nissan Motor India, said the pandemic has challenged the traditional way of customer engagement.

How Concierge works

While browsing through the website of a car company, if a visitor appears to be very engaged while exploring a model — checking out a particular feature of the car, change the colour of the model a few times, the website senses there is a need for a live consultation and offers one with an expert.

The expert could be from the call centre or from the dealership. He/she is well-equipped and trained to field all kinds of queries. Nissan is the first firm to have used Concierge. Other auto majors are likely to partner Eccentric Engine for the same in the coming quarters, said Shah. Plans are afoot to partner carmakers outside India for it, he added.

Eccentric Engine counts Maruti Suzuki, Toyota Kirloskar, Citroen, Tata Motors, MG Motors among others as its partners, to which it is offering the 3D visualisation solution.

The Economic Times 28th September 2021

OUTPUT TO BE ABOUT 80% HIGHER OVER PREVIOUS MONTH

Maruti to Raise Production in Oct, Sounds Out Vendors

Vendors told to be ready with supplies to meet output goal of over 1L cars next month

Ketan Thakkar
& Ashutosh R Shyam

Mumbai: Maruti Suzuki has told its component suppliers to be ready for the production of 160,000-180,000 cars and SUVs in October, as the nation's largest passenger vehicle maker is making arrangements to secure supply of chipsets through multiple channels, people in the know said.

If it managed to meet the target, the October output would be 60-80% higher compared with September, and just about 5% short of the numbers a year earlier. The automaker that sells one in every two passenger vehicles in India has been forced to limit production this month to around 100,000 units due to global shortage of semiconductors, a key component in new-age vehicles.

Maruti's ability to source chips may have improved with an easing Covid-19 situation in Malaysia. The Southeast Asian country's chip manufacturing facilities are now working for seven days a week in three shifts.

About two-thirds of the targeted output are likely to be managed out of Maruti Suzuki's own facilities in the National Capital Region. The remaining will be sourced from Suzuki Motor Gujarat, another Indian unit of parent Suzuki Motor of Japan.

Some industry insiders, however, said there was no guarantee for the maker of the Swift and Vitara Brezza to meet the target, and that the guidance was probably meant to keep the vendor network ready in case the chipset availability improved. According to them, the projection comes with a downward bias of 15-20%.

If the chip supply improved, but the component and raw material situation remained constrained at the vendor level, it would lead to a significant production loss for the company just ahead of festival season, said a person close to Maruti Suzuki, requesting anonymity.

The company is also urging vendors to prepare for an output of over half a million in the October-December quarter. That suggests potential production growth of 7.5% from a year earlier in the crucial festive quarter.

Positive Signs

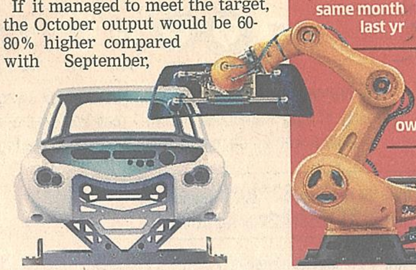
October output likely to be 60-80% higher over Sept

Output in Oct may be just 5% short of production of same month last yr

Chip manufacturing cos working for 7 days in 3 production shifts

About two-third of co's output may come from own facilities in NCR

One-third will be produced and supplied by Suzuki Motor Gujarat



PRESS REPORTS
ON
GOVERNMENT POLICY

The Economic Times 16th September 2021

ET Q&A

DEPARTMENT OF HEAVY INDUSTRIES SECRETARY

Auto PLI Scheme Makes India Most Attractive for Investment

The production-linked incentive scheme for the auto sector addresses India's cost disability completely and makes the country most attractive to invest globally, department of heavy industries secretary Arun Goel tells **Sharmistha Mukherjee** and **Deepshikha Sikarwar**. Edited Excerpts:

With the incentives offered, how attractive would the scheme be to global players? Do you think Tesla would be interested to invest under the scheme?
Investors look at the returns they can get on their investments. When they compare different economies from an investment point of view, they look at plus. They have been saying that India has certain cost disabilities. When it comes to advanced automotive technologies like EVs and hydrogen fuel cells, since we do not have supply chains or economies of scale, cost disabilities in these sectors are higher. We are now giving an incentive up to 18% under this scheme. We are fully addressing the cost disability. If they do their calculation of profitability, India will be most attractive globally. So why would they not come?

Our share in the global supply chain in advanced tech is very low. By how much can we increase with PLI scheme?
That will depend on how enthusiastically our industry takes advantage of the new ecosystem that the government has created.

ALLOWING CHINESE COS

Everyone is eligible. However, all these things have to be in consonance with other policies of the government

Some of the Chinese manufacturers have been wanting to invest here. Will they be allowed to apply under the scheme?
Everyone is eligible. We have not said A is eligible or B is not eligible. However, all these things have to be in consonance with other policies of the government. All clearances which are otherwise applicable will be applicable here also. The scheme is open to all.

PLI scheme focuses on advanced automatic tech like hydrogen and EV. Does it mean that new tech under ICE will be excluded from it?
Internal Combustion Engines vehicles have been in vogue for the last 100 years. There have been some misgivings on the fuel. Fuel of ICE could be petrol, diesel or CNG or ethanol. We are including ICE vehicles, but they are included to the extent of the new things they bring in. So that's advanced automotive technology. ICE vehicles are becoming more and more connected, autonomous or shared. This is the era where auto electricals and auto electronics value addition is increasing. All the supply chains are extremely weak or non-existent in the country. PLI scheme's objective is to help the industry bring out the structural change and PLI scheme will act as a catalyst in that. All these new technologies which are non-existent or weak and largely imported are being incentivised for all vehicles. These technologies are for all vehicles ICE or electronic or hydrogen fuel cell. When you say new vehicles, new vehicles in totality are hydrogen, EVs or some new tech that may come in future.

COST DISABILITIES

When it comes to advanced automotive tech like EVs & hydrogen fuel cells... cost disabilities are higher. We are now giving an incentive up to 18%

What about hybrids?
Hybrids are nothing but ICE. So ICE may be hybrid or mono fuel. All are included. What is included is what new they are doing and not for what they already have?

Why was the outlay reduced from what was announced earlier?
The scheme has been approved today. When we spoke to stakeholders, we identified the weaknesses and gaps and which areas had to be incentivised. We identified those requirements and tried to monetise them. We then calculated on the basis of how many auto components or OEMs companies are likely to participate. When we formulated this and populated against cost disability, our requirement was only ₹25,938 crore. No funds were cut.

Business Line 16th September 2021

Auto sector gets ₹26,058-crore PLI scheme to push new tech, clean fuels

5-year plan to fetch investments of ₹42,500 crore and incremental output of ₹2.3-lakh crore

OUR BUREAU
New Delhi, September 15

The Union Cabinet today approved a PLI (Production Linked Incentive) scheme for the auto sector to promote advanced technologies, including clean energy, with incentives of ₹26,058 crore to be provided over five years.

The auto sector is expected to attract fresh investments of over ₹42,500 crore in the five years and incremental production of over ₹2.3-lakh crore with the introduction of the PLI scheme, a government statement said. It is likely to create additional employment for over 7.6 lakh people, it added.

Also approved was a PLI scheme for the drone industry, with an allocation of ₹120 crore spread over three financial years. It is expected to bring fresh investments of over ₹5,000 crore and incremental production of over ₹1,500 crore.

"The PLI scheme for the automotive sector along with the already launched PLI for Advanced Chemistry Cell (₹18,100 crore) and Faster Adaption of Manufacturing of Electric Vehicles (FAME) Scheme (₹10,000 crore) will give a big boost to manufacture of electric vehicles," the release said. While the government had initially announced an outlay of ₹57,043 crore for the auto sector PLI scheme, it has been trimmed to ₹26,058 crore.

The PLI Scheme is open to existing automotive companies as well as new ones currently not in the automobile or auto components manufacturing business.

Takeaways

Auto
- Incentives worth **₹26,058 crore** to be provided over five years
- To attract fresh investments of over **₹42,500 crore**
- Incremental production of **₹2.3 lakh crore**
- Job creation for **7.6 lakh people**
- To help promote advance automotive technologies, clean energy
- Open to existing automotive companies and new investors

Drone
- Drone industry to be allocated **₹120 crore**, over three years
- Expected to bring fresh investments of over **₹5,000 crore**
- Incremental production of over **₹1,500 crore** likely

Scheme components

The scheme has two components. The first, called the Champion OEM Incentive Scheme, is a 'sales value linked' plan, applicable to Battery Electric and Hydrogen Fuel Cell Vehicles of all segments.

The second, the Component Champion Incentive Scheme, is a 'sales value linked' plan for advanced technology components, Completely and Semi-Knocked Down (CKD/SKD) kits, vehicle aggregates of 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles and tractors.

"The revised focus of the PLI scheme on alternative fuels, electric vehicles and utilisation of advanced technological innovations, will help the industry move faster towards future technologies.... The pandemic has taught us the essence of Aatmanirbharta in every aspect possible. Hence, this is a significant push by the government for its workforce, organisations (OEMs), and consumers to seek competitive, diverse, and climate conscious mobility solutions and a progressive India," said Venu Srinivasan, Chairman, TVS Motor Company.

Vipin Sondhi, MD & CEO, Ashok Leyland and Vice-President, SIAM, said: "The PLI scheme is all-inclusive. It provides incentives for incremental performance by the OEMs, as manufacturers move towards making India a strong hub for Electric Mobility while also looking at harnessing the potential of Hydrogen energy for automotive applications. It will also support other advanced automotive technologies."

"PLI has the potential to substantially increase volumes and will provide a huge opportunity for exports to grow. This scheme is being announced at an opportune time for India as the auto industry realigns its supply chain globally. India can therefore capitalise on this changing scenario, to become an integral manufacturing base for the world," he said.

Also read p3

Business Line 25th September 2021

Govt notifies mechanism to issue duty credit for goods exported under RoDTEP scheme

Exporters need to realise, repatriate proceeds within prescribed 9 months

SHISHIR SINHA

New Delhi, September 24

The Finance Ministry has prescribed recovery of the amount of duty credit given under the scheme for remission of duties and taxes on exported products, if exports proceeds are not realised in India, within the time frame stipulated by the Reserve Bank of India.

This is part of the mechanism, prescribed by the Ministry, for issuance of duty credit for goods exported under the scheme for remission of duties and taxes on exported products, technically known as RoDTEP. Duty credit means the amount of credit of duty allowed by Customs against a claim under the scheme. Eligible exporters are allowed to obtain scrips under the scheme (effective from January 1, 2021) at the notified rate as a percentage of free onboard value of the said goods or up to 1.5 times the market price of the said goods, whichever is less, with a value cap per unit of exported product (as applicable).

Exporters are required to file the claims by providing the appropriate declaration at the item level in the shipping bill or bill of export in the customs automated system. Tanushree Roy, Director (Indirect Tax) with Nangia Andersen LLP said the rebate amount would be granted by way of a transferable duty credit/electronic scrip (e-scrip) which will be maintained in an electronic ledger by the CBIC (Central Board of Indirect Taxes & Custom). Only basic customs duty can be discharged using the RoDTEP scrips. The export sectors ineligible for the RoDTEP scrips (such as SEZ, FTWZ, EOUs) have also been notified.

The notification makes it clear that exporters need to realise and repatriate the sale proceeds within the time period prescribed under the Foreign Exchange Management Act (FEMA). As on date, the time period is nine months. If exporters fail to do so, "the exporter shall, himself or on demand by the proper officer, repay the amount of duty credit, along with interest."

Contravention of law

The notification mentioned that in case of contravention of law or regulations related with the scheme of duty credit or even in relation to the e-scrip, duty credit or e-scrip will be cancelled post enquiry. "Where the e-scrip is so cancelled, the duty credit amount in the said e-scrip shall be deemed never to have been allowed and the proper officer of Customs shall proceed to recover the duty credit amount used in such e-scrip or transferred from such e-scrip," it said.

If amount of duty credit has been allowed in excess of what the exporter is entitled to, the notification said that the exporter will repay the excess amount himself or on demand by the tax official along with interest.

"Presently, the government has set aside ₹12,454 crore for tax refunds under the RoDTEP scheme. Being a successor to the MEIS scheme, RoDTEP comes as a big relief to exporters, as this is likely to boost their working capital management as well as give a fillip to India's exports significantly along with making Indian exports more competitive," Roy said.

The Economic Times 25th September 2021

Onus of Availing RoDTEP Duty Credit on Exporters

E-scrips issued by customs only permissible for payment of basic customs duty

Our Bureau

New Delhi: The Central Board of Indirect Taxes and Customs (CBIC) has put the onus on exporters to avail the duty credit for goods exported under the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP). In a notification, the board prescribed certain conditions and curbs for availing duty credit for goods exported under the scheme. Exporters will be responsible for availing the duty credit via proper documentation and also for keeping records of claims filed.

Besides, electronic scrips (e-scrips) issued by customs will only be permissible for payment of basic customs duty.

According to the notification, rebate amount will be issued in the form of a transferable duty credit or an e-scrip, which will be maintained in an electronic ledger. However, this will be used exclusively for payments of basic customs duty.

The government has set aside ₹12,454 crore for tax refunds under the RoDTEP scheme. The procedure specifies that for calculating the duty credit, the freight on board (FOB) value of the goods will be the lower amount between the declared export freight over board or up to 1.5 times the market price of the goods.

Exporters will have to provide declaration at an item level in the bill of export in the customs automated system. "It is pending to be seen how the market price criteria would be implemented for export goods," said Abhishek Jain, tax partner, EY.

The notification lists several exclusions or ineligible categories where scheme benefit would not be available such as exports by advance authorisation holders, export oriented units, special economic zones and units set up under manufacturing and other operations in warehouse regulations scheme. This will be disappointing for the industries concerned, said Jain.

The board said if the principal commissioner of customs or commissioner of customs has reason to believe, on the basis of risk evaluation or on the basis of enquiry, that the claim of duty credit made by an exporter on export goods may not be bona fide, "he may direct, for reasons to be recorded in writing, to allow duty credit after realisation of sale proceeds of such exports".

It has specified that duty credit under the scheme for exports made to Nepal, Bhutan and Myanmar shall be allowed only upon realisation of sale proceeds against irrevocable letters of credit in freely convertible currency established by importers in Nepal, Bhutan and Myanmar in favour of Indian exporters for the value of such goods.

Business Line 26th September 2021

Govt tightens the screws on GST evaders

Filing of GSTR1 not possible from January 1, if GSTR 3B not filed in the preceding month

SHISHIR SINHA
New Delhi, September 25

Come January 1, a GST assessee will not be allowed to file return form GSTR 1 if he/she has not filed GSTR 3B in the preceding month. This is aimed at curbing fake invoices and consequently tax evasion.

GSTR1 has invoice-wise details of outward supplies along with total tax liability and it allows the receiver of supply to claim Input Tax Credit (ITC). Here, tax is not to be paid. GSTR 3B gives details of outward and inward supplies, ITC claimed and the tax to be paid in cash (total tax liability minus ITC). Not filing the latter means government is not getting revenue.

The Central Board of Indirect Taxes & Custom (CBIC) has notified changes in return filing following recommendation made by the GST Council in its meeting on September 17. As on date, with effect from September 1, the GST portal blocks filing of GSTR1 on non- filing of two monthly GSTR 3B forms. The time period will be reduced to one month from next year. There is no change for assessees filing quarterly return which means blocking of GSTR 1 in case GSTR 3b not filed for preceding tax period.

On May 28, the Council approved sequential filing and mandatory filing of GSTR 1 before filing of GSTR 3B. The present move is the next logical step of that decision. According to tax officials, this will not only help in reducing the amount of credit passed on without filing of return and payment of tax, but will also streamline the process of return filing.

CBIC has notified changes following the recommendation made by the GST Council in its meeting on September 17 ISTOCK.COM/TZAHIV

Rajesh Gupta, Co-founder & Director, BUSY Accounting Software, said that the government is keen on improving tax compliance and reducing cases of evasion as the tax base has shrunk following various tax relief measures rolled out since the introduction of the GST regime, five years ago. Now, with the help of new provision, "Good companies will file return on time. Companies, which issue fake invoices and don't file returns, will be blocked from getting e-way bills. Besides this, the government will also monitor all such fraudulent companies (online) so that genuine businessmen do not suffer," he said.

Aadhaar authentication

The said notification has also detailed procedures for Aadhaar authentication for registered persons in various matters under GST. This will be required for filing of application for revocation of cancellation of registration, filing of refund application and for refund of the integrated tax paid on goods exported out of India.

Said Prateek Bansal, Associate Partner (Tax & Customs) at White and Brief: Post introduction of GST, there have been numerous cases detected of circular trading or obtaining ITC refund fraudulently by creation of non-existing/shell companies or firms. The requirement of Aadhaar authentication for obtaining GST refunds or revocation of cancelled registration is directed towards casting personal liability on the person in-charge of the business entity so as to avoid revenue leakage by GST evasion.

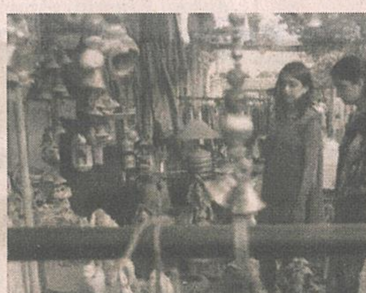
"The move is aimed at putting a leash on non-filers. The blocking/unblocking of GSTR-1 is completely system automated and, unlike revocation of cancelled registration, there is no requirement of approval from tax officers," he said.

Business Standard 30th September 2021

MSME boost: Govt widens scope of ECLGS ahead of festive season

NIKUNJ OHRI
New Delhi, 29 September

In order to increase utilisation of the Emergency Credit Line Guarantee Scheme (ECLGS) and provide support to small businesses ahead of the festive season, the government has widened the scheme's scope by increasing the borrowing limit for availing loans.



To provide support to small businesses ahead of the festive season, the govt has increased the borrowing limit for availing loans under the scheme

The ECLG scheme has been extended by six months to March 31, 2022, or till guarantees of ₹4.5 trillion are issued, whichever is earlier. However, loans under the scheme can be disbursed till June 30.

The pace of loan sanctions under the scheme had slowed, and advances of about ₹2.86 trillion were sanctioned as of September 24. Loans sanctioned as of July 2 were ₹2.73 trillion. With economic recovery and further modification, the scheme is expected to pick up pace, an official said.

The scheme has been modified to provide credit support of an additional 10 per cent, or up to 40 per cent, of total credit outstanding as of February 29, 2020 or March 31, 2021 --whichever is higher -- to existing borrowers of ECLGS 1.0 and 2.0. Those borrowers who have not availed ECLGS 1.0 and 2.0 can avail credit of up to 30 per cent of credit outstanding as of March 31, 2021. Under ECLGS 1.0 and 2.0, loans were guaranteed up to 30 per cent of outstanding credit as of February 29, 2020. As the cut-off date to avail loans under the scheme has been changed to March 31, 2021 from February 29, 2020, existing borrowers can avail incremental credit under that limit. "Borrowers who have availed assistance under ECLGS and whose credit outstanding as of March 31, 2021 (excluding support under ECLGS) is higher than that of February 29, 2020, shall be eligible for incremental support within the cap stipulated under ECLGS 1.0, 2.0, or 3.0," said a statement by the Ministry of Finance.

The modification introduced would ensure businesses, adversely impacted by the second wave of Covid-19, get enhanced, collateral-free liquidity, the statement said. "This provides much-needed support to all the ECLGS borrowers (that mainly consist of MSME units) in time for the busy/festival season," it added.

Guarantee for MFIs utilised

The guarantee cover of ₹7,500 crore provided to microfinance institutions for lending up to ₹1.25 lakh to small borrowers has been fully utilised, the finance ministry tweeted.

The scheme supported 92 non-banking financial companies-microfinance institutions through 20 scheduled commercial banks, the ministry said. "The scheme played a catalytic role in facilitating credit to bottom-of-the-pyramid borrowers in these difficult times," it said.

Under the scheme, the interest rate was capped at marginal cost of funds-based lending rate plus 2 per cent. Maximum loan tenure is 3 years, and 80 per cent of assistance was to be used by MFI for incremental lending.

Business Standard 25th September 2021

Flex-fuel engines to be mandatory soon

PRESS TRUST OF INDIA
Pune, 24 September

Union minister Nitin Gadkari on Friday said he would issue an order in the next three to four months, which will make it mandatory for the carmakers to introduce flex-fuel engines in vehicles.

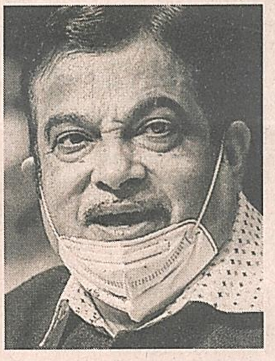
He said he wishes to see the country get rid of petrol and diesel consumption in his lifetime by switching to locally-produced ethanol.

The Minister for Road Transport and Highways was speaking at the foundation stone-laying ceremony of a flyover in Pune, where Maharashtra Deputy Chief Minister Ajit Pawar was also present.

"I am going to issue an order in the next three to four months, in which carmakers - from BMW, Mercedes to TATA and Mahindra - will be asked to make flex engines," he said.

Gadkari said he had asked Bajaj and TVS companies to introduce flex engines in their vehicles, and also instructed them not to approach him until and unless they do so, after which they came up with ethanol-flex engine.

> I HAVE A WISH. I WOULD LIKE TO STOP THE USE OF PETROL AND DIESEL IN THE COUNTRY IN MY LIFETIME AND OUR FARMERS CAN GIVE THE ALTERNATIVE TO THIS IN THE FORM OF ETHANOL
>
> NITIN GADKARI
> Union Minister for Road Transport and Highways



Flex fuel, or flexible fuel, is an alternative fuel made of a combination of gasoline and methanol or ethanol.

"I have a wish. I would like to stop the petrol and diesel use in the country in my lifetime and our farmers can give the alternative to this in the form of ethanol," he said.

Gadkari added that in order tackle the issue of noise pollution caused by honking, rules would be framed to make car horns sound like musical instruments.

"I have ordered all the carmakers to make horns using the sounds of musical instruments," he said.

He said that Prime Minister Narendra Modi had inaugurated three ethanol pumps in Pune.

"I would like to ask you (Ajit Pawar) to take up the work of setting up multiple ethanol pumps in Pune as well as in western Maharashtra districts as it would help farmers and the sugar industry," he said.

Gadkari said Pune city has become very congested and there was a need for its decentralisation.

"I would like to appeal Ajit Pawar to make Pune's air, water and sound pollution-free. I am constructing an expressway on the Pune-Bengaluru highway. I would like to ask to buy land on both sides of the road and set up a new Pune city and connect it with the Metro rail and trains. Decentralisation is needed to get rid of congestion, traffic issue, and pollution," he added.

HERALDING CHANGE

- Flexible fuel is an alternative fuel made from a combination of gasoline and methanol or ethanol
- Carmakers — from BMW, Mercedes to Tata and Mahindra — will be asked to make flex engines
- Order in the next 3-4 months
- Bajaj and TVS already informed
- Soon, rules will also be framed to make car horns sound like musical instruments

Business Line 16th September 2021

No input tax credit for CSR activities: GAAR

SHISHIR SINHA
New Delhi, September 15

Amidst increasing spends for Covid relief, input tax credit on goods or services for corporate social responsibility has got entangled in contrary rulings by Authority for Advance Rulings (AAR).

Recently, the Gujarat Authority for Advance Ruling (GAAR) said, "CSR activities, as per Companies (CSR Policy) Rules, 2014 are those activities excluded from normal course of business of the applicant and therefore, not eligible for ITC."

The applicant, Adama India, sought rulings on two questions — First, whether the inputs and input services procured by the applicant, in order to undertake mandatory CSR activities as required under the Companies Act, 2013, qualify as being in the course and furtherance of business, and therefore, be counted eligible for ITC.

Gujarat AAR ruling is contrary to UP AAR ruling

Second, whether the inputs and input services for providing notebooks and course materials for schools, construction of cement bench at public places, public urinals and auditoriums etc at educational institutions, procurement and installation of oxygen generating plant at hospitals, water filter plants, solar water heaters, masks, sanitisers, oxygen concentrator and chairs and tables in schools and hospitals be eligible for ITC.

The ruling is in line with the Kerala AAR's ruling in the matter of Polycab Wires Private Limited which held that ITC shall not be available on free distribution of electrical items like, switches, fan, cables etc. to flood affected people under CSR expenditure.

Varied view

GAAR's ruling on August 11 is contrary to the ruling by the Uttar Pradesh AAR which said, in the matter of Dwarikesh Sugar Industries, that ITC shall be available on expenses incurred to comply with the requirements of CSR under Companies Act, 2013.

Setback for corporates

Harpreet Singh, Partner, Indirect taxes at KPMG in India, said GAAR ruling may come as a setback for lot of corporates who were keen on reducing their overall tax burden by claiming input GST credit on Covid initiatives as part of their CSR. "Lot of countries have provided for VAT exemptions/input tax benefits on Covid-related expenses (as part of CSR) in order to encourage participation by corporates. Evaluating some of these best practices, may augur well for our country as well," he said.

The Companies Act says every company having a net worth of ₹500 crore or more, or turnover of ₹1,000 crore or more or a net profit of ₹5 crore or more will mandatorily incur corporate social responsibility (CSR) expenditure in every financial year, to the extent of minimum 2 per cent of the average net-profits of the company made during the three immediately preceding financial years, in pursuance of CSR policy.

Money can be spent on education, rural development, contribution to PM Cares Fund, events related to disaster management including relief activities, beside others. Spending of CSR funds on creating health infra, manufacturing and supplying oxygen etc. are also eligible CSR activities.

Business Line 25th September 2021

Foreign trade policy may be put off again

Commerce Ministry hopes to study impact of recently announced schemes

AMITI SEN
New Delhi, September 24

The Ministry of Commerce & Industry is considering postponing the new five-year foreign trade policy by a further six months to April 1, 2022 instead of October 1, 2021 as planned.

"Since schemes like the RoDTEP (Remission of Duties and Taxes on Exported Products) and PLI (Performance Linked Incentive) have just been implemented, the government may want some time to analyse their impact on exports and determine how these could be supplemented," a source tracking the matter said.

The Ministry has the option of either announcing the policy at once without substantial additional provisions or wait till the new fiscal for insights into what is required and doing the needful, the source added.

> "There is a view in the Commerce Ministry that at the moment there is nothing significant that could be announced"

'Evolving need'

The five-year FTP was initially scheduled on April 1, 2020, but it was postponed by a year due to the Covid-19 outbreak till March 31, 2021 and subsequently by another six months till September 30, 2021.

However, in the context of the pandemic, the Commerce Ministry has been responding to the evolving needs of exporters continuously through various policy notifications, another official pointed out.

"Policy making has certainly not come to a stop," he said.

The five-year FTP was initially scheduled on April 1, 2020, but it was postponed twice due to the pandemic till October, 2021

'Supporting exports'

The Centre recently notified the rates for the RoDTEP scheme for exporters of 8,555 items for refund of input taxes and cess. The scheme replaced the MEIS scheme which was considered non-transparent by the WTO. The PLI scheme, too, is getting implemented across 13 sectors, and is expected to give a push to domestic manufacturing and exports.

Earlier this month, the Finance Ministry approved immediate release of pending dues of exporters under various incentive and duty reimbursement schemes, worth a total of ₹56,027 crore,

"There is a view in the Ministry that at the moment there is nothing significant that could be announced. There are some proposed flexibilities for SEZs and some sops for promoting R&D that are on the cards but these are not bound to the announcement of the FTP and one could easily wait for another six months for it," the official said.

'Sustaining exports'

Towards the end of the fiscal one would also be clear whether the high export growth, that is currently being experienced, will sustain.

The Commerce Ministry has fixed an ambitious export target of $400 billion for 2021-22 against $292 billion attained in 2020-21. India's exports in April-August 2021 increased 67.33 per cent to $164.10 billion compared to the same period the previous year.

Business Line 28th September 2021

'New foreign trade policy on April 1, existing policy to remain till then'

Goyal says Ministry trying to ensure fair exchange rate for small exporters

OUR BUREAU
New Delhi, September 27

Commerce and Industry Minister Piyush Goyal confirmed on Monday that the existing foreign trade policy (FTP) will be extended for another six months, till March 31 next year, and the new five-year policy will be implemented from the new fiscal year.

The Centre will soon come up with the necessary notifications for continuation of the existing policy for the next six months as the older notifications would lapse after September 30.

"We are notifying it today evening or tomorrow...We have decided to extend the policy until March 31 and in the new financial year, we can start with the new policy," Goyal told reporters.

$400-billion target

The Minister also indicated that exports were on track for hitting the ambitious target of $400 billion set for 2021-22 as outward shipments during April1-September 21 2021 had crossed $185 billion. "We are all aware that exports in the first half of a fiscal are usually lower than exports in the second half...There is fatigue after March target meeting. April and May are holiday months and then you have rains coming in. This year, we had the Covid-19 second wave in April and May, running through June. Some States are dealing with it even now. Despite all this, our exporters have done very well," Goyal said at the closing ceremony of Vanijya Saptah on Monday.

Piyush Goyal, Commerce and Industry Minister

In 2020-21, India's exports were at $292 billion, which was about 7 per cent lower than exports in the previous fiscal due to disruptions caused by the pandemic world-wide.

The Commerce Ministry had earlier postponed announcement of the new five-year FTP by a year till April 1 2021 and then for another six months till September 30, 2021.

The Minister expressed hopes that by the time the new five-year FTP was announced on April 1 2022, the issues related to Covid-19 would be resolved.

Goyal said that his Ministry was also making efforts to ensure that smaller exporters are extended a fair deal, as far as a justified exchange rate is concerned, by both banks and shipping agents.

Pre-determined rate

"I have asked the DGFT to talk to the Shipping Ministry to see if they can have a pre-determined rate, something like the customs rate, which could be used by all the stakeholders in the value chain of exports. That will be the rate that will be charged to anybody who is using shipping line or paying for freight or clearing in foreign exchange," he said.

He also observed that smaller exporters were not given as good an exchange rate as larger exporters by banks and he had taken up the issue with the banking sector to ensure that a fair rate is uniformly applicable across the sector.

Business Standard 16th September 2021

Govt defends exclusion of ICE from auto PLI

ARNAB DUTTA
New Delhi, 15 September

The newly introduced production-linked incentive (PLI) scheme for the automobile sector is aimed at augmenting India's capabilities in new technologies. The project, worth ₹26,000 crore of government incentives, will help grow India's share in advanced automotive technologies and bring it closer to global standards, said Arun Goel, secretary, Ministry of Heavy Industries.

Under the scheme, projects that focus on newer segments, such as electric and hydrogen fuel cell vehicles, will be incentivised. Existing technologies in the internal combustion engine (ICE) space will be kept out of the purview of the new PLI. "Since ICE is an old technology, there is no need to incentivise. What we are not manufacturing today, electric and hydrogen fuel cell vehicles, but will be there in future, need to be incentivised," said Goel.

According to him, the scheme will be notified soon, along with detailed guidelines.

"After consultation with all industry stakeholders, the government has identified the additional requirements. The cost disabilities, pointed out by the industry, have been fully met with the incentive, which is going to be paid to the extent of up to 18 per cent," he added.

Manufacturers in India are well-equipped with the conventional ICE technology and all key components are being manufactured locally. The need for focusing on newer technologies is crucial since India's share in these segments stands at a meagre 3 percent, compared to 18 per cent globally. Worldwide, the share of advanced automotive technologies will reach 30 per cent by 2030.

For ICE, "we have sufficient capacity in our country and we have strong supply chains. So what we are incentivising is the supply chain, which is weak, dormant or non-existent", said Goel. The PLI scheme for the automotive sector primarily aims to target two areas. The original equipment manufacturer incentive scheme is linked to value sales and is applicable on electric and hydrogen fuel cell vehicles of all segments.

The component incentive scheme is a sales value-linked scheme, applicable on advanced automotive technology components of vehicles, completely knocked down/ semi-knocked down kits, vehicle aggregates of two-wheelers, three-wheelers, passenger vehicles, commercial vehicles, and tractors.

Business Line 26th September 2021

Safe harbour rules extended for AY 2021-22, rates stay unchanged

Amended rules deemed to come into force from April 1, 2021

OUR BUREAU
New Delhi, September 25

The Central Board of Direct Taxes (CBDT) has extended the applicability of Safe Harbour Rules (SHR) to Assessment Year 2021-22 (Fiscal Year 2020-21).

Introduced by the CBDT in 2009, safe harbour refers to the circumstances under which income-tax authorities will accept the transfer price declared by the assessee without any question or scrutiny. It aims to provide a certain degree of certainty to taxpayers.

The notification dated September 24 has extended the applicability of SHR by saying sub-rules (1) and (2A) will now apply to AY 2021-22 also (applicable from AY 2017-18 to 2019-20 and extended to AY 2020-21 by earlier notification). The amended rules will be deemed to come into force from April 1, 2021. "It is hereby certified that no person is being adversely affected by giving retrospective effect to these rules," the notification said.

Nitin Narang, Partner (Transfer Pricing) with Nangia & Co LLP, said that as per the notification, the rates under SHR applicable from FY 2016-17 to FY 2018-19, and later extended to FY 2019-20, will continue to apply for FY 2020-21 as well. "Like last year, this year too the rates have been prescribed for only one year, instead of for a three-year or a five-year period as was the case earlier," he said.

Should be a win-win

Narang feels that SHR should be beneficial for both taxpayers and tax authorities.

"Given that businesses are in the midst of an unprecedented economic situation, any lowering of the rates in line with the current economic circumstances would have gone a long way to make SHR more attractive; and lowering of the threshold, or adding more transactions, may add more willing taxpayers. Being an alternative dispute resolution mechanism, SHR should have been made more attractive and exhaustive rather than just being extended," he said.

MISCELLANEOUS REPORTS

The Economic Times 25th September 2021

AHEAD OF COP 26 GLOBAL CLIMATE TALKS

India Calculating Cost of Increasing Climate Goals

Move to link achieving higher climate goals to availability of global climate funds

Anubhuti.Vishnoi
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A street in Patna this week
—Rahul Sharma

New Delhi: India is doing some serious number crunching to calculate the exact quantum of funding it will require to achieve higher climate goals- a calculation that will be key to its strategy at the upcoming COP 26 global climate talks.

Referring to it as 'climate finance', India is likely to link its ability to enhance its climate targets to the availability of global green funding.

There is pressure building up on all nations including India to enhance climate goals or Nationally Determined Contributions (NDCs) at the Glasgow talks.

The recent New Delhi meetings of US Special climate envoy John Kerry also saw him urge India to up its climate ambitions, consider including its 450 GW renewable energy target as a NDC commitment and keep the zero net goal in mind.

ET has learnt that the Centre is now looking closely at data on how much it will cost the Indian economy to achieve various levels of higher climate goals or NDCs.

A zero net calculation- to reduce carbon emissions to zero by a certain year- is also said to be under assessment.

It is felt that an enhancement in NDCs- or India's climate ambitions- as is being sought by developed nations – should be linked to climate finance available to India, given the high costs involved.

"For enhancement of NDCs, climate finance is crucial and hence we are looking at making that linkage. Modeling studies are making graded assessments on the levels of funding involved or needed for various levels of NDC enhancement. An informed view will be taken accordingly to COP 26 on NDC enhancement", a top official involved in the deliberations told ET on condition of anonymity.

IN FOCUS

Centre is now looking closely at data on how much it will cost the Indian economy to achieve various levels of higher climate goals

Discussions were also held last week by the Prime Minister's Office with the Union ministry of Environment, Ministry of External Affairs, Ministries of Power and Renewable Energy and other stakeholders to firm up India's COP 26 strategy. The issue of making the linkage with availability of global climate finance was a prominent area of discussion, ET gathers.

India has repeatedly emphasized on the historical responsibility and funding obligations of the western world towards addressing climate change.

This is in keeping with India's principled stand on Common but Differentiated Responsibilities (CBDR)—calling for stronger climate action by developed nations who are historically responsible for the bulk of greenhouse gas emissions and the need for them to help fund developing and low income nations transition to a low carbon growth model.

India also feels that 'climate finance' itself needs to be understood in proper perspective and not confused with foreign 'investments' in the growing renewable energy market in the country.

India has inked collaboration agreements on renewable energy with several countries including USA and UK but most of these are in the nature of 'investments' and 'business' and not truly 'grants' assured for transitioning to a green growth model.

The Economic Times 27th September 2021

'59% of Indian Businesses Adversely Hit by Covid'

Over 90% of biz leaders say pandemic has highlighted the need to improve crisis mgmt: PwC survey

Press Trust of India

New Delhi: Over 90% of the Indian business leaders opined that the Covid-19 pandemic has highlighted the need to improve crisis management capabilities, says a survey by consultancy firm PwC India. About 59% of the Indian business admitted having adversely impacted by the coronavirus pandemic, said the PwC's Global Crisis Survey 2021-India Insights.

The survey also revealed that over 80% of India's business leaders have already invested in technology in the aftermath of the pandemic.

In India, it added, business leaders were substantially more confident than global leaders about their ability to evaluate the lessons of the pandemic and put them into action. "92% of India organisations said they were 'confident' versus just 75% of global leaders," the survey said.

The responses of India's business leaders were largely in line with the overall results of PwC's Global Crisis Survey 2021, showing only minor areas of significant divergence in views and insights.

About the survey, PwC said more than 2,800 business leaders around the world shared company data and personal insights into the impact of the Covid-19 pandemic and the future of enterprise resilience.

"With 99 respondents representing Indian organisations, our report offers an analysis of how of how our business community is responding and how leaders are applying the lessons of this era to prepare for the next disruption," it said.

As per the survey, the top 5 priorities cited by business leaders going forward are, include accelerate transformations in organisational areas identified during the crisis (99%); adapt strategy to respond nimbly to major interruptions and implement changes (96%); and implement after-action review process to assess response to future incidents and crisis (89%).

The other two are: Actively work on increasing resilience in the near future (86%) and make changes to corporate strategy in response to the pandemic (51%).

The Economic Times 28th September 2021

Aerospace Engineers bags contract from Boeing

OUR BUREAU

Chennai, September 27

Aerospace Engineers, an MSME unit located in Salem, has won a long-term contract from Boeing to manufacture and supply critical aviation components and parts for the global aerospace company's products.

The contract order was handed over in the presence of Chief Minister MK Stalin to R Sundaram, CEO and Managing Director, Aerospace Engineers, by Ashwani Bhargava, Director, Supply Chain Management, Boeing India.

"This contract is a testament to the commitment to quality, precision, and collaborative culture of MSMEs in Tamil Nadu. The co-operation between Aerospace Engineers and Boeing is a significant milestone and will provide an impetus to the growing aerospace and defense ecosystem in Salem and Hosur and Tamil Nadu Defence Industrial Corridor," a government press release said.

Aerospace Engineers will be setting up a new manufacturing facility for civil aerospace production at Hosur with covered building space of 1,25,000 square feet,