(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

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Standard 3rd December 2021

Carmakers buckle up for fresh price hikes from Jan

Chip crunch is steering the move this time around

SHALLY SETH MOHILE
Mumbai, 2 December

Amid persistent increase in prices of metals, plastic, and other input costs, carmakers are looking to hike prices from January. Although a price revision ahead of the new calendar year is an annual phenomenon, the announcement this time around comes against the backdrop of severe shortage of semiconductors that has been impacting production at automotive firms for over a year.

Leading the pack, car market leader Maruti Suzuki India (MSIL) on Thursday said it will revise prices of its models upwards from next month to offset increase in cost.

German luxury carmakers Mercedes-Benz India and Audi India also said they would hike prices of select models by up to 2 per cent and 3 per cent, respectively, from January 1, 2022.

Other manufacturers are also likely to follow suit.

"Prices of commodities, raw material, and other input costs continue to rise. An appropriate price hike to at least partially offset this increase in cost seems inevitable in the near- to short-term," said a spokesperson for Tata Motors.

Hyundai Motor India, too, is considering the move.

Unlike previous years, manufacturers have entered the last month of the calendar year with a very low inventory. Therefore, there is no pressure of liquidating the old calendar year stock. Inventory across sales channels of car companies is estimated to be around 120,000 units — much lower than 270,000-290,000 units seen in December.

Unlike previous years, vehicle manufacturers have entered the last month of the calendar year with a very low inventory

The impending price increase from January will be the third one for MSIL in the current year, totalling to a cumulative 4.94 per cent. The company is yet to specify the increase, but the "hike will be substantial", said Shashank Srivastava, senior executive director at the firm.

Led by an increase in input costs, material costs have risen sharply since May 2020. Steel has gone up from ₹38 per kilo (kg) to ₹70 per kg; copper from \$5,300 to \$10,400.

Precious metals like rhodium and platinum have also seen a jump. Rhodium, for instance, is up from ₹16,000 per gram (gm) to ₹63,000 per gm. Material costs account for close to 75 per cent of an automaker's cost structure, said Srivastava.

Even in the current quarter, the inflationary trend persists. Steel prices have been pushed up further due to higher prices of coking coal and container shortage, he pointed out.

"During the first half of 2021-22, MSIL's margin came below estimates, largely due to supply constraints and high input cost," said Vinod Nair, head, research at Geojit Financial Services, in a statement.

It, therefore, becomes imperative for the company to pass on some impact to customers by way of car price increase, effective January 2022, he said. The brokerage expects demand to pick up gradually by the fourth quarter due to easing commodity costs and semiconductor shortage.

Balbir Singh Dhillon, head of Audi India, said the hike being taken in the wake of higher input costs will also ensure the brand's premium price positioning and assure sustainable growth — both for the brand and its dealer partners. "We have ensured the impact is as minimal as possible," he said.

Mercedes-Benz is offering price protection for select models such as A-Class, GLA, and E-Class until December 31.

The company, however, said it is committed to price protection to customers who have booked their cars and are waiting for more than four months for select models. It also announced on Thursday the delivery of the 1,000th car under its retail of the future business model which was first announced in June.

Bounce unveils e-scooter at ₹68,999

Bounce, the Bengaluru-based smart mobility solution company, launched its first consumer electric scooter Bounce Infinity E1. The scooter, which will come with a battery and charger, will cost ₹68,999 (Delhi ex-showroom) and the price for scooters with battery-as-a-service is priced at ₹45,099 (Delhi ex-showroom) plus subscription to battery-as-a-service. Vivekananda Hallekere, CEO and co-founder, Bounce, said, "To facilitate faster adoption of EVs, Bounce has developed the Infinity E1. We are committed to taking on all challenges to make India a leading EV adopter globally."

BS REPORTER

Business Standard 13th December 2021

Volume revival in utility vehicles, valuations positive for Mahindra

Margin recovery in UVs, prudent capital allocation should help improve return ratios

RAM PRASAD SAHU

SUM-OF-THE-PARTS VALUATIONS

Figures in ₹ crore

	Enterprise value
M&M & MVML	83,100
Net debt	3,500
Total	86,600
Market/share (₹) - A	722
Subsidiaries market value per share (₹)	486
Group/holding discount for subsidiaries (%)	20
Contribution of subsidiaries to target price (₹) - B	389
Fair value per share (A+B) (₹)	1,111
Current market price (₹/share)	859.7
Upside (%)	29.2

MVML: Mahindra Vehicle Manufacturers Limited Source: HSBC, BSE

STRONG REVENUE GROWTH

in ₹ crore

	FY21	FY22E	FY23E
Total operating income	44,574	56,711	61,233
% change YoY	0.6	27	8
Ebitda	6,976	7,353	7,427
% change YoY	9.9	5.4	1.0
Ebitda (%)	15.7	13.0	12.1

E: Estimates Source: Edelweiss Research

Successful launches in the sport utility vehicle (SUV) segment, pending order book, strong launch pipeline, and reasonable valuations point to further upsides for the stock of Mahindra & Mahindra (M&M). Brokerage upgrades have led to 5 per cent gain in the last four trading sessions for the country's largest tractor manufacturer and one of the leading utility vehicle (UV) players.

The company is one the top picks among Indian stocks for HSBC Global Research.

Yogesh Aggarwal, head of research, HSBC Securities and Capital Markets Research, highlights that the company has delivered two successful launches for its automotive (auto) business (XUV700, Thar), and the new Scorpio could be a success as well.

The order book at 160,000-plus units looks strong and the impact of the semiconductor shortage is likely to recede from the December quarter of 2021-22, adds Aggarwal.

Despite robust demand for compact SUVs and crossovers, the company had been losing market share over the past few years. Some of its launches, such as the Marazzo and the Alturas G4, did not get the volume traction the company was hoping for.

Chirag Shah, associate director, Edelweiss Research, expects business to get back on track, given the company's strong focus on addressing product gaps, refreshes, and the launch of petrol variants across its portfolio.

To drive growth and gain market share, the company is planning to launch 13 SUVs over the next six years. Eight of these launches will be electric vehicles (EVs). The company is looking at investing ₹3,000 crore over the next few years to develop EVs across its segments of UVs and small commercial vehicles (SCVs). What should help is its recent tie-up with Reliance BP Mobility (Jio-bp) for EV products and services that include charging solutions by Jio-bp for Mahindra vehicles, including electric three- and four-wheelers, quadricycles, and electric SCVs (sub-4 tonne category).

Edelweiss Research believes the company is on course to address the two drags — UVs and investment in group entities — on its return on invested capital.

The rise in volumes and operating leverage in UVs are expected to improve margins which have been weighing down consolidated margins. For group companies, the company's focus on return on equity, cash flows, and growth would drive its investment decisions.

There are, however, volume worries in the most profitable segment of its portfolio — tractors. Domestic volumes in November were down 17 per cent on a high base and lower government subsidies.

Analysts at IIFL Research say despatches for the sector in November were down 21 per cent on the back of weak retail demand and inventory correction after the festival season. They expect the tractor segment to continue reporting a decline on a year-on-year basis for the coming months. While the medium- to long-term trends are strong, the Street will keep an eye on new launches and the ability of the sector leader to maintain its market share.

However, analysts at J.P. Morgan who have an overweight stance on the stock believe the turnaround in the auto segment — aided by a strong model cycle in SUVs — will offset the weakness in the tractor segment.

The other factor working for the stock are reasonably valuations at 11x its core earnings for 2022-23. The stock had corrected 15 per cent from its November highs before the recent recovery. Given that the target prices for the stock are upwards of ₹1,100, M&M offers upsides of 28 per cent from the current levels. Investors can take exposure to the stock with a long-term holding period, although further worsening of the tractor volume trajectory could be a key risk.

Business Line 3rd December 2021

Euler Motors gets order from MoEVing to supply electric cargo three-wheeler

OUR BUREAU

Chennai, December 2

Euler Motors, a home-grown company focussed on electric commercial vehicles, has received an order from MoEVing to supply 1,000 units of its recently launched electric cargo three-wheeler HiLoad.

MoEVing is a Gurgaon-based holistic technology player focused on full stack solutions for mass EV adoption. It will deploy HiLoad EV, launched at a price of ₹3,49,999 during the last week of October, across India, according to a statement.

On right track

"India is on the right track with regards to electric mobility, and there is no doubt that commercial logistics will spearhead this transition. Our mission at MoEVing is to grow our electric fleet to 100K by 2025. Working towards a future where there are no urban transport emissions, especially due to last-mile logistics, we are excited to deploy HiLoad in our fleet," said Vikas Mishra, Founder and CEO, MoEVing.

Saurav Kumar, Founder and CEO, Euler Motors

Vehicle delivery from Euler Motors is expected to commence from December and will carry through till the end of 2022, according to a statement.

With this, the post launch order line up for HiLoad crosses 3,500 vehicles, including orders from Flipkart, BigBasket and Udaan with deliveries expected to complete over the next 12-18 months. Euler Motors expects to see 5,000 deployments by the end of FY23, securing a 40-50 per cent market share in the electric commercial vehicle space. About 100 units of HiLoad EVs have already been deployed in Delhi/NCR & Bangalore.

Solid partnership

"We have already deployed 100 HiLoads on the road within 10 days of the product launch, which is a strong testament of how we are inspiring customer confidence in our product. We aim to demonstrate robust impact, ensure continued TCO and look forward to a solid partnership with MoEVing in the long run," said Saurav Kumar, Founder and CEO, Euler Motors

While Euler Motors already manages a network of 200+ charging stations in Delhi NCR to support electric vehicles on ground, it has also introduced flexible charging systems.

Business Line 7th December 2021

Mahindra group MD calls for level playing field for EVs

Anish Shah wants overseas brands to come and make in India

THOMAS K THOMAS
VINAY KAMATH

Mumbai, December 6

Even as the government is set to take a decision on Tesla's demand for an import duty cut on electric vehicles, Anish Shah, Managing Director and Chief Executive Officer, Mahindra Group, is of the view that foreign players should manufacture in India and compete on a level playing field.

"There has to be a level playing field for everyone, and as you look at duties within India, they have been higher for cars for good reason. So, when we look at imports coming in, the question is, how does it stack up to the import duty structure of India, and when we think of any exports we make around the world, we think about what are the duties they charge for that to producers. So, all of those factors need to be looked at before we make the decision," Shah told *BusinessLine* in an exclusive interview. In July, Tesla's founder Elon Musk had urged India to lower import duties on electric vehicles ahead of the iconic brand's launch in the country. The issue has divided the auto industry with multinational brands, including Audi and Mercedes, backing the demand for an import duty cut while Indian players, including Tata Motors and Maruti Suzuki, have been opposing any reduction.

Shah said that in the context of the Government's Make in India vision, "we would encourage brands to come in India and set up manufacturing capabilities".

'Make cars in India'

"We have not shied away from foreign competition. In fact, that is something that helps the industry, helps us grow, helps us learn more. But it is good for the government to focus on Make in India. Why would we want to buy vehicles made in China or any other country? We have the capabilities; we can design world-class cars now. If you look at XUV700 (Mahindra's latest SUV) and put that against any car in this segment globally, it will stand extremely well against all of those. Therefore, let us welcome the foreign competition but let us have them make cars in India, let us make our industry better that way, and let us compete with that," Shah said.

As you look at duties within India, they have been higher for cars for good reason.

ANISH SHAH,
MD and CEO, Mahindra Group

Mahindra & Mahindra is targeting 20 per cent of its total utility vehicle volumes to come from EVs by 2027. "Our sense is that it will start exponentially peaking up from there and will go higher as we go forward. So, there is a plan to move a number of our models into the EV space and thereby continue our market leadership in our core SUV, as we go to electric vehicles," Shah said.

Charging infra

But Shah acknowledged that it will take some time for the EV infrastructure to develop fully. "Battery swapping for four-wheelers is going to be a very difficult task. We will have to look at fast charging as an option and look at infrastructure in a broader way. It will go slower up to a point, once it reaches the inflection point, it will proliferate rapidly. That said, even if you think of 20 per cent by 2027, that is not too far off, that is a pretty substantial number, and that will start giving the scale required to reach the inflection point soon after that," he said.

"The analogy that I will give is of a test match, where we have completed 5 or 10 overs. As it plays out, it will result in various winners and losers over time, but the potential differentiating factor for us is going to be the form factor, which is the authentic SUV. So, we are going to focus on our core; in many ways you can look at the EV as another power train," Shah added.

Business Line 11th December 2021

Supply-chain constraints to dent Maruti Suzuki production in Dec

PRESS TRUST OF INDIA

New Delhi, November 30

The country's largest carmaker Maruti Suzuki India on Tuesday said its production in December could only be up to 85 per cent of the normal, owing to supply constraint of electronic components due to the ongoing semiconductor shortage situation.

Due to supply constraints, the company is expecting an adverse impact on vehicle production in December in both Haryana and Gujarat (Suzuki Motor Gujarat Pvt Ltd),, Maruti Suzuki India said in a regulatory filing.

'Dynamic situation'

"Though the situation is quite dynamic, it is currently estimated that the total vehicle production volume across both locations could be around 80 per cent to 85 per cent of normal production," it said.

The company's production capacity at Gurugram and Manesar plants in Haryana is around 15 lakh units per annum.

Suzuki Motor Gujarat, which supplies vehicles exclusively to Maruti Suzuki India, has an additional installed production capacity of 7.5 lakh units per annum.

The Times of India 11th December 2021

Car sales dip 19% in Nov on chip shortages: Siam

TIMES NEWS NETWORK

New Delhi: Chip shortages continue to disrupt the supplies of the car industry. Wholesale deliveries to dealerships declined 19% in November as the shortage of semiconductors continued to impact vehicle production and subsequent deliveries to dealers, auto industry body Siam said on Friday.

Vehicle dispatches stood at 2.15 lakh units last month against 2.64 lakh units in November 2020. Similarly, total two-wheeler sales declined sharply by 34% to 10.5 lakh units in the same month from 16 lakh units in the year-ago period.

Motorcycle dispatches dropped to around 7 lakh units in November as compared to 10.3 lakh units in the same month last year. Scooter dispatches stood at 3 lakh units last month as against 5 lakh units in the same period last year. In three-wheelers, dispatches stood at 22,471 units, down by over 6% from 24,071 units in November 2020.

Total automobile sales across categories dropped to 12.9 lakh units last month as against 18.9 lakh units in the year-ago period. "The industry continues to face headwinds due to global semiconductor shortage. In the festive season, industry was hoping to make up for the lost ground, but the sales in the month of November were the lowest in seven years for passenger vehicles, the lowest in 11 years for two-wheelers and the lowest in 19 years for three-wheelers," Siam director-general Rajesh Menon said.

Amid the rising threat of Omicron, the new Covid variant, the industry is proactively ensuring employee safety and monitoring any supply chain hiccups, he added. While top companies such as Maruti, Hyundai and Honda stayed weak, the situation in companies like Tata Motors and Mahindra & Mahindra has somewhat stabilised.

Maruti Suzuki, the top carmaker, reported an 18% decline in November on total deliveries of 1.1 lakh passenger vehicles. Hyundai also continues to face difficulties in inputs and saw a 24% decline in deliveries.

The Economic Times 9th December 2021

Auto Registrations Fall 3% in Nov amid Low Rural Demand and Chip Shortage

Our Bureau

Mumbai: Automobile retail in the country continued to lag yesteryears last month as a variety of reasons, from tepid demand for two-wheelers to a global semiconductor shortage, hurt business.

Vehicle registrations – a good proxy for retail in a market where vehicle makers mostly report only factory despatches to dealerships and not actual retail sales to consumers – declined 3% year on year in November. When compared to the pre-Covid period of November 2019, registrations were down 20%, according to data from the road transport and highways ministry's Vahan dashboard put together by Federations of Automobile Dealers' Associations (FADA).

The data is incomplete because one-tenth of the regional transport offices in the country are yet to migrate to the online platform, but the numbers paint an accurate picture in terms of trends.

Car sales had improved year on year in November last year, giving a high base for comparison this year. The segment recorded a 19% year-on-year decline in registrations last month.

Two-wheelers, which account for over three-quarters of the vehicles sold in India, just managed to match last year's sales. However, the base was low compared to preceding years.

Commercial vehicles (CV) and three-wheelers logged growth in registrations in November at 13% and 67% year on year, but this again was on a significantly low base due to tepid sales last year on account of Covid-19.

Tractor sales dipped 8% year-on-year on a high base of November last year. Registrations were just above that recorded in November 2019. "PV (passenger vehicle/car segment) continues to face the brunt of semiconductor shortage," FADA president Vinkesh Gulati said.

The semiconductor shortage meant that customers had to wait for several weeks for their new car. The wait period is a year in some extreme cases, industry officials said.

Dealers are running on a low inventory of passenger vehicles at just 10-15 days on average, compared to the industry norm of holding at least a month of stock. "While the new launches are keeping customers' interest high, it is the lack of supply which is not allowing sales to conclude," Gulati said.

While supply is the missing piece of the puzzle for the PV segment, it is demand for the rest of the market. Two-wheeler sales have been low for several months now owing to tepid rural demand, many education institutes and offices sticking to remote work, sharp price hikes over the last couple of years, and triple-digit fuel prices. This has been especially pronounced in the entry level two-wheeler market.

Two-wheeler dealers are holding about 30-35 days of inventory, slightly higher than the industry norm. "Further, there are no signs of increase in inquiry levels which is a bigger cause of concern," the FADA president said.

The CV segment is making a slow recovery after a protracted slowdown that started even before the Covid-19 pandemic and only gotten worse since.

Business Line 9th December 2021

Chip shortage and heavy rains continue to dent Nov auto sales

Stretched waiting period may lead to loss of interest in buying vehicle: FADA

OUR BUREAU

New Delhi, December 8

Automobile retail sales in November continued to remain in the negative zone despite Diwali and the marriage season coinciding in the same month. Heavy rains in the southern States further spoiled the party, the Federation of Automobile Dealers Associations (FADA) said on Wednesday.

Unless rural India starts showing signs of strength, overall retail sales will continue to remain weak, the industry body said in its monthly data report.

According to its latest data, passenger vehicle (PV) sales declined by more than 19 per cent year-on-year (y-o-y) to 2,40,234 units compared with 2,98,213 units in November 2020.

"PV continues to face the brunt of semi-conductor shortage. While new launches are keeping customers' interest high, it is the lack of supply which is not allowing sales to conclude. The extended waiting period is starting to make customers jittery and this may lead to loss of interest in vehicle buying," Vinkesh Gulati, President, FADA, said.

Two-wheeler (2W) sales improved a bit although still in the red at 14,33,855 units last month compared to 14,44,762 units in the year-ago period.

"While the 2W segment saw almost at par sales compared to last year, overall sentiment remained low as marriage season also didn't help in revival, except in one or two States. Crop loss due to incessant rains and floods in the southern States, high acquisition price as well as fuel costs kept customers away," Gulati said. Further, there are no signs of an increase in inquiry levels which is a bigger cause for concern, he said.

Traction in CV segment

However, the three-wheeler (3W) and commercial vehicle (CV) segments saw retail sales grow in November.

"The CV segment continues to see traction in medium and heavy segment. This, aided by low base, resulted in double-digit growth. The bus segment is still witnessing a dry run as educational institutes continue to remain closed. With diesel prices at record highs, supply of CNG vehicles is not able to meet the demand. Tight liquidity and unavailability of finance for customers who availed moratorium are also acting as sales barriers," he said.

Overall, the total registrations stood at 18,17,600 units, down 2.7 per cent from 18,68,068 units in November 2020. FADA said the Omicron variant will further impact the overall vehicle demand as educational institutions and offices which were planning to reopen fully have once again deferred their plans and are allowing work/study from home.

"Price rise due to high input costs and high fuel costs are continuing to add to customers' woes. FADA is hopeful that the chip shortage will ease in times to come and therefore reduce waiting period of vehicles and help in increasing sales. Overall, we remain extremely cautious and hope that India does not see a third wave with the new Covid variant," Gulati added.

Vehicle retail sales in November *(in units)*

Category	Nov 2021	Nov 2020	% change
Passenger vehicles	2,40,234	2,98,213	-19.44
Two-wheelers	14,33,855	14,44,762	-0.75
Three-wheelers	40,493	24,269	66.85
Commercial vehicles	57,389	50,644	13.32
Tractors	45,629	50,180	-9.07
Total	**18,17,600**	**18,68,068**	**-2.70**

Source: FADA

Maruti, Tata, Merc, Audi to hike prices as inputs turn costlier

OUR BUREAU

New Delhi, December 2

Country's largest passenger vehicles manufacturer, Maruti Suzuki India (MSIL) on Thursday said it will hike prices from January across models, due to increase in input costs over the past year.

"Over the past year, the cost of company's vehicles continue to be adversely impacted due to increase in various input costs. Therefore, it has become imperative for the company to pass on some impact of the above additional costs to customers through a price hike," MSIL said in a filing to the BSE.

This is the fourth price hike announced by the company within this financial year. The first price correction happened in April when the company increased the prices by 1.6 per cent, for select models owing to increase in various input costs. Then in July on CNG vehicles only (by only 0.4 per cent).

The company again had announced a price hike in September by 1.9 per cent across models sighting the same reason. It was the fourth in this calendar year.

"The price rise has been planned in January, 2022. The increase shall vary for different models," it added. On Wednesday, the company had reported a decline of 18 per cent year-on-year (YoY) in its domestic wholesales (despatches to dealers) to 1,09,726 units in November compared with 1,35,775 units in the corresponding month last year.

Tata Motors said prices of commodities, raw material and other input costs continue to rise so it will look at a price hike to offset the costs.

"An appropriate price hike to at least partially offset this increase in costs seems inevitable in the near to short term," Shailesh Chandra - President, Passenger Vehicle Business Unit, Tata Motors, said.

Meanwhile, luxury car makers Audi India and Mercedes-Benz India also said a price increase will be effective from January 1. "Mercedes-Benz has been introducing new generation models and enriching its existing model range with newer technologies and specific product enhancements. However, to offset the costs for such feature enhancements amidst rising inputs costs, Mercedes-Benz will upwardly revise the ex-showroom price of only select models. The price revision ranging up to two per cent will be in effect from January 1," the company said in a statement.

Entire Audi range

Audi India said a price increase of up to three per cent will be effective from January 1, across its entire model range owing to rising input and operational costs.

"The Audi India strategy focuses on a sustainable business model. To offset rising input and operational costs, a price correction is necessary. The new price range of our select vehicles will ensure the brand's premium price positioning thereby assuring sustainable growth both for the brand and our dealer partners. Continuing our focus on Customer Centricity, we have ensured that the impact is as minimal as possible," Balbir Singh Dhillon, Head of Audi India, said.

Business Line 9th December 2021

Business Line 14th December 2021

Chip crunch forces carmakers to cut down on bells and whistles

Offer step-down variants at discounted price; look to trim waiting period

SWARAJ BAGGONKAR
Mumbai, December 13


M&M claims that consumer response for the XUV700 has made it the company's best product rollout to date

The prolonged struggle to get semiconductors has made carmakers devise desperate countermeasures, including doing away with some non-essential features like wireless cell phone charging and others, in cars that are dependent on the chips.

German carmaker Volkswagen is the latest to join the bandwagon as it looks to improve production and bring down the waiting period on its models. Tata Motors and Mahindra & Mahindra (M&M) have either rolled out models devoid of certain creature comforts or are in the process of implementing the plan.

M&M is offering step-down variants of the newly launched, high-in-demand XUV700, to customers who feel discouraged to wait for the variant they had booked. For instance, the chip-dependent wireless mobile charging feature has been removed by M&M in the flagship SUV before being offered to the customer.

The stripped-down variants carry adjusted price based on the changes made to the variant. M&M, however, clarified that the customer is not forced to buy such variants and the decision to switch rests entirely on the buyer.

A modern generation car could have as many as 200 chips controlling a variety of features including entertainment systems, airbags, GPS, route mapping, backup cameras, collision avoidance sensors and others such Advanced Driver Assistance System (ADAS). The fully loaded variant of the XUV700 comes with 170 chips, some of which power the ADAS.

Chip and technology

The number of chips powering a vehicle depends on the level of technology employed by it. An electric car, thus, has a much higher number of chips than internal combustion engine cars.

Ashish Gupta, Brand Director, Volkswagen Passenger Cars India, said, "Yes we are thinking about it. Whenever we do it, we will do it in a way which suits our brand. It's not that VW will compromise on safety features. There are features which we can rationally explain to customers with a price proposition. Right now, the biggest bottleneck is the infotainment system."

Volkswagen is reporting a waiting period of 3-4 months on the newly launched Taigun SUV because of shortage in chip availability. Its sister brand Skoda also has the Kushaq selling in the same segment. Being a competitor brand, VW has little headroom as there is the risk of the buyer switching to a rival brand. Unlike its competitors, VW India does not procure the chips on its own but depends entirely on its headquarters in Germany for the allotment for India.

With the XUV700 getting cumulative bookings of more than 70,000 units, M&M claims that consumer response for the SUV has made it the company's best product rollout to date. As of mid-November, the Mumbai-based company had pending orders of 1,60,000 units, including bookings for the XUV700. During the September quarter, M&M lost total production of 32,000 vehicles owing to the chip shortage.

Managing the crunch

Based on the monthly volume numbers, Tata Motors has emerged as the winner in managing the chip crunch. The company has consistently upped production, including the launch of a new mini SUV Punch. The company also managed to bring down the use of chips per model by using different components thereby optimising the number of semiconductors.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

The Economic Times 9th December 2021

ELECTRIC VEHICLES TO HAVE A BIG FOCUS UNDER INVESTMENT PLAN

TaMo to Invest Over $1 B in CV Biz

Ketan.Thakkar
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Mumbai: Tata Motors, the nation's largest truck maker, has lined up an investment of more than $1 billion (over ₹7,500 crore) in the coming 4-5 years to recraft its road map for the commercial vehicle business, with electric vehicles at its core, people in the know said.

The company that has taken a lead in the passenger electric vehicle (EV) space, is transitioning to new-age platforms designed to deliver futuristic EVs in the commercial vehicle (CV) space as well. These vehicle architectures will also be able to accommodate CNG, LNG and diesel powertrains, in a significant shift from the past when fossil-fuelled vehicles were re-engineered to make EVs.

Tata Motors wants to lead and drive electrification in the marketplace just as it did with the conventional powertrains in the past, Girish Wagh, executive director - commercial vehicle business, at Tata Motors, told **ET**. It is working on a range of options catering to the short-range battery-operated vehicles for the last mile with the small CV offerings and gas-based fuel-cell electric vehicles to cater to the more extended range. Still, before that, the shift towards CNG is going to be quick.

"Electrification in CVs will happen through gaseous fuel first. One has seen a significant shift towards CNG; the improved distribution (of CNG) is expected to accelerate further. We have re-looked at the whole range and applications, which we need to work on and prioritise at the back end with a reworked modularity strategy," Wagh said, adding: "A lot of work is happening on delivering solutions with real-world experiences."

Wagh, however, declined to comment on the amount of investment planned and any moves to set up an EV subsidiary, terming such talks as "speculation".

ELECTRIFICATION IN CVS

Electrification in CVs will happen through gaseous fuel first...We have re-looked at the whole range and applications, which we need to work on and prioritise at the back end with a reworked modularity strategy

GIRISH WAGH
ED-Commercial Vehicle Business, Tata Motors

The new roadmap is being put in place as the company is also revamping its sales and marketing interface with the induction of senior marketing professionals like Shubranshu Singh, who joined from Royal Enfield, and former Ford India managing director Anurag Mehrotra, who will steer its international business and strategy.

Wagh said the total cost of ownership parity in favour of electric over diesel may happen sooner, but it may take a little longer for EVs to achieve that over CNG vehicles.

Apart from last mile, some steel and cement companies are asking for electric trucks for mining applications, and the company has already started working on a solution.

While there is no defined plan to set up an independent subsidiary for the electric CV business at Tata Motors, industry experts said it is almost a foregone conclusion. Right now, there is a big focus on developing a strong product portfolio and building a customer base to secure a healthy valuation at Tata Motors.

To be sure, Tata Motors' nearest rival, Ashok Leyland, is already out in the market looking for an investor for its EV business under Switch Mobility.

"We invested over Rs 1,800 crore in FY20, which was our highest ever investment for the year; with the upcoming BS-VI phase-2 emission norms and a big focus on EVs and CNG, we may have to invest a similar amount in the coming few years," he explained.

The new portfolio of vehicles is being curated to meet the upcoming BS-VI, RDE or Real-time driving emission standards which will be rolled out on April 1, 2023. Currently, Tata Motors offers three electric CVs, all buses — 9/9, 12m low floor and 12m regular floor. There is also a whole range of products under works.

Earlier this year, the company secured orders for 15 hydrogen fuel cell electric buses from Indian Oil Corp.

Tata Motors has so far supplied more than 650 buses to various state transport undertakings and has secured experience of 20 million kilometres of EV operations on the road.

On a recent meeting between Tata Motors top brass and Tamil Nadu chief minister MK Stalin, Wagh said the company was seeking a small plot for a driving motor training school in the state. The company has been allotted a few acres of land within 48 hours of the meeting and the conversation also extended to serving any public transport requirement — if Tata Motors could do it, he added.

Business Standard 4th December 2021

CV sales surge 11% YoY in Nov on reopening bounce

Pickup in economic activities, low base from last year help numbers

SHALLY SETH MOHILE
Mumbai, December 3

Sales of commercial vehicles (CVs) by most manufacturers rose in the domestic market in November on account of a pickup in economic activities and the low base of last year.

Cumulative sales of the top CV makers rose 11 per cent to 59,872 units over those in the same period a year ago.

"Had it not been for the shortage of CNG kits and semiconductors, overall sales would have expanded more," said Vinod Aggarwal, managing director and chief executive, Eicher Motors.

Half the demand in the 5-16-tonne segment has now shifted to CNG. This caught the kit makers unawares, Aggarwal said.

Commenting on the recent cut in diesel prices and its impact on transporters' viability and new truck purchases, he said the replacement demand had not been very strong.

According to him, the transporters' viability, particularly the ones that own small fleets, continues to be under pressure despite a diesel price cut.

Diesel prices jumped 50 per cent in the past 18 months. Fuel accounts for 60 per cent of the ownership costs for transporters, so the freight rates have to go up by at least 30 per cent to compensate for increase in the fuel prices, said Aggarwal.

"While the Centre and some state governments have cut taxes on diesel, there was a decline in the movement of freight in November because of slower industrial activity. The quantum of freight moved was flat to negative a month after the pre-festive buzz in October," wrote Hemal Thakkar, director, CRISIL (Research), in "Freight Signs", released by CRISIL Research on Friday. The CRISIL PAN India freight index fell to 114 in November from 122 in October.

But transporters are not complaining.

"The diesel price cut has come as a huge relief. We are now able to breathe. We were otherwise struggling to make both ends meet. This was a long-pending demand," said Balmalkit Singh, proprietor, Bal Roadlines.

According to S P Singh, senior fellow at the Indian Foundation of Transport Research and Training (IFTRT), freight rates on key trunk routes went up by 5-6 per cent month-on-month in November on the back of robust factory output.

"November has been the best in five years," he said. This is in contrast to a drop in rates one had expected after the diesel price cut but good cargo volumes ensured that the price remained buoyant.

DRIVING FORWARD

CV makers	Nov '20	Nov '21	% change y-o-y
Tata Motors	26,218	28,295	8
Ashok Leyland	9,727	9,364	-4
Eicher Motors	3,088	3,184	3
Mahindra and Mahindra	14,979	19,029	27
Total	54,012	59,872	10.8

Source: Company

Business Line 10th December 2021

CV financing looking up as demand improves

G BALACHANDAR
Chennai, December 9

Lending for commercial vehicles (CVs) is expected to strengthen as volumes continue to rise, supported by improving macro factors, government thrust on infrastructure spending and recovery in demand for replacements.

Driven by cement, mining and steel segments, and a rise in freight income, demand for medium and heavy commercial vehicles has increased and buoyed fleet utilisation (75-80 per cent currently). Though demand from small fleet operators remained muted, partly due to non-availability of financing, it is expected to improve in the coming months.

Leading commercial vehicle makers Tata Motors, Ashok Leyland and VE Commercial Vehicles witnessed good growth in across categories.

"Though CV industry was facing headwinds in the recent past, the road ahead looks promising. CV industry is expected to witness strong growth driven by infrastructure push, e-commerce and rural market," Girish Wagh, Executive Director, Tata Motors, said during a recent interaction.

Recovery in demand for M&HCV led by higher fleet utilisation

Lending hit

The lending environment for CVs has been stabilising. While the crisis in the non-banking financial companies and, later, the pandemic had impacted lending in FY20 and H1 FY2021, respectively, the situation started to improve from H2 FY21.

"Our recent channel checks indicate that challenges such as lower loan-to-value, higher turnaround time for loans, higher rejection rates and interest rates have largely abated and the financing environment has turned more conducive. Nevertheless, this would be largely for bigger fleet operators and those with an established credit history," said Shamsher Dewan, Group Head and Vice President-Corporate Sector Ratings, ICRA Ltd.

For smaller players and first-time buyers without a satisfactory credit history, financing challenges continue to a large extent. Especially so since high fuel prices are impacting the cash flows of operators who cannot pass it on as increased freight rates.

The vehicle finance industry is poised for a revival amid a pick-up in macroeconomic parameters. Underlying sales in the largest segment of CVs are likely to grow at 13-18 per cent, resulting in AUM growth of 8-10 per cent. NBFCs have strengthened their share in the used vehicle segment as a risk-adjusted return strategy, said a report by Nirmal Bang.

Auto-focused NBFCs have seen an increase in net worth (partially due to capital raise) and are operating at low leverage. Shriram Transport, Mahindra Finance and Cholamandalam have raised capital in the last two years and are well capitalised for growth, the report added.

A leading player in the CV lending segment, Shriram Transport has already indicated that it would end this fiscal with double-digit growth. Other leading lenders also witnessed continued improvement in collection efficiencies.

PRESS REPORTS ON ELECTRIC VEHICLE

Business Standard 9th December 2021

UP, Delhi, K'taka lead in EV sales

PRESS TRUST OF INDIA
New Delhi, 8 December

Uttar Pradesh, Delhi and Karnataka have emerged as top three states in terms of registration of electric vehicles in India, the government said on Wednesday.

In a written reply in the Rajya Sabha, Road Transport and Highways Minister Nitin Gadkari said that 870,141 electric vehicles have been registered in India.

Uttar Pradesh (255,700) has the highest registered electric vehicles, followed by Delhi (125,347) and Karnataka (72,544) come in that order.

The fourth and fifth spots are grabbed by Bihar (58,014) and Maharashtra (52,506).

Gadkari said the Ministry of Heavy Industries formulated a scheme namely Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme in 2015 to promote adoption of electric and hybrid vehicles in the country with an aim to reduce dependency on fossil fuels.

At present, Phase-II of FAME India scheme is being implemented for a period of five years with effect from April 1, 2019, with a total budgetary support of ₹10,000 crore, he added.

GST on electric vehicles has been reduced from 12 per cent to 5 per cent; GST on chargers/charging stations for electric vehicles has been reduced from 18 per cent to 5 per cent.

Replying to a separate question, Gadkari said at present, all fee plazas on National Highways are equipped with FASTag Facility. Around 35 banks (including public and private sector banks) have been engaged as issuer banks to issue FASTag to road users and 14 acquirer banks are also engaged to process transactions at toll plazas.

93% of the country's villages have mobile broadband coverage

Over 93 per cent of villages in the country now have mobile broadband coverage through 3G and 4G technologies, according to information shared by Minister of State for Communications Devusinh Chauhan.

The minister in a separate reply on rural broadband project said more than 166,000 gram panchayats have also been made service-ready as of November 1. "As per data provided by TSPs (telecom service providers) and field units of Department of Telecommunications as on December 2020, it is estimated that out of 597,618 inhabited census villages (per Census 2011) in the country, a total number of 558,537 villages have been connected with mobile broadband through 3G/4G mobile technologies," Chauhan said in a written reply to the Lok Sabha. PTI

No order to stop journalists from reporting in J&K

The government on Wednesday said the Jammu and Kashmir government has not issued any order under which journalists can be stopped from reporting if their work threatens peace and public tranquility. Minister of State for Home Affairs Nityanand Rai stated this in a written reply to the Rajya Sabha. "The government of UT of Jammu and Kashmir has informed that no such order has been issued," he stated. PTI

96 civilians and 366 terrorists died in J&K after Article 370 repeal

At least 96 civilians have been killed in Kashmir after the abrogation of Article 370 while 366 terrorists have been neutralised by security forces, the government said. In a written reply, Minister of State for Home Nityanand Rai also said that "no Kashmiri Pandit/Hindu has been displaced from the Valley" after the repeal of Article 370 on August 5, 2019. PTI

Bill on assisted reproductive tech passed

Parliament on Wednesday passed a Bill to regulate and supervise assisted reproductive technology clinics. The Assisted Reproductive Technology (Regulation) Bill, 2021, which was passed by Lok Sabha on December 1, got the approval of Rajya Sabha with a voice vote.

The Upper House also passed The Surrogacy (Regulation) Bill, 2020, with amendments. The proposed bill was earlier passed by Lok Sabha, but Rajya Sabha had referred it to a Select Committee. It will now go back to Lok Sabha for approval. Replying to a discussion on both the Bills taken up together, Health Minister Mansukh Mandaviya said that most of the recommendations of the Select Committee have been incorporated in the surrogacy Bill. Both the Bills seek to curb unethical practices related to issues like sex selection and exploitation of surrogate mothers. The provisions include both monetary penalty as well as jail terms for violations. PTI

Business Line 4th December 2021

For the first time, total EV sales surpass 40,000-mark in a month

Electric 2-wheelers drive volume growth in Nov

G BALACHANDAR

Chennai, December 3

Electric vehicle sales in India continue their northward journey as total registered EV sales stood at about 42,067 units for November 2021 compared with 12,858 units in November 2020 and 38,715 units in October 2021.

This is the first time that total EV volumes have crossed the 40,000-mark in a month.

For April-November 2021 period, total registered EV sales stood at 1.98 lakh-plus units.

Shift towards EVs

The EV sales boom continues even after the festival season, indicating that the shift towards electric vehicles is gathering pace. The biggest shift is happening in the two-wheeler segment as electric two-wheelers drive volume growth in November.

Registered electric two-wheeler sales have grown more than five times at 22,450 units in November 2021 compared with the volumes of about 4,000 units in November 2020. On a month-on-month basis, electric two wheelers grew 17 per cent, according to the details provided by CEEW (Council on Energy, Environment and Water).

Registered electric two-wheeler sales have grown more than five times to 22,450 units in November

Leading electric two-wheeler players such as Hero Electric, Okinawa Autotech, Ather and Pure EV indicated strong sales momentum for their electric scooters, thereby driving capacity and network expansion to cash in on the surge in demand, which has been spurred by growing awareness and high fuel prices.

Electric two-wheeler market leader Hero Electric said it clocked 24,000 retail sales of its electric scooters during October 1- November 15, 2021 period compared to 11,339-units in the same period last year. Ather has been witnessing 20 per cent growth month-on-month since November 2020.

Confident of robust sales

"With more awareness and inclination of the customers for green mobility, we are confident of achieving robust sales numbers in the coming months," said Sheetal Bhalerao, Chief Operations Officer, WardWizard Innovations and Mobility Ltd, which reported its highest-ever monthly electric two-wheeler sales at about 3,290 units in November.

While sales of electric two-wheelers continue to surge, the robust order book of new players like Boom Motors, which has secured significant bookings for its electric bike, signals that the E2W segment may shift to an exponential growth curve.

Electric three-wheelers

Sales of registered E3Ws (both passenger and cargo-type) in November stood at 18,011 units, up by just 7 units over October 2021 registrations. Passenger E3W sales almost remained the same, while the cargo E3W sales fell by 2 per cent from the previous month's sales, according to JMK Research.

The total sales of electric cars in November stood at 1,539 units, a m-o-m increase of 18 per cent and a y-o-y increase of 176 per cent in registrations. Tata Motors and MG Motors continue to drive e-car sales, accounting for 98 per cent of registrations in November, with Tata Motors' share increasing to 89 per cent from previous month's 80 per cent share, it said.

The Economic Times 5th December 2021

'Let's Not Repeat Past Mistakes in E-mobility'

Niti Aayog CEO Amitabh Kant says market dynamics and tech will ensure there will be no conventional 2 & 3-wheelers beyond '25

Sharmistha.Mukherjee
@timesgroup.com

Canacona (Goa): Two key factors will come together to accelerate India's shift to e-mobility, a top government official said on Saturday.

Market dynamics and technological disruption will ensure that there will be no conventional two-wheelers and three-wheelers in the country beyond 2025, said Amitabh Kant, CEO of Niti Aayog, the government's premier policy think tank.

"Beyond 2025, the market will ensure that there are no ICE (Internal Combustion Engine) 2W and 3W. Electric vehicles will become cheaper. Therefore, consumers will go for EVs," Kant said at a roundtable to promote electric mobility, organised by the Ministry of Heavy Industries.

Kant said battery prices have fallen to $126 per kWh over the last few years, from about $1,100 earlier.

They are expected to further dip below $100 per kWh in the next 18 months, bringing about price parity between electric and fossil fuel-powered vehicles.

India must make use of this opportunity and aim for leadership in EVs, he said.

"One of the lessons we learnt was that, in mobile phones, the market grew in India, but we became import dependent. What we learned in solar [is that] the market grew in India, but we became import dependent. Let us not make that mistake in the world of [electric] mobility. We must make India the centre of manufacturing, both for the Indian market and for the rest of the world," Kant said.

Manufacturing Push

AMITABH KANT SAYS

BATTERY PRICES have fallen to $126 per kWh over the last few years from $1,100 earlier

THE PRICES are expected to further dip below $100 per kWh in the next 18 months

INDIA MUST make use of this opportunity and aim for leadership in EVs

AUTO TECH

THE SHARE of advanced tech in the local auto sector stands at 3% against 18% globally

THIS PERCENTAGE is projected to increase to 30% by 2030

Indian automakers must go global and aim for a major share of the electric auto market, said Mahendra Nath Pandey, Union Minister for Heavy Industries.

The ₹25,938 crore Production-linked Incentive (PLI) scheme for the automobile sector, along with manufacturing of advanced chemistry cells (₹18,100 crore), and subsidies under the Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles in India (FAME) II initiative worth ₹10,000 crore, have been designed to make the country an attractive destination for setting up production hubs of advanced automotive technologies.

At present, the share of advanced automotive technologies in the local automobile sector stands at around 3%, compared to 18% prevalent globally.

This percentage is projected to increase to 30% by 2030.

Advanced automotive technologies currently face cost disabilities in the range of 15-30% due to the technology gap, lack of a local supplier base and economies of scale. The PLI scheme will enable the industry to focus on developing higher value, higher technology products to transition to connected, clean vehicles that will reduce dependence on imports and integrate with the global supply chain.

Additionally, to accelerate the transition to e-mobility in the local market and ease consumer concerns related to range anxiety, the heavy industries ministry has started working with the Ministry of Petroleum and Natural Gas to set up charging stations across 22,000 fuel pumps.

FOR FULL REPORT, GO TO
www.economictimes.com

Business Line 9th December 2021

Simple Energy to invest ₹2,500 cr in electric two-wheeler plant in TN

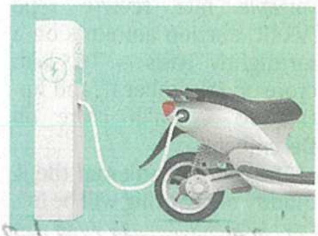
OUR BUREAU
Bengaluru, December 8

EV manufacturer Simple Energy has signed a Memorandum of Understanding (MoU) with the Tamil Nadu Government for an investment of upto ₹2,500 crore for constructing an electric two-wheeler plant in Dharmapuri.

Under Phase 1, the first plant of 2 lakh square feet is being constructed near Shoolagiri (Hosur) and will have a capacity of up to 1 million production units per year, and is slated to be operational by early 2022. This will put the company's flagship scooter 'Simple One' into production and begin deliveries.

Simple One

As per the MoU, the company will make an initial investment of ₹1,000 crore to build its second plant (as part of Phase 2) in 600 acres of land and intends to open the second factory by 2023. Simple Energy's flagship e-scooter, Simple One, launched in August 2021, has a range of 203 km in eco mode and 236 km in IDC in a single charge



EV ecosystem

Commenting on the development, Suhas Rajkumar, Founder, and CEO of Simple Energy, said, "Tamil Nadu gave us the confidence in creating the EV ecosystem which can be sustainable in achieving our long-term goals. With the MoU, we commit to leading the Indian electric two-wheeler market in India by setting up a resourceful ecosystem that will help the country's vision to lower carbon footprints at a faster pace. Simple Energy will thus redefine electric mobility in India."

Pooja Kulkarni, MD & CEO-Guidance, Tamil Nadu, said, "The electric vehicle industry is growing in popularity throughout the world. The MoU with Simple Energy is to create a facility that will broaden and deepen the electric two-wheeler market. We hope that the partnership with Tamil Nadu will help them become a global player, benefiting the local ecosystem."

The company wants to invest in world-class production capabilities not just for the Indian market, but also for exports to eventually create more than 12,000 direct and indirect jobs. Simple Energy also aims to reduce dependence on imports, and increase focus on localisation of parts.

Business Line 10th December 2021

Maruti to drive in electric WagonR by 2024

Charging infra, customer acceptance will increase by then, say analysts

S RONENDRA SINGH
New Delhi, December 9

Maruti Suzuki India (MSIL), which has been delaying the launch of its first electric vehicle (EV), has decided to launch its first electric WagonR in 2024 and will increase the product portfolio from 2026.

The company had announced EV plans in 2018 and said an electric vehicle will be launched by 2020. But, in 2019, MSIL said the launch was delayed beyond 2020 due to lack of charging infrastructure and cost of batteries.

With other companies such as Tata Motors and Hyundai Motor planning line-ups till 2026 and 2028 respectively, MSIL will also leverage the opportunity as charging infrastructure and customer acceptance will increase by then, sources close to the development told *BusinessLine*.

The company is also investing a lot in battery technology and has partnered with companies like Toshiba and Denso, to not only manufacture batteries for its future cars, but also supply to other original equipment manufacturers (OEMs).

No specific timeline

When asked, an MSIL spokesperson did not specify a timeline but said, "We have announced that we will be launching an EV by 2025. For this prototype, development and testing is going on as per schedule. Meanwhile, India's first lithium ion cell manufacturing plant with an investment of ₹1,200 crore has already been commissioned by Suzuki joint venture with Toshiba and Denso in Gujarat. Trial production is going on."

The company's main concern is pricing of mass EVs REUTERS

The company's main concern is pricing of mass EVs and it has, on many occasions, said that making an EV at around ₹10-12 lakh was not feasible.

According to analysts, it will be a good time for the company to launch a mass market EV, as by then more charging infrastructure will be in place, also helping EV users in inter-city drives.

A New Delhi-based analyst said: "Their (Maruti) real strategy is to delay the launch by a few years so that they can enjoy the sales of CNG vehicles. For MSIL, profitability is the main concern and for EV also, they have the same strategy. By the time they get the EV into the market, the infrastructure will be readily available in most of the cities across India."

Charging stations

According to industry reports, there are about 2,900 public EV charging infrastructure as of September. This is expected to go up to 79,000 charging stations by 2025. Also, electric car sales are expected to go up to 1.75 lakh units by 2028 from around 6,000 units last year (growing at CAGR of 53 per cent).

Tata Motors' Tigor EV and Nexon EV – priced between ₹12 lakh and ₹15 lakh – are some successful models in the last one year and leaders in the market. Recently, Hyundai Motor India announced it will launch mass EVs in the similar price bracket. MG Motor India also announced on Thursday that it will launch an electric vehicle in the price range of ₹10-15 lakh by next fiscal.

Business Line 15th December 2021

Toyota commits to 30 electric vehicles by 2030, but India isn't on the map yet

Japanese automotive major targets Europe, China, North America

SWARAJ BAGGONKAR

Mumbai, December 14

The road to an aggressive push towards electric vehicles of Toyota Motor Corporation, the world's largest carmaker, is unlikely to pass through India, the fifth largest car market in the world, at least in the near future.

The Japanese automotive giant has plans to introduce 30 battery electric vehicles (BEV) globally of varying body styles, including large and compact SUVs, sedans and crossovers. But the main target markets will be Europe, China and North America, as per a presentation made by Toyota Motor Corporation President Akio Toyoda.

While the EV penetration in the passenger vehicle segment in India stands at below 1 per cent this financial year, the three mass market electric car manufacturers – Tata Motors, MG Motor, Hyundai – have their orders books full with waiting periods stretching to six months.

Luxury brands such as Mercedes, BMW, Jaguar Land Rover and Audi, whose electric models are typically priced above ₹1 crore, have even reported a stock sell-out. BMW, for instance, claimed it has sold out the entire stock of the all-electric iX on the first day of the launch, though it did not mention the number of bookings it had received.

Partnership with Suzuki

Toyota has a partnership with Suzuki Motor Corporation. Besides product and technology sharing, the partnership also encompasses future product and technology development especially for electric and hybrid vehicles.

To be sure Suzuki was one of the four companies which had partnered Toyota in April this year to develop a new range of EVs. At that time Toyota had intended to have 15 BEVs, half of which were to be based on the bZ platform by 2025.

Akio Toyoda, President, Toyota

On December 14, Toyota showcased 16 concept EVs including some under the bZ series. bZ which stands for Beyond Zero is a new platform developed by Toyota specially for electrification. Europe will most likely become the first global market to get the bZ4X, the first car on the bZ platform.

"The bZ compact crossover is the most compact vehicle in the bZ series. It is a small battery EV with comfortable interiors designed with Europe and Japan in mind," Toyoda said.

Rivals racing ahead

Both Toyota and Suzuki have lagged behind in the EV race in India even as their rivals such as Tata Motor, MG Motor, Mahindra & Mahindra and Hyundai have raced ahead. While Maruti Suzuki and Toyota are yet to launch their first EV in India, Tata Motors has grabbed the pole position in the EV segment with a share of more than 70 per cent.

Maruti Suzuki had committed to commercially launch its first fully electric car in 2020. Maruti Suzuki, which started road testing 50 BEVs in 2018, is yet to firm up plans of entering the EV space. The Delhi-based company has refrained from entering the EV segment because of the steep end-price of the vehicle because of high battery costs.

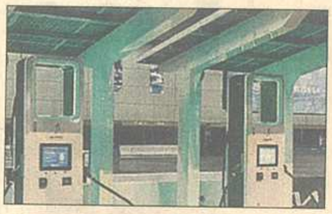
The Economic Times 13th December 2021

EV Charging Stations See Rise in Demand from Property Developers, RWAs

Faizan Haidar & Kailash Babar

New Delhi | Mumbai: Companies providing charging stations are seeing an increase in demand from real estate developers and residents' welfare associations (RWAs) in several cities as more people are buying electric vehicles (EVs).

While companies are forming partnerships with builders for projects that are still in the planning stages, demand is also arising from housing societies and old colonies that are willing to invest in EV charging stations.



"The EV market has been growing on the back of a government push. But now more people also want to move to environmentally friendly modes of transportation, and that's visible from the demand we are getting from housing societies and RWAs," said Sumit Dhanuka, founder, ElectriVa, a leading EV charging startup.

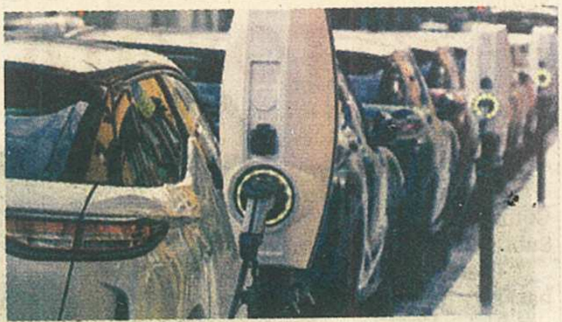
The company recently bagged a major contract from the Delhi government authorities to set up EV charging infrastructure at key locations.

"The expansion of the charging infrastructure segment required this sort of a push. We are working out different models to work with the resident associations as affordability and cost are major factors for them," said Dhanuka.

Kazam, which is creating EV friendly infrastructure by installing charging stations in apartments and residential areas in partnership with the government, is planning to install 10,000 charging stations, especially in apartment complexes.

Business Standard 15th December 2021

'Electric vehicle sale in Delhi six times higher than national average'



PRESS TRUST OF INDIA
New Delhi, 14 December

Electric vehicles accounted for nine per cent of the total vehicle sales in Delhi during September-November, six times higher than the national average, the city government said Tuesday. Delhi is emerging as the EV capital of India, it said in a statement.

The national capital is doing everything possible to reduce pollution, said chief minister Arvind Kejriwal. "I'm glad Delhi is emerging as the EV capital of India with a 9% share of EVs. Delhi is doing everything possible to reduce its contribution to pollution," he tweeted.

Delhi's progressive electric vehicle policy has turned out to be a huge success, and sales of electric vehicles are rising fast, said Kailash Gahlot, transport minister.

Electric vehicles accounted for nine per cent of the vehicles sold in the city, while the national average stands at 1.6 per cent, the statement said. The sale of electric vehicles even surpassed CNG and diesel vehicles in Delhi in the last quarter. The sale of CNG vehicles has fallen to seven per cent as EV sales rise, it said.

A total of 9,540 electric vehicles were sold in Delhi during the September-November quarter. Of this, September saw sales of 2,873 EVs, while 3,275 EVs were sold in October and 3,392 in November, added the statement.

The Delhi government's EV Policy sets a target of 25 per cent EVs among the total vehicle registrations by 2024. Delhi was first in the country to exempt road tax and registration fees for all EVs, it said.

Business Line 11th December 2021

Under FAME II, Govt has supported 1.65 lakh EVs

OUR BUREAU
New Delhi, November 30

The government on Tuesday said it has supported around 1.65 lakh electric vehicles (EVs) as on November 25, by way of demand incentive amounting to ₹564 crore, and further, 6,315 electrical buses have been sanctioned to various State/city transport undertakings under Phase-II of the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) scheme.

The Ministry of Heavy Industries (MHI) had formulated the scheme in 2015 to promote adoption of electric/ hybrid vehicles. Phase- I of the scheme was available up to March 31, 2019.

"The Ministry has also sanctioned 2,877 EV charging stations amounting to ₹500 crore in 68 cities across 25 States/ UTs and 1,576 charging stations amounting to ₹108 crore across nine expressways and 16 highways under FAME India scheme phase II," the MHI informed the Parliament.

The government notified Phase-II of FAME India scheme on March 8, 2019, which is for a period of five years (effective April 1, 2019) with a total budgetary support of ₹10,000 crore.

This phase focusses on supporting electrification of public and shared transportation and aims to support, through subsidies, around 7,000 e-Buses, five-lakh electric three-wheelers, 55,000 electric four wheeler passenger cars and 10 lakh electric two-wheelers.

Business Line 3rd December 2021

Bhavish Aggarwal says Ola electric car in 2023

OUR BUREAU
Bengaluru, December 2

Ride-hailing company Ola, which is close to releasing its electric scooter, plans to launch its electric car by 2023, according to CEO Bhavish Aggarwal.

Aggarwal said this at the Reuters Next conference.

Stating that his ambition was to make India a global electric vehicle hub, Aggarwal said that the EV scooters were on track to be delivered from December 15. The company claims to have received more than a million bookings. Ola, which has funding from Temasek, SoftBank and others, is likely to raise nearly $1 billion through an IPO in the near future.

BusinessLine reached out to Ola for comments on their plans to manufacture electric cars but the company didn't respond.

Business Line 13th December 2021

Tesla gets approval for launch of three more models in India

SWARAJ BAGGONKAR
Mumbai, December 12

Tesla, the world's most popular electric vehicle maker, has secured the approval for three more models from India's vehicle testing and certification agencies, clearing the decks for their launch in the country.

As per information shared by the Centre-controlled Vahan Sewa, Tesla India Motors and Energy, the India subsidiary of Tesla Inc, has received a homologation certificate for three more models, making it a total of seven models to receive approval.

Homologation certificate

Homologation is a process that certifies a particular vehicle is roadworthy after meeting all the specified criteria. However, it was not immediately clear which models or variants have cleared the homologation process. Multiple test cars of Tesla have been spotted regularly on Indian roads including the Model 3 and Model Y. A mail sent to Tesla seeking comments remained unanswered at the time of publishing this article.

While Tesla incorporated its Indian subsidiary in January 2021, it has not made any public announcement with regard to the commercial launch of its fully electric cars here. The US-based EV major, whose India office is based in Bengaluru, has been reportedly lobbying hard for lowered import duty with the Centre.

The government has been

pushing for local manufacturing of electric vehicles in an effort to make the country a hub of EV production in the world to rival the current powerhouse China, where more than 70 per cent of the world's electric cars are made. Import duty on EVs in India is 100 per cent if the CIF (cost insurance and freight) value is more than $40,000 and 60 per cent if the CIF value is less than $40,000. Model Y and Model 3 of Tesla are priced in the range of $38,700-41,200.

Both models made up 90 per cent of Tesla's volumes in 2020. The balance share of 10 per cent came from Model S and Model X, which are priced in the range of $81,200-91,200.

Since the start of the year, Tesla has been strengthening its manpower in India and has appointed several experienced personnel in top positions. Prashanth Menon, who has been with Tesla for more than four years, is now overseeing Tesla's operations in India.

Tesla had previously announced that Vaibhav Taneja, David Feinstein and Venkatrangam Sreeram will be responsible for steering Tesla's operations in India.

Business Line 14th December 2021

Eeve India to secure $10-12 m from internal resources to double capacity

SWARAJ BAGGONKAR

Mumbai, December 13

Orissa-based electric two-wheeler maker Eeve India will invest its own funds to double manufacturing capacity in five years while simultaneously lining up a series of launches next year.

The start-up aims to raise $10-12 million from its internal accruals to fund its manufacturing expansion plans which will see the doubling of capacity to 2 million units per annum.

Eeve India is among the several electric vehicle manufacturing companies like Ather Energy, Hero Electric, Ola Electric, Ampere Vehicles, Okinawa, that are looking to significantly expand their production capacities to cater to rising demand.

Harsh Vardhan Didwania, co-founder and director, Eeve India, said, "The target is to run our existing capacity at the full level which will generate enough cash flow to help power the next phase of expansion. Whenever required we will go to the financial markets but as of now, we are confident that we will be able to meet this requirement through our internal resources. We would need $10-12 million to increase the capacity."

At the beginning of the current financial year, Eeve India was in talks with venture capitalists to secure funding for expansion. However, the talks fell through over issues regarding valuation and terms of the agreement.

"We were looking at venture capital funding but due to issues with regards to valuations and terms of agreement we decided against it," Didwania added.

High-speed two-wheeler

Eeve will enter the high-speed two-wheeler category with the launch scheduled on December 14. Featuring a swappable battery technology, the company will launch an electric scooter having a range of 120-130 km with a top speed of 55-60km per hour.

The company has six models on sale, all of which are classified as low-speed models and hence do not qualify for the subsidy benefits under the Faster Adoption and Manufacturing of Electric Vehicles (FAME-2) scheme.

Business Line 3rd December 2021

Boom Motors claims over 36,000 bookings for e-bike

OUR BUREAU

Chennai, December 2

Coimbatore-based Boom Motors has said it has received more than 36,000 bookings for its electric two-wheeler Corbett, which was launched during second week of November 2021. The pre-booking order size is estimated at ₹400 crore plus, says a company statement.

electric bike Corbett

Delivery of the e-bikes will commence from January 2022. The company's electric bike Corbett comes with a range of up to 200 km. It comes with swappable batteries and with a portable charger that can plug into any household socket thereby removing the requirement for charging infrastructure. The vehicle can hit a top-speed of 75 kmph with the two-battery option, can support 200 kg loading and can climb the steepest gradients. "We are extremely pleased with the overwhelming response we have received for the Boom Corbett. The response is a clear indication of customer preference shifting to electric vehicles. The company's mission is to move to sustainable mobility. People have shown immense faith in our product and in the company's vision and we are committed to working doubly hard to deliver these vehicles as soon as possible to our customers," said Anirudh Ravi Narayanan, CEO & Co-Founder, Boom Motors.

PRESS REPORTS ON TRACTORS

Business Line 10th December 2021

Tractor sales hit rough patch in Nov, production at 11-month low

Sales slump 22.5% y-o-y on high-base effect, excess rains and delays in harvesting

G BALACHANDAR

Chennai, December 10

After hitting a historic high in domestic sales in October, the tractor industry reported a significant fall in production and domestic sales in November due to a combination of factors, while exports grew year-on-year.

Domestic sales plunged 22.5 per cent at 63,783 units against 82,330 units in November 2020 and down 45 per cent against October 2021 sales of 1,15,615 units, according to data provided by the Tractor & Mechanisation Association (TMA).

The total production hit a 11-month low at 67,566 units in November this year. However, exports were higher by 49 per cent at 10,790 units compared with 7,200 units in November 2020. However, on a month-on-month basis, November 2021 export volumes were down 11.5 per cent.

The industry's wholesale numbers in November were further impacted by post-season channel destocking PTI

Key factors behind decline

"High-base effect has definitely played a role but not production issues. There was excess rainfall in some pockets of the country and delay in harvesting also led to delay in cash accruals for farmers, thereby deferring purchases. Also, inventory in the system was higher than usual, which has also seen reasonable correction as deliveries were much better than offtake," said Hemal Thakkar, Director, Crisil Research.

Tractor market leader Mahindra & Mahindra, which saw its tractor volumes drop 17 per cent year-on-year at 26,094 units in November 2021, attributed the de-growth in volumes to high base of last year and incessant rains in some States.

Escorts, which saw 33 per cent decline in its tractor sales at 6,492 units, pointed out that delayed harvest of kharif crops owing to late monsoon rains this year affected the rural cash flows and hence the retail demand of tractors. Industry wholesale in November was further impacted by post-season channel destocking.

The company terms this as a temporary phenomenon and believes that cash flows should start improving as soon as kharif harvest gets fully monetised.

Mixed sentiments

"Rural sentiments continue to remain positive on account of good rabi sowing and high reservoir levels. Escalation in procurement of kharif crop will bring steady cash flows, which is expected to boost tractor demand going forward," said Hemant Sikka, President - Farm Equipment Sector, Mahindra & Mahindra Ltd.

While tractor makers are confident of ending this fiscal with a marginal growth supported by recovery in Q4, industry analysts are of the view that overall domestic volumes may see a decline. "High base of last year will definitely play a role in the remaining months of this year which may make the growth look a little muted. We, however, feel that tractors will clock a minor decline in growth of about 2-6 per cent for FY22," added Thakkar.

PRESS REPORTS
ON
COMPANY NEWS

Business Standard 15th December 2021

Tatas in talks with Taiwan cos to make chips in India

Tata Group has a captive requirement for semiconductors

JYOTI MUKUL
New Delhi, 14 December

Tata Group is in discussions with some major international companies, including those from Taiwan, for its foray into the semiconductor chip business. The Union government had earlier tried to bring in Taiwanese manufacturers Taiwan Semiconductor Manufacturing Company (TSMC) and United Microelectronics Corporation (UMC) for chip manufacturing in India. A person close to the development said the Tatas have now opened a separate channel for a possible tie-up.

Currently, India mostly imports chips, which are fabricated and assembled to put into various applications, including automobiles, renewable power, mobile phones, televisions, and other electronic items.

A spokesperson for Tata Sons did not respond to detailed email queries on a possible tie-up and discussions with international partners. With presence in automobile manufacturing and renewable power, Tata Group has a captive requirement for chips.

Group company Tata Elxsi is already into the business of semiconductor services that includes artificial intelligence tools and frameworks, design solutions, and development. The group has also begun setting up a greenfield electronics manufacturing unit in Tamil Nadu.

While the Indian government was keen to set up a manufacturing centre with Taiwanese company TSMC and later UMC through a collaboration with Indian Space Research Organisation outfit Semi-Conductor Laboratory (SCL), the discussions did not make much headway because the incentives being offered were low. Besides, India could not offer a free trade agreement, which was one of the bargaining chips put forth by the Taiwanese side, said another official in the know.

Chips required for fighter jets are made at Mohali-based SCL, which is a research and development facility engaged in design, development, fabrication, assembly of application-specific integrated circuits, and micro electro mechanical system devices. SCL wanted to build capacities for very large-scale integrated circuits.

The government is looking to incentivise semiconductor manufacturing through a production-linked incentive (PLI) scheme. The Union Cabinet is expected to soon approve expressions of interest put in by companies to put up units under the scheme. Under the scheme notified in September this year, ₹38,601 crore worth of incentives, over a six-year period ending March 31, 2027, would be offered under the PLI for the electronics sector, which includes the semiconductor industry. The government could, however, top up the scheme through a separate funding channel for semiconductor chips.

Besides SCL, semiconductor wafer fabrication facilities are currently available in India in limited capacities for strategic applications at Hyderabad-based Gallium Arsenide Enabling Technology Centre and Bengaluru-based Society for Integrated Circuit Technology and Applied Research.

Among the government-approved projects for semiconductors is the establishment of a gallium nitride ecosystem enabling centre and incubator for high power and high frequency electronics by the Society for Innovation and Development and for assembly, testing, marking, and packaging of NAND Flash memory.

Business Standard 3rd December 2021

Hero rides pillion as Bajaj Auto now parks in No. 1 spot

SHALLY SETH MOHILE
Mumbai, 2 December

A structural slowdown facing the world's largest two-wheeler market has changed equations in the segment, with Bajaj Auto emerging the largest motorcycle maker in November, zipping past market leader Hero MotoCorp.

The Pune-based two- and three-wheeler major sold a total of 337,962 units in November in the domestic and export market, against the 329,185 units sold by Hero MotoCorp, reveals the monthly sales data released by the companies on Wednesday.

Although Hero MotoCorp continues to maintain a clear lead in the domestic market, it's the first time the Rajiv Bajaj-led automaker has managed to secure pole position in terms of total motorcycle sales. Its arch-rival Hero sold 308,654 motorcycles in the domestic market in November, compared to Bajaj Auto's 144,953 units.

The only other time Bajaj sold more motorcycles than Hero MotoCorp was during the Covid-19-induced national lockdown in April and May 2020 that had halted production and sales in the domestic market, but exports continued in small measure.

During the month, the country's largest motorcycle exporter shipped 57 per cent of its total output to markets outside India, helping it offset the 23 per cent decline in the domestic motorcycle market.

An overdependence on the domestic market reeling from a multi-year slowdown led to a sales collapse at Hero MotoCorp in November. Two-wheeler buyers in India have been shying away from purchasing scooters and motorcycles amid rising fuel prices, increasing prices and ownership costs.

Motorcycle and scooter sales at Hero MotoCorp fell 39.2 per cent to 349,393 units in November, against 575,957 units in the year-ago month.

Hero MotoCorp maintains a clear lead in the domestic market, but it's the first time Bajaj Auto has secured pole position in terms of total motorcycle sales

A weak festival season has led to stockpiling at the company's sales channels, forcing the company to curtail despatches during the month.

Automotive companies in India count despatches to dealers as sales. On average, Hero has unsold stock of 45-60 days at its channels, according to dealer estimates.

Most of the other two-wheeler makers, including TVS Motor, Honda Motorcycle & Scooter India (HMSI), and Royal Enfield, among others, also saw sales skid during the month in the domestic market, even as exports helped them cushion the fall somewhat. Domestic two-wheeler sales at TVS fell 29 per cent year-on-year to 175,940 units. Domestic sales at HMSI — that draws close to 65 per cent of its sales from scooters — also dropped 38 per cent to 256,170 units, against 412,642 units.

The Economic Times
2nd December 2021

SWITCHING GEARS TO TAKE ON RIVALS

Maruti may Drive in SUVs Priced up to ₹20 L in 3 Yrs

Plans to launch four new SUVs starting at ₹10 lakh, targeting customers wanting to upgrade

Ketan.Thakkar
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Mumbai: Maruti Suzuki, the nation's automobile market leader known for its small and affordable cars, is making a big shift to sport utility vehicles, and will have a range of SUVs priced up to Rs 20 lakh in the next three years.

The maker of the Alto and Wagon R intends to launch four new SUVs starting at Rs 10 lakh, adding more options to the Vitara Brezza for customers who want to upgrade from a small car to a Maruti Suzuki SUV, people with knowledge of the plans said.

The company believes the lack of upgrading options in SUVs in its portfolio was taking such customers to rivals like Hyundai, Kia, Mahindra & Mahindra and Tata Motors, which all offer a range of products priced Rs 10-20 lakh, they said.

While trying to fill that gap in its product line, the local unit of Japan's Suzuki Motor will also be taking its core USP of fuel efficiency into the SUVs.

The new range of SUVs will offer CNG and hybrid systems along with petrol powertrains, allowing it to offer double-digit fuel efficiency in large SUVs too, the people said.

A Maruti Suzuki spokesperson told ET that customer preferences were evolving and that the company was consistently working at bringing new products by closely monitoring the market trends and customer demands. "However, as per our policy, at this time we cannot give any future guidance on new product lines. We will share with you relevant details in due time," the spokesperson added.

In a presentation shared with dealers in November, Maruti Suzuki informed the channel partners that the company would have four new options in the SUV segment, starting from a compact sub-four-metre vehicle to a 4.4-metre, seven-seat SUV.

New range will offer CNG and hybrid systems along with petrol powertrains

Including these, the company aims to have a portfolio of more than half a dozen utility vehicles in India, including its existing UVs like the Ertiga, the people said.

Much like the cars, Maruti Suzuki intends to have an option at every Rs 50,000 price point in the SUV range, they said. It markets the Ignis as an 'urban SUV', with prices ranging from Rs 5.5 lakh to Rs 8.5 lakh.

The company is expected to launch the Futuro concept crossover on the Baleno platform, codenamed YTB, in 2022 to take on the Tata Nexon.

The Economic Times 14th December 2021

Volkswagen Targets Best India Sales in a Decade with 18 New Models Next Year

Entry into mainstream SUV space and new sedans to help Skoda Auto Volkswagen drive volumes

Ketan Thakkar & Nehal Challawala

COMPANY PHOTO

Mumbai: The Indian subsidiary of The Volkswagen Group, Europe's largest automotive company, is anticipating its highest ever sales in a decade in the country in 2022 as its 1-billion-euro India 2.0 plan starts paying dividend and all brands within the group return better sales numbers on the back of new model launches.

An entry into the fast-growing SUV space will help Skoda Auto Volkswagen India – the group entity that houses all the brands namely Skoda, Volkswagen, Audi, Porsche, Lamborghini – to post over 75-80% growth in sales in 2021 over a particularly low base of last year. The group plans to launch over 18 new models in the coming calendar year, which will help it to sustain the momentum and grow volumes by more than double in 2022 and cross 1 lakh units annual sales with higher domestic sales as well as exports.

The group is set to close at about 50,000 units sales in 2021 having hit a rock bottom of 29,000 cars in India during pandemic-hit 2020.

Having laid a strong foundation for 2.0 in 2021, the group is on course to attain its goal of 5% group market by 2025 despite the short-term semiconductor crisis, said Gurpratap Boparai, MD of Skoda Auto Volkswagen India.

"So our sales will more than double next year in the domestic market. We'll grow by at least 125%," Gurpratap Boparai, the managing director of the company, told **ET**. The higher sales will also help the company maintain sustainable operations in India, he said, adding that the company will start a third shift of production at its Pune plant after several years by the first quarter of 2022.

The company expects to reach full capacity utilisation at the Pune plant by the second half of 2022. This will help it spread its fixed costs over a larger volume and improve margins. The third shift would have already started by now if not for the semiconductor shortage, the managing director said.

A key focus on 2022 will be to bring in more high-end electric vehicles – imported under its luxury car brands and test market Enyaq from Skoda to test the fast emerging electric vehicles space. To be sure, the group already has six electric vehicles in its portfolio in India.

The group has committed over €73 billion in the coming five years on EVs, and it is keen on accelerating its investment in EVs provided there is a long-term roadmap.

"The response to our EVs under the Audi brand has been very strong. The headquarters is keen on investing in EVs in India but for us to make it locally, we are seeking long-term policy stability – i.e. the import duties, incentives – how long will the lower GST last," Boparai said.

Business Line 14th December 2021

Ultraviolette raises $15 m from TVS Motor, Zoho

OUR BUREAU

Bengaluru, December 13

EV manufacturer Ultraviolette Automotive has raised Series C funding from TVS Motor Company and Zoho Corporation.

According to its MCA filings, Ultraviolette has raised $15 million in this round of funding. While the company did not comment on whether more investors participated in the round, founder and CEO of Ultraviolette Automotive, Narayan Subramaniam said the company is in "active conversations with investors". The company has, so far, raised more than $21.4 million across multiple rounds of funding.

The company is setting up a manufacturing and assembling facility in Electronics City, Bengaluru, and will use the fresh funds for production and commercial launch of its high-performance electric motorcycle, the F77. Ultraviolette claims to have received over 50,000 bookings for the F77 from across the world. The company plans to begin test rides and deliveries of the motorcycles in the first half of 2022.

Chip shortage

The global shortage of chips and electronics has affected the entire supply chain of all automotive manufacturers. Closer home, the shortage has led Ola Electric to delay the delivery dates of its scooters from November to December.

Commenting on how Ultraviolette prepares to meet its delivery timeline in this scenario, Subramaniam told *BusinessLine*, "In the light of this reality, we will follow an initial approach, planning for a higher inventory of components, with longer lead times. We will also be working with component manufacturers on a steady ramp-up model for production volumes."

Business Line 9th December 2021

Wheels India board nod to merge Sundaram Hydraulics with itself

OUR BUREAU

Chennai, December 8

Wheels India Ltd (WIL) on Wednesday announced that Sundaram Hydraulics Ltd, engaged in the business of design, manufacture and distribution of hydraulic cylinders for the domestic and global mining and construction industry, will be merged with itself with effect from October 1, 2021, subject to approvals.

The board of WIL, at its meeting on December 7, approved the scheme of amalgamation of ₹57.5-crore Sundaram Hydraulics Ltd, promoted by WIL and Sundaram Finance Ltd.

Under the determined share exchange ratio, 151 equity shares in transferee company of the face value of ₹10 each is credited as fully paid-up for every 15,000 equity shares of ₹10 fully paid-up held in transferor company.

The Economic Times 10th December 2021

MG Motor Looks to Clock a Fifth of Sales from EVs

Co plans to drive in EV at ₹10-15-lakh range by next financial year

Sharmistha.Mukherjee
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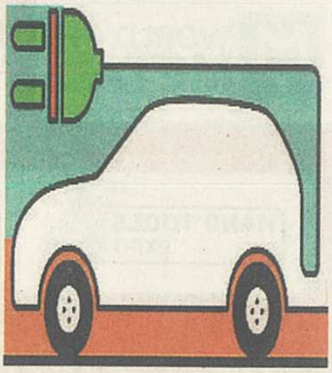


New Delhi: MG Motor India is looking at clocking nearly a fifth of its sales from new-age vehicles with the introduction of an affordable electric vehicle priced between ₹10-15 lakh by the end of the next financial year.

Additionally, upon launch, MG Motor India is exploring opportunities to leverage India as a production base to export the vehicle to neighbouring countries.

"We expect huge volumes from this car. It is going to be developed on the Global Platform for Emerging Markets. We are going to customise it according to the needs of Indian customers. And localize it as per the government requirements under PLI Scheme. Price point is going to be ₹10-15 lakh", said Rajeev Chaba, President and Managing Director at MG Motor India.

Chaba added while discussions were on with headquarters regarding the introduction of a second electric vehicle positioned in the mass market in India, a final decision was taken Wednesday following the direction outlined by the government at the Roundtable to Promote Electric Mobility held last week. Chaba informed with the local government aggressively pushing for vehicle electrification, sales are set to take off in the Indian market.

"With our kind of entry, at this price point of ₹10-15 lakh, I feel by 2030, electric vehicles will be around 30-35% of the passenger vehicle market in the country. And in 2023, only 1.5 years from now, 20% of our (read MG Motor India) sales will be EV. We are going to migrate to EV very fast", said he.

Currently, Tata Tigor EV priced between ₹11.99-13.14 lakh (ex-showroom, Delhi) is the cheapest vehicle in the EV segment. Best selling models such as Tata Nexon, MG ZS, Hyundai Kona come for between ₹14.24 lakh and ₹24.68 lakh (ex-showroom, Delhi).

MG Motor India is exploring opportunities to leverage India as a production base to export the vehicle to neighbouring countries

MG Motor India is working on deepening localisation level of the vehicle as per requirements outlined in the PLI scheme for the automobile sector notified by Ministry of Heavy Industries (MHI) to keep prices competitive and democratise the technology.

Chaba said, "In this kind of timeframe we are going to assemble the batteries. We will not be producing cells, but we are going to encourage the partners to later on if there is availability in the country we can think of buying it (cells) from local sources."

Business Line 10th December 2021

SKODA Auto India ramps up dealer network, sales in South

OUR BUREAU
Chennai, December 9

SKODA Auto India said it has ramped up customer touch points by 84 per cent in the South in the last one year — the dealer network in the region grew from 38 touch points in 2020 to 70 in 2021.

The expansion is in alignment with the brand's strategy of moving closer to customers and has resulted in 90 per cent growth in sales in the region, the company said in statement.

Presence in South

It is now present in 28 cities in the South, up from 19 in December 2019. Along with the metro cities, the brand is now equipped to serve customers in small towns like Shimoga, Karur, Dindigul, Muvatupuzha and Kannur, with plans to enter Tirupati, Karimnagar, Gulbarga, Bellary and Anantpur.

It recently inaugurated new dealerships in Bengaluru, Hyderabad, Chennai, Mysuru and Puducherry. "Southern India is one of the most important markets for us and is vital to our growth strategy. The opening of new dealerships is an important part to deliver on our business objectives, and will offer customers best-in-class services at their convenience," said Zac Hollis, Brand Director, SKODA Auto India.

The expansion also coincides with strong response of more than 20,000 bookings for its new SUV Kushaq.

Business Line 3rd December 2021

Honda sets up subsidiary to offer battery-sharing service

OUR BUREAU
New Delhi, December 2

Honda Power Pack Energy India, Honda's new subsidiary for battery-sharing service, on Thursday said it has been established in India to offer battery sharing service for small mobility, which will accelerate the penetration of electric vehicles (EVs).

Honda's battery "Mobile Power Pack e:" will be made in India, the company said in a statement.

The company has invested ₹135 crore and will be involved in solving three issues of EVs — limited range, long charging time, and high cost of batteries. It is planned to start battery sharing service for electric auto rickshaws (E-auto) from the first half of 2022 in Bengaluru, and expand the operations in other cities in a phased manner, it said.

PRESS REPORTS
ON
RAW MATERIAL

Business Line 10th December 2021

Steel producers may offer volume discounts to MSMEs, exporters

Demand for rebates of about ₹3,000 per tonne to units with up to ₹100 crore turnover being examined, say sources

AMITI SEN
New Delhi, December 13

Domestic steel companies may extend volume discounts on steel used as intermediates by small-scale manufacturers, with turnover up to ₹100 crore, and to exporters, for their production activities, a source tracking the matter has said.

"Steel manufacturers are considering the demand for a volume discount of about ₹3,000 per tonne to Micro, Small, and Medium Enterprise (MSME) units with turnover up to ₹100 crore, and to exporters, on steel sourced as inputs, which could be extended on a quarterly basis. A final decision on the matter will be taken soon," the source told *BusinessLine*.

The development follows a meeting between the Minister of Commerce and Industry, Piyush Goyal, and top representatives of steel companies such as Steel Authority of India Limited (SAIL), Rashtriya Ispat Nigam, JSW Steel, and Tata Steel last week. Steel Minister Ram Chandra Prasad Singh and Minister of MSME Narayan Tatu Rane also participated along with the user industry.

Relief to small players

Goyal asked them to consider offering some relief to small industries and exporters using steel as an input for manufacturing of components and other engineering products as their production and exports had taken a hit due to rising prices of the primary input in the domestic market.


Steel prices have almost doubled over the past year causing distress to MSMEs and exporters making items that require steel as inputs

"While steel producers seem ready to offer some concession, they want it to be confined to only manufacturing units and be strictly commensurate with their manufacturing capacities," the source said.

To enable proper identification of units that are to be supplied steel at a discount, discussions are on for setting up a portal where steel users will fill in their details and state the quantities they require.

"Their demand would be vetted and certified by industry associations to ensure that quantities sourced at discounted prices are not higher than what is required by a unit," the source explained.

Rising prices

Steel prices have almost doubled over the last year causing distress to MSMEs and exporters manufacturing a wide range of items that require steel as inputs. Steel makers justify the price rise by arguing that the sharp increase in fuel prices, especially that of Australian premium coking-coal, necessitated the increase. In December, the price of hot-rolled coil is in the range of ₹67,000-70,000 a tonne, per industry estimates.

Business Line 10th December 2021

India turns a net exporter of steel to China

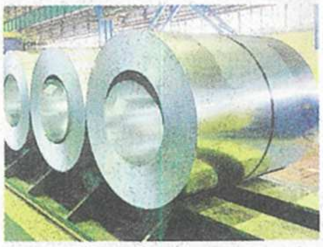
SURESH P IYENGAR
Mumbai, December 9

India has become net exporter of steel to China as manufacturers explore global opportunities with the slowdown in domestic demand.

Steel exports have accounted for ₹19,267 crore so far this fiscal, while imports are at ₹16,369 crore despite border tensions with China. The US and China were top destinations for steel exports, while China and Germany stood as the top sources of imports for India.

Cost advantage

Overall, exports for the current fiscal are expected to surpass that of last year and have already reached 70 per cent of FY21 level.


Steel exports to China have accounted for ₹19,267 crore so far this fiscal

Srinivas Manoharan, President, Shri Bajrang Power and Ispat, said exports will continue to remain strong as China has announced a bailout package to sort out the real estate problem.

India also has a cost advantage over China with the restrictions levied to contain pollution and achieve greenhouse emission targets, he said. Moreover, India has established itself as a credible exporter and managed to capture some of the market vacated by China. In fact, Bajrang Power and Ispat has managed to complete an export order of steel pipes to China and is exploring further opportunities, he added.

India is the third-largest manufacturing hub of steel pipes in the world and steel pipes constitute 8-10 per cent of the steel consumption. The Tata Steel-JSW Steel-SAIL combine is expected to produce 21.4 million tonnes (mt) this fiscal against last fiscal's 16.71 mt, a growth of 28 per cent. The installed capacity is estimated to touch 140 mt by FY25. The production linked incentive scheme announced for speciality steel – to be implemented over FY24 to FY30 with a budgetary outlay of ₹6,322 crore – will further boost the steel industry, said Infomerics Valuation and Rating in its 'Steel Industry: Trends & Prospects' report.

Challenges ahead

Despite sustained production and trade, steel companies face challenges over coal shortage. Further, global inflationary trends also pose a threat of rising prices, including those relating to essential inputs, said the report.

PRESS REPORTS
ON
ECONOMY

Business Standard 8th December 2021

India a poor, very unequal country with affluent elite, says report

Fruits of economic reforms monopolised by the elite: World Inequality Report

INDIVJAL DHASMANA
New Delhi, 7 December

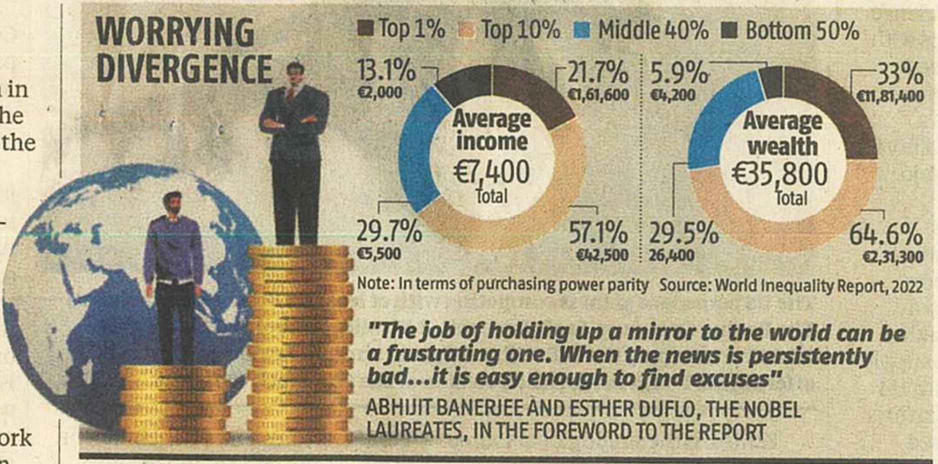
The top 1 per cent of the population in India owns more than one-fifth of the total national income in 2021 while the bottom half earns just 13.1 per cent, said the World Inequality Report.

The economic reforms and liberalisation adopted by India have mostly benefited the top 1 per cent, the latest report for 2022 said.

"India stands out as a poor and very unequal country, with an affluent elite," said the report, brought out by the France-based World Inequality Lab which does work through evidence-based research on the drivers of inequality worldwide.

The report is authored by Lucas Chancel, co-director of the World Inequality Lab and coordinated by famed French economist Thomas Piketty, among others.

The report said the 1 per cent richest people in India hold 22 per cent of the total national income in 2021; the top ten per cent owns 57 per cent of the income.



The average national income of the Indian adult population is €7,400, or ₹2,04,200, that year on the purchasing power parity basis, the report said. However, it categorically clarified that the average national income of a country masks the inequalities.

The income gap between the top ten per cent and the bottom 50 per cent in India is one to 22 in 2021.

The report showed that India is one of the most unequal countries in the world.

Turn to Page 6

Inequality report...

When it comes to the BRICS nations, South Africa and Brazil have wider income inequalities than India. The income gap between the 10 ten per cent and the bottom 50 per cent stood at one to 63 in South Africa and one to 29 in Brazil. In both China and Russia, it was one to 14.

When it comes to the world, the richest ten of the global population currently take 52 per cent of global income, whereas the poorest half of the population earns 8.5 per cent of it.

However, the 2018 World Inequality Report also showed that the share of national income accruing to India's top one per cent of earners was 22 per cent, while the share of the top ten per cent was around 56 per cent in 2014. This means that income distribution has remained more or less the same since then.

Inequality widens when it comes to wealth in India. The bottom 50 per cent of the households own almost nothing. The middle class is also relatively poor, owning 29.5 per cent of the total wealth as compared with the top 10 per cent and one per cent who hold 65 per cent and 33 per cent of the total wealth respectively.

The average wealth of India stands at €4,200, which is six per cent of the total. The middle class owns an average wealth of only €26,400 or Rs 723,930. The top ten per cent and one per cent own €231,300 or ₹6,354,070 and over €6.1 million or ₹32,449,360.

In a way, inequality in India has widened compared to British rule.

Gender inequalities

These are very high. The female labour income share is equal to 18 per cent, significantly lower than the average in Asia, excluding China, at 21 per cent. "This value is one of the lowest in the world, slightly higher than the average share in West Asia at 15 per cent. The significant increase, eight percentage points, observed since 1990 has been insufficient to lift women's labour income share to the regional average," the report said.

Carbon inequality

India is a low carbon emitter. The average per capita consumption of greenhouse gas is equal to just over 2 CO_2e. These levels are typically comparable with carbon footprints in sub-Saharan African countries.

The bottom 50 per cent consume one, the middle 40 per cent 2 and the top 10 per cent, 9 CO_2e/capita.

A person in the bottom 50 per cent of the population in India is responsible for, on average, five times fewer emissions than the average person in the bottom 50 per cent in the European Union and 10 times fewer than the average person in the bottom 50 per cent in the US.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 5th December 2021

SEBI looking at disclosure norms for ESG mutual fund schemes

With rising interest in ESG-compliant products, regulator to look at credit rating firms' take, says SEBI Chairman Ajay Tyagi

OUR BUREAU
Mumbai, December 4

Markets regulator SEBI is examining the disclosure of Environmental, Social, and Governance (ESG)-related aspects by credit rating agencies.

It is also in the process of stipulating disclosures specific to ESG mutual fund schemes.

"The introduction of the Business Responsibility and Sustainability Report (BRSR) and the launch of ESG Mutual Fund schemes have generated interest in ESG ratings as a way for ESG disclosures by listed issuers to aid investors meaningfully integrate ESG into their investment decisions. In this backdrop, SEBI is examining the disclosure of ESG-related aspects in the rating press release by credit rating agencies," SEBI Chairman Ajay Tyagi said at the inauguration of the Arun Duggal ESG Centre for Research and Innovation at IIM-Ahmedabad.

Ajay Tyagi, SEBI Chairman

> In recent years, the rising investor demand for companies to demonstrate high ethical and moral standards has compelled managers of private capital to ensure ESG-compliant start-ups form a significant part of their portfolio

In recent years, the rising investor demand for companies to demonstrate high ethical and moral standards has compelled managers of private capital to ensure ESG-compliant start-ups form a significant part of their portfolio. As a result, ESG ratings have become important for unlisted companies, too.

Rapidly expanding

From an investment standpoint, ESG funds are rapidly expanding in the Indian mutual fund industry. Asset Management Companies (AMCs) have been launching thematic ESG equity schemes. The AMCs are also launching Exchange Traded Funds and ETF Fund of Funds in the ESG space. As on October 31, there were 11 mutual fund schemes with ESG themes, with assets under management of over ₹13,000 crore, Tyagi said.

Disclosures by these schemes, in their Scheme Information Documents, are in line with other categories such as investment objective, asset allocation, investment strategy, and investment restrictions, as also subsequent disclosures.

"However, these disclosures often do not bring out clearly all aspects related to ESG investing, including the investment strategy, the usage of proprietary/third-party scoring in investment decision-making, monitoring of ESG investments, etc. SEBI is in the process of stipulating disclosures specific to ESG schemes," Tyagi said.

The Economic Times 7th December 2021

20 Cos Line up to Avail PLI for ACC Batteries

Major cos including Ola, Reliance, Tata Chem, Amara Raja, Exide, TVS Lucas have shown interest in the govt scheme

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New Delhi: As many as 20 companies including Ola, Reliance, Tata Chemicals, Amara Raja, Exide, TVS Lucas expressed interest in the Production Linked Incentive (PLI) Scheme for manufacturing ACC (advanced chemistry cell) batteries and participated in the pre-bid conference held by the Minster of Heavy Industries last month.

"The response to PLI ACC has been better than expected. We have notified the scheme for setting up manufacturing capacity of 50 GWh, but the interest is more than double of that", said Arun Goel, secretary, Ministry of Heavy Industries (MHI). He declined to specify names of the companies which participated in the pre-bid meet.

MHI released the request for proposal (RFP) document in October inviting bidders for setting up total manufacturing capacity of 50 GWh with an outlay of ₹18,100 crore. As many as 100 participants from 20 companies attended the pre-bid conference organised for prospective bidders last month.

Presentations were made on the terms and conditions, technical details of ACC manufacturing, various incentives and opportunities to promote ACC battery manufacturing in the country. The bidding will be held online through a two-stage process, under quality- and cost-based selection mechanism.

A senior industry executive who did not wish to be identified said, while participation was robust, there are some concerns about the localisation requirement norms. "When we are looking into the details, the localisation conditions are appearing to be too stringent. Besides, there is a penalty clause applicable every day beyond the timelines set for localisation. These are posing some concerns for us."

ACCs are the new generation advanced energy storage technologies that can store electric energy either as electrochemical or as chemical energy and convert it back to electric energy as and when required. Demand for ACC batteries s is currently being completely met through imports.

Among others, consumer electronics, electric vehicles, advanced electricity grids, solar roof top which are major battery consuming sectors are expected to achieve robust growth in sales volume in the coming years once cell manufacturing is localised in the country.

ACCs can store electric energy as electro-chemical or as chemical energy and convert it back to electric energy as and when needed

As per the notification issued by MHI in June 2021, the beneficiary firm will have to commit to set up a minimum of five GWh (Gigawatt hours) of ACCs manufacturing facility. The total annual cash subsidy to be disbursed by the government will be capped at 20 GWh per beneficiary firm.

The beneficiary has to ensure a domestic value addition of at least 25% and incur the mandatory investment (₹225 crore/GWh) within two years. The domestic value addition has to be increased to 60% within five years, either at mother unit, in-case of an integrated unit, or at the project level, in-case of 'Hub & Spoke' structure. Incentive disbursement would commence once the committed domestic value addition and actual sale of the ACCs begins.

More the Merrier

The response to PLI ACC has been better than expected. We have notified the scheme for setting up manufacturing capacity of 50 GWh, but the interest is more than double of that.
ARUN GOEL, secy, Ministry of Heavy Industries

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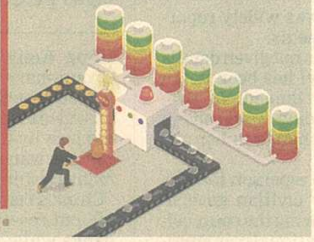
Senior industry exec who did not wish to be identified said, while participation was robust, there are some concerns about the localisation requirement norms



The Economic Times 10th December 2021

SEMICONDUCTOR POLICY: BID TO MAKE INDIA AN ELECTRONICS HUB

Chips Down, Govt Plans ₹76kcr Sops to Lure Cos

Target: 20+ semiconductor design, components manufacturing and display fab units over six years

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New Delhi: The government is planning to provide incentives worth Rs 76,000 crore towards setting up over 20 semiconductor design, components manufacturing and display fabrication (fab) units over the next six years, in a bid to make India a hub for electronics.

"Through various PLI (production linked incentive) schemes, the Centre has tried to broaden the scope of manufacturing and export from India while the semiconductor policy will help deepen India's manufacturing base," a senior government official told ET.

The government's target includes one to two fab units for displays, and 10 units each for designing and manufacturing components, officials added. Semiconductors are used for making a wide range of products ranging from automobiles to handsets.

The scheme is likely to go to Cabinet next week for approval and after that, the ministry of electronics & IT (MeitY) would work out the granular details and invite applications.

"...(after the Cabinet approval), the final contours of the policy will be drawn later and advertised, seeking interest from companies to invest," another official said.

"The world has been reeling under the shortage of semiconductor chips affecting production targets across almost all industries. Since everything, from cars to TVs, laptops, earbuds, and even washing machines use semiconductors, so the policy is coming at the right time and the right place," said Kanishka Chauhan, principal research analyst at Gartner. "If the policy can lure some of the foundries (fabrication units) to our country, it would go a big way in making our country self-reliant".

A wafer is designed and manufactured in fabs, also called foundries, by companies like Taiwanese Semiconductor Manufacturing Corporation (TMSC) as per the requirements of chip manufacturers such as Samsung, NXP and Qualcomm. The chipmakers then package, test and sell the chips to equipment manufacturers, such as Xiaomi and Cisco.

The government's move comes nearly a year after it invited companies to express their interest and requirements for setting up semiconductor fab units. Previous attempts to lure companies had failed despite the government offering a capital subsidy of as much as 40%. But officials say a lot has changed, especially on the infrastructure front.

New Delhi's move also comes amidst continuing global shortage of chips, which has affected the auto, smartphone and white goods industries in India in a big way as well. Amidst the shortage, experts say that with countries like the US doling out huge subsidies to attract semiconductor manufacturers, India should act fast. For example, Korean giant Samsung has recently decided to set up a $17-billion chip making factory in Texas, US.

The Times of India 10th December 2021

Govt rejects steel cos' offer to lower prices

Asks Them To Improve Proposal Of Reducing Rate For Small Biz, Exporters From Current ₹1,500/Tonne

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New Delhi: The government has rejected the steel industry's proposal to lower prices on several products by Rs 1,500 a tonne for small businesses and exporters and has instead asked it to improve the offer.

At a meeting of commerce and industry minister Piyush Goyal, steel minister R C P Singh and MSME minister Narayan Rane on Thursday, user industries such as auto components players, engineering goods makers and exporters demanded that prices be lowered by Rs 4,000 a tonne. But the offer from the steel companies was for a lower reduction, sources familiar with the deliberations told **TOI**.

One of the ministers is learnt to have told industry players that the offer was unacceptable as the extent of reduction was too low and suggested that it should be improved as an announcement will be made by the government soon. An industry source indicated that the price cut may be to the tune of Rs 2,500-3,000 a tonne.

According to industry sources, in December, the rate of cold-rolled strips is estimated at Rs 77,000-80,000 per tonne, while for hot-rolled coil it is in the range of Rs 67,000-70,000 a tonne.

SMALL BUSINESSES HIT

- User industries want steel product prices to be lowered by ₹4,000 a tonne
- Price cut may be to the tune of ₹2,500-3,000 a tonne, says an industry source
- In December, rate of cold-rolled strips is estimated at ₹77,000-80,000 per tonne, hot-rolled coil ₹67,000-70,000 a tonne
- Small businesses have been complaining that frequent price changes have hit them hard

"These are required by micro, small and medium enterprises (MSMEs) from large steel producers as billet, TMT bars and similar products are sourced from secondary producers and steel producers made it clear that their commitment is not for long products," a source said.

Besides, the steel companies, which have been periodically raising prices and hitting the MSMEs hard, are also likely to settle for monthly price adjustments. The original proposal was to opt for a quarterly revision but it was seen to be too long.

Small businesses have been complaining that frequent price changes have hit them hard as they have often been unable to recover the costs as prices have shot up between the time they get the order and when it is ready to be shipped.

While MSMEs had been demanding government intervention for a long time, the government had chosen to keep a hands-off approach until Thursday.

Prices have moderated in the last few weeks as exports have slowed down, industry sources said. Besides, iron ore prices have also come down during December.

Business Line 10th December 2021

India Inc allowed to hold virtual AGMs till June 30

KR SRIVATS

New Delhi, December 9

Call this pandemic effect and ongoing fears and uncertainty over the impact of new Covid variant Omicron. The Ministry of Corporate Affairs has now allowed companies whose annual general meetings (AGMs) are due to be held in 2021 to hold them via video conference till end June next year.

It has also clarified that companies can hold their extraordinary general meetings (EGMs) via video conference and transact items through postal ballot till end June next year. Both these clarifications have come through separate circulars issued by the MCA. These will prove handy for corporates that are faced with several challenges due to the ongoing pandemic, said corporate observers.

Ruby Singh Ahuja, senior partner, Karanjawala and co, a law firm, said the MCA circular, which allows the EGMs to be held through video conferencing, is keeping in view the need of the hour, since due to pandemic there is reluctance to meet physically. "Work from home is a preferred mode worldwide and having an online meeting is certainly cost and time efficient," she said.

Aseem Chawla, Managing Partner, ASC Legal, said the two clarifications issued do suggest in unanimity for the time —being, June 30, 2022 as the cut-off date to conduct the business of AGM and EGM via video conference or other audio visual means. So till June 30, 2022 the companies can make good of virtual means of conducting such meetings.

"Also, it is further stated that no extension of holding of AGM to beyond June 30, 2022 would be granted. The same is in recognition of the fact that it will take some time before physical meetings could be facilitated and the said clarifications do enable the same," he said.

Business Line 15th December 2021

Virtual AGMs: MCA further sweetens the deal for India Inc

KR SRIVATS

New Delhi, December 14

With India still grappling around pandemic-induced restrictions, the Corporate Affairs Ministry (MCA) has further broad based the earlier facility it had handed out for companies holding Annual General Meetings (AGMs) through video conferencing.

It has now clarified that companies proposing to organise AGMs in 2022 for the financial year ended/ending any time before/on March 31, 2022, through video conferencing as per respective dates, can do so by June 30, 2022.

This latest MCA clarification comes just a week after MCA had allowed companies whose AGMs are due to be held in 2021 (FY2020-21) to hold them via video conference till end of June 2022. It also had last week clarified that companies can hold their extraordinary general meetings (EGMs) via video conference and transact items through postal ballot till end June next year.

Since the onset of the pandemic in March last year, the MCA has been taking several measures to make life easy for India Inc to meet the company law's compliance requirements.

Chandrika Sridhar, Partner, Deloitte India, said the MCA clarification regarding holding AGM through video conference or Other Audio-Visual Means (OAVM) is a welcome one and timely.

"It will provide a breather for companies due to the continuing restrictions (and possible third wave considerations) relating to the pandemic," she added.

Aseem Chawla, Managing Partner, ASC Legal, said the clarification is enabling in nature which further extends the scope of allowing companies to hold AGMs through video conferences or OAVM for the prior years as well. "All in all, the aim is to facilitate compliance and orderly governance without impediments. It is expected that companies will give due recognition to such facilitative means," Chawla said.

MISCELLANEOUS REPORTS

Business Line 9th December 2021

Invest Rajasthan Summit receives over ₹3.5-lakh crore commitments from industry

RUTAM VORA

Ahmedabad, December 8

In order to take broad base industrialisation in all the districts, the Rajasthan government is pitching for industrial investments at block-level in the upcoming 'Invest Rajasthan Summit' in January 2022.

The two-day investment summit, to be held on January 24-25 in Jaipur, has so far received investment commitments including the intent for investments in excess of ₹3.5-lakh crore, informed a top official here.

"Our objective is to create an ecosystem of investments and generate employment at the grassroot levels. In this direction, we have already revamped the industrial environment with reforms in the industrial policies that provides incentives for MSMEs and also for large players investing ₹100 crore or more," said Parsadi Lal Meena, Health and Excise Minister of Rajasthan government during a roadshow for Invest Rajasthan in Ahmedabad on Wednesday.

Dozen MoUs

During the Ahmedabad roadshow, 12 MoUs were signed with an investment commitment of ₹41,590 crore in the areas of renewable energy, city gas distribution, cement, logistics and hospitality and tourism. Azure Power, Solarpack Corporation, ACME Cleantech, Torrent Gas, NU Vista, are among the top investors signing the MoUs on Wednesday. Meena also suggested that the Rajasthan government will work to make it attractive for the ceramic and tiles industries located in Gujarat's Morbi to invest in Rajasthan's mineral rich regions and set up their base closer to the raw material.

"We are in the process ofdeveloping a gas grid as required by the ceramic industry," said Archana Singh – Commissioner Industries & Commerce and Investments & NRIs. The State also received Letter of Intents (LoIs) worth ₹64,110 crore from the prospective investors showing an intent to invest. "For the projects worth over ₹100 crore, we are providing customised packages based on their requirements. These include reduction in bank guarantees, duty reduction, among others," said Singh.

Separately, during a roadshow in Mumbai, the State received MoUs worth ₹1,27,459 crore and LoIs worth ₹67,379 crore totalling over ₹1,94,800 crore investment commitments taking the total committed investment so far at over ₹3.5-lakh crore.

The MoUs were signed in the presence of Shakuntala Rawat, Industries & Commerce Minister of Rajasthan in Mumbai on Wednesday. Those lining-up large projects included JSW Future Energy with ₹40,000 crore for 10,000 MW Renewable Energy project in Jaisalmer district; Vedanta Group with ₹33,350 crore; and Greenko Energies with ₹30,000 crore projects. Gautam Adani-led Adani Green Energy has proposed ₹20,000 crore renewable energy project of 4,000 MW in Jaisalmer, Barmer, Jalore and Jodhpur, also the group's CGD arm Adani Total Gas has proposed ₹3,000 crore investment besides, Krish Pharma for a unit in Sirohi with ₹750 crore investment, among other 40 proposed projects.

Business Line 15th December 2021

MSMEs body calls for strike on December 20

G BALACHANDAR

Chennai, December 14

The All India Council of Associations of MSMEs (AICA), an umbrella body of 170 MSME associations, has come out with a slew of suggestions for the government to address the unprecedented raw material price increases that have crippled the Indian economy's backbone – MSMEs (micro, small and medium enterprises).

The MSME associations have alleged that raw material price increases go unchecked and is a matter of grave concern. AICA has already made representations to the Prime Minister and various other Union ministers to control the prices. However, the situation is only getting worse with continuing irrational increases in prices of input materials.

AICA has called for a one-day closure of all industries on December 20 and plans to conduct peaceful demonstrations against the price hike. Members of the Tamil Nadu Small and Tiny Industries Association (Tanstia) and Kakkalur Industrial Estate Manufacturers Association (KIEMA), among others, confirmed their participation. "We are all participating in this as it is a matter of big concern for MSMEs," they said.

Soaring prices

Prices of raw materials such as middle steel plate, aluminium alloy, copper, CRCA sheet, pig iron, MS scrap, Kraft paper, and engineering plastic, among others have increased in the range of 37 to 155 per cent in October 2021 compared to April 2020 levels. Prices of aluminium alloy, copper, and kraft paper have increased 155, 119, and 110 per cent, respectively during this period.

Meanwhile, the AICA has also proposed some measures as possible solutions to overcome the crisis. Firstly, it has requested the government to help reduce the prices to April 2020 levels

and fix MRP for all raw materials. They have requested protection against escalation for a year.

"The National Small Industries Corporation (NSIC) should act as a consolidation agency and should be in a position to consolidate and hedge the overall steel quantity in the marketplace. This kind of hedging should be possible for one year (as rate contract extends for a year) and NSIC could make bulk bookings of steel at a price with the option of taking deliveries within 12 months as fixed," the AICA said.

SAIL and others must publish steel prices of long and flat products and HRC coils on a quarterly basis. The price should be maintained firm for a minimum of three months at a stretch.

Priority to MSMEs

Given their vital role in the recovery of various production sectors in the post-pandemic era, MSMEs should be given priority for the supply of materials and PSUs such as SAIL and Vizag steel should do this. Also, all steel industries should allocate at least 40 per cent of their production for Indian MSMEs, the association stated.

The AICA has also requested the government to allow import of all steel materials based on cost and quality requirements at a nil import duty (no anti-dumping) and also ban the export of iron ore and steel products.

"It may be noted that better GDP growth can be realised if value-added products are exported rather than raw materials. This will generate employment, too," it said.

Business Line 10th December 2021

Nasscom seeks clarity on tax holiday for SEZ units with WFH

OUR BUREAU

Mumbai, December 9

The National Association of Software and Service Companies (Nasscom) on Thursday released its pre-budget recommendations for the IT sector and the start-up ecosystem.

The industry body suggested that eligible start-ups be levied taxes on Employee Stock Option Plan (ESOP) only at the time of sale of shares and resident investors of start-ups listed under the Department for Promotion of Industry and Internal Trade (DPIIT) pay only 10 per cent tax on sale of shares instead of the current 20 per cent to bring them on par with non-resident investors.

The report also seeks clarity on the continuation of income tax holiday for IT companies operating out of Special Economic Zones (SEZs) as most are now moving into hybrid work-from-home (WFH) model.

Deferral of ESOP tax liability

The Finance Act, 2020, had earlier relaxed some of the ESOP tax norms such as deferred tax liability for employees of eligible start-ups till the end of 48 months starting from end of assessment year, the date to transfer shares allotted under the plan or the date the employee left the organisation.

It added, "It should also be noted that the above benefit is not a tax exemption, but only deferral of tax payment. Hence, it would be unfair to extend the ESOP relaxation only to eligible start-ups as defined in S.80IAC. Extending this benefit to all DPIIT recognised start-ups would help in boosting start-up ecosystem in India."

Rate discrepancy

Nasscom highlighted the taxation bias on long-term capital gain (LTCG) wherein resident investors are paying 20 per cent tax (plus surcharge and cess) on sale of unlisted shares as compared to only 10 per cent (plus surcharge and cess) paid by non-resident investors. "Considering the risk taken by investors to invest in start-ups and promote investments (which could act as a strong engine for revival of the economy in the current times), it is important to align tax rate on LTCG for resident and non-resident investors," the report said, adding, "The current tax provisions do not provide a level playing field to domestic investors vis-à-vis foreign investors. Harmonising tax rates for resident investors shall incentivise domestic investors to invest in Indian start-ups."

Countries like Japan, China, USA tax dividends at a rate of around 20 per cent in the hands of certain shareholders (individuals, corporates, etc.). This discrepancy could put resident shareholders in a comparatively disadvantageous position vis-à-vis shareholders of other jurisdictions, Nasscom said.

Income tax holiday

Owing to work from home, the IT-BPM sector in FY21 added 138,000 people, many from Tier 2 cities and the rest working from their home towns. Nasscom estimated that the industry is growing at around 3.2 per cent in terms of employee addition, with the total touching about 4.47 billion in FY21.

This also bring in a lot of uncertainty around the tax relief enjoyed by IT companies for operating out of SEZs, as most employees are likely to opt for hybrid WFH in the near future.

"Currently, S.10AA income tax holiday for operations carried out from the unit in SEZ is under sunset and existing units are availing this for their residual tenure. The industry is concerned that an aggressive interpretation of S. 10AA could lead to instances where officials may consider that work done remotely by workers of the SEZ Unit is ineligible for the tax holiday," Nasscom noted.