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(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 28th December 2021

YEAR-ENDER/ PASSENGER VEHICLES

Chip shortage, key hurdle in 2021

Despite several speedbreakers, auto industry hopes to have a smoother ride in 2022

G BALACHANDAR
Chennai, December 27

As 2021 draws to close, a quick analysis of the Indian passenger vehicle (PV) industry indicates that it will end the calendar year with a decent volume level despite multiple speedbreakers including an unexpected shock by way of semiconductor shortages that constrained production.

Given the current trend, the PV industry is expected to end 2021 with total volume of 3 million plus units (includes cars, UVs and vans) compared to 2.43 million units in 2020, 2.96 million units in 2019 and 3.39 million units in 2018.

2021 A PERSPECTIVE 2022

"I would say 2021 was a year of mixed challenges. The calendar year began well with record volumes in the March quarter. Though the second wave was more severe, the supply chain was less affected. We witnessed a sharp bounce back of demand from June onwards. But the industry ran into another challenge regarding the semiconductor shortage issues," said Shashank Srivastava, Senior Executive Director, Marketing and Sales, Maruti Suzuki India.

Speedbreakers galore

When the year started, 2021 was projected as a strong recovery year leaving behind the strife created by the pandemic in 2020. Unfortunately, the second wave in the middle of 2021 proved to be brutal for India constricting the demand.

The PV industry clocked 9 lakh plus wholesales in Q1 calendar year 21. But state-wise lockdowns and related restrictions (unlike an all-India lockdown in 2020) led to decline in volumes after March 2021, and May 2021, which saw the peak of the second wave and it reported the lowest PV volumes. Thereafter, it again picked up in the months of June and July 2021, but fell sharply in the months of August and September 2021.

"While demand was ramping up, events such as the earthquake in Japan, fire at Renesas Electronics Corporation and lockdown in Malaysia negatively impacted the semiconductor availability, therefore creating a significant stress in producing vehicles and meeting the demand," said Shailesh Chandra, President Passenger Vehicles Business, Tata Motors.

"Shortage of semiconductors to the Tier 1 and Tier 2 suppliers of OEMs, affected supplies of engine ECU, keyless entry, ABS systems, infotainment systems, etc. As a result, the industry witnessed one of the worst sales during the festival months of October and November this year," said Rajesh Menon, Director General, Society of Indian Automobile Manufacturers (SIAM). Analysing the challenges, he describes how the high container freight charges and its shortages were a deterrent for both imports and exports. "Also, higher steel prices during the year put enormous cost pressures and led to several price increases across vehicle segments," he said.

During the January-November 2021 period, total PV volumes stood at 2.76 million units as compared to 2.11 million units in the same period in 2020 and 2.70 million units in 2019. "Despite multiple challenges, the PV industry is expected to close the year with more than 3 million units. Our estimate is 3.08 million units for 2021," said Srivastava.

A year of SUV boom

Domestic sales (in numbers)

Passenger vehicles (PVs)*	January-November 2018	2019	2020	2021
Passenger cars	20,66,174	16,64,721	12,43,210	13,99,630
Utility vehicles	8,61,986	8,89,081	7,76,055	12,54,537
Vans	1,90,112	1,48,601	91,892	1,09,109
Total PVs	**31,18,272**	**27,02,403**	**21,11,157**	**27,63,276**

*BMW, Mercedes, Volvo Auto data are not available and Tata Motors data are available for Jan-Sep only

SUV boom

Amid the gloom, the big story has been the SUV boom, which made the industry move forward with some optimism. The continuing buyers' shift towards SUVs and numerous SUV launches, packed with features and better safety norms, created some excitement in the market during the year. "SUVs have seen large offtake across segments whether it was the incumbent models or the new launches in the year and is expected to rule the sales charts going forward too," said Ashim Sharma, Partner & Group Head Business Performance Improvement Consulting at Nomura Research Institute.

As a result, the utility vehicle segment will end 2021 with a record volume of more than 1.2 million units, highest-ever annual volume in its history. Despite the increase in prices of vehicles, sales of SUVs will continue to soar. There is a huge backlog of SUV orders as every company is battling to meet the demand on account of chip shortages.

Even as the auto industry is hoping for an early end to chip shortages amid robust demand scenario in the domestic market, there is a sudden concern over Omicron as the industry fears that the rise of the new Covid variant may impact supply of chips if countries that produce semiconductors go into lockdown mode. The PV industry will be stepping into 2022 with cautious optimism as it may have to navigate rough weather for some more time.

Business Line 23rd December 2021

China remains largest source of automotive parts imports: ACMA

Imports from China grew 72% in H1 of current fiscal

S RONENDRA SINGH

New Delhi, December 22

China continues to be largest source of automotive parts imports for the Indian automotive industry with shipments in the first half of the fiscal at \$2,378 million, up 72 per cent over \$1,378 million in the corresponding period of last year.

In the first half of the last fiscal, automotive parts imports were down 36 per cent over \$2,160 million in the same period of the previous year.

According to the latest report by the Automotive Component Manufacturers Association of India (ACMA), components such as engine parts, drive transmission and steering, electricals and electronics were some of the major items shipped from China, which accounted for 27 per cent of the imports.

Localisation efforts are on to bring down dependency on imports, ACMA said REUTERS

Top import destinations

The other top countries were Germany (12 per cent), South Korea (11 per cent), Japan (9 per cent) and the US (7 per cent).

"As far as semiconductors go, we'll source them from wherever we can get them...it's the need of the hour. I don't think we're going to be picky in terms of where we choose to source them from. And, original equipment manufacturers (OEMs) are predominantly the ones that source semiconductors. I would imagine that with the demand that exists and supplies become a choke point, we would source them from wherever we can get them from," Sunjay Kapur, President, ACMA, told *BusinessLine*.

He said semiconductor is separate from other imports and depends on who the vendor is, and it could come from Taiwan, South Korea, Europe, Japan or even from the US.One cannot change the vendor suddenly because the applications are built around them. Kapur said India's dependency on China will come down in the next few years.

Focus on localisation

"We have worked on a study with SIAM (Society of Indian Automobile Manufacturers) and a roadmap for localisation in five-seven years' time. We believe that 15-20 per cent of what we import, would be localised," he said.

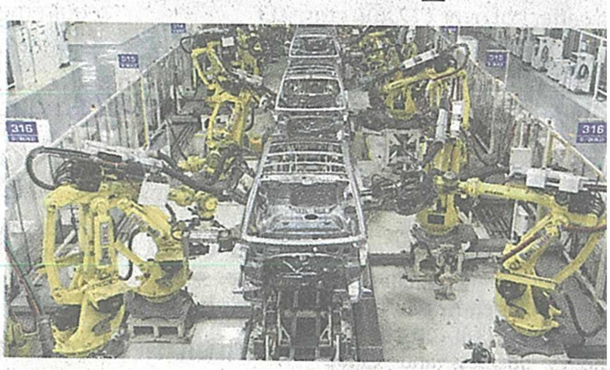
A lot of localisation efforts are already happening and programmes like the production linked incentive (PLI) schemes for auto and auto components will create paths for the value chain that does not exist or are weak right now.

"The impact of the PLI, which will happen maybe in a year's time, will probably make some difference. But again, it's for advanced technologies, not for traditional components," Kapur added.

Business Line 22nd December 2021

Auto component sector turnover up 65% at ₹1.96-lakh cr in April-Sept

Increased value-addition, fast recovery in external markets contributed to growth



Despite resurgence in demand for vehicles, supply-side issues and rising input costs continue to hamper automotive sector recovery

OUR BUREAU
New Delhi, December 21

The Automotive Component Manufacturers Association of India (ACMA) on Tuesday said turnover of the industry stood at ₹1.96 lakh crore ($26.6 billion) for the April to September period, a growth of 65 per cent over the first half of the previous year.

Though the performance of the vehicle industry, during the festival season, was not on expected lines, there are indications that demand will improve in the coming months, ACMA said in the industry performance review for first half (H1) of 2021-22.

Govt support

This, together with increased focus on deep-localisation, and the recent announcements of production linked incentive (PLI) schemes for manufacturing advanced chemistry cell (ACC) batteries and auto and auto components industry will facilitate the creation of automotive value chain and develop India into an attractive alternative source of high-end auto components, it said.

"Despite resurgence of demand for vehicles, supply-side issues of availability of semiconductors, increasing input costs, rising logistics costs and availability of containers, among others, continue to hamper recovery in the automotive sector. The auto component industry, in this backdrop, displayed remarkable resilience," Sunjay Kapur, President, ACMA, said.

Increased value-addition to meet regulatory compliance, fast recovery in external markets and traction in the domestic aftermarket market contributed to the growth of the sector in the first-half, he said.

On semiconductor shortage, Kapur said the industry 'does not see any quick resolution' in the foreseeable future.

Increasing exports

The apex body, representing the auto component manufacturing industry, said exports grew by 76 per cent to ₹68,746 crore ($9.3 billion) in the first half of 2021-22 from ₹39,003 crore ($5.2 billion) in the corresponding period last year. Europe accounted for 31 per cent of exports, while North America and Asia accounted for 32 per cent and 25 per cent respectively.

In the imports, the turnover grew 71 per cent from ₹37,710 crore ($5 billion) in H1 2020-21 to ₹64,310 crore ($8.7 billion) in the first half of 2021-22.

Asia accounted for 63 per cent of imports followed by Europe and North America, with 29 per cent and 7 per cent respectively, it said.

Imports from all geographies witnessed steep increase reflecting growth in domestic manufacturing activities, it added.

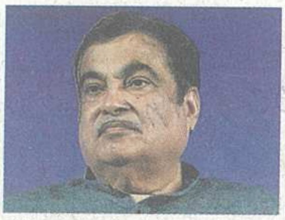
In the aftermarket segment, the industry witnessed a growth of 25 per cent to ₹38,895 crore ($5.3 billion) from ₹31,116 crore ($4.1 billion), the ACMA report said.

On investment in the in dustry, Vinnie Mehta, Di ector-General, ACMA, sai there has been not much in vestment after 2018-19 be cause of factors like globa downturn, pandemic an and other supply side issues.

"Year wise, 2018-19 was th best for the automotive in dustry. Prior to 2018-19, mos of the investment woulc have gone in capacity expan sion because year-on-yea the industry was witnessing growth. Post 2018-19, for vari ous reasons, it did not wit ness any investment, neithe did we see any new OEM coming in. The investmen kicked in in a different wa like improving efficiency, di gitisation and investing in people," he said.

Business Line 16th December 2021

Electric tractors will hit markets soon, says Gadkari



Nitin Gadkari, Minister of Road Transport and Highways

SWARAJ BAGGONKAR
Mumbai, December 15

After cars, two-wheelers, three-wheelers, buses, and mini trucks, it is the turn of tractors to go all electric. Minister of Road Transport and Highways, Nitin Gadkari, said he will launch a battery electric tractor in the coming days which can bring down the overall cost of farm produce.

The minister declined to name the company which is launching the electric tractor, stating the launch dates and formalities are being worked upon. While electric tractors will need a lot of power to do traditional activities such as ploughing and tilling, Gadkari hinted such tractors can haul farm produce from the fields to the market. He was speaking at the HDFC Ergo General Insurance EV Summit held last week.

Economical solution

With the cost of diesel having crossed ₹100 per litre in many parts of the country, the cost of farm produce has risen significantly over the last several months. Electric tractors, with their extremely economical costs, are pegged to become the most suited replacement to traditional diesel-driven tractors.

Punjab-based Sonalika Tractors is the only tractor company in India to have commercially launched an electric tractor in the market. Called the Tiger Electric, Sonalika had introduced it in December 2020 at an introductory price of ₹5.99 lakh. Powered by a 11kW motor and having a lift capacity of 500kg, the Tiger Electric is used for spraying, grass cutting, rotavator, and for hauling a trolley.

Chip crunch: Auto parts firms stare at ₹1K-cr loss

Aftermarket and exports help keep the momentum intact, says ACMA

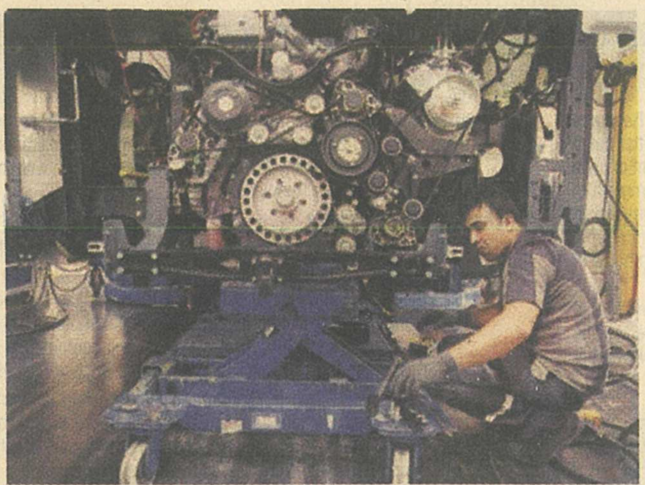
SHALLY SETH MOHILE
Mumbai, 21 December

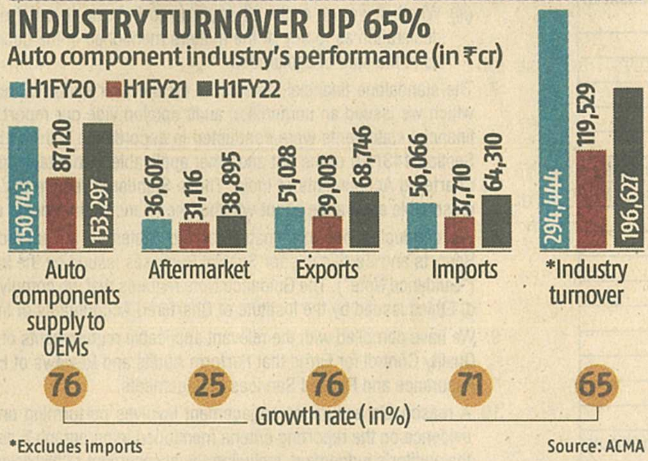
The domestic auto component industry does not expect a respite from the ongoing shortage of semiconductors and a persistent inflationary trend in commodity prices any time soon.

The two factors, which affected the industry's turnover in the first half of the ongoing fiscal year, will continue to mount pressure on auto component firms even as demand, at least in the foreseeable future, is expected to remain strong, said Sunjay Kapur, the president, Automotive Component Manufacturers Association of India (ACMA).

"The semiconductor issue is not resolved yet. It will take some time. This is the sense we are getting seeing the production schedules of automakers," said Kapur. Automobiles account for just 7-10 per cent of the semiconductor industry. Given the number of chips that cars are looking to use, it could go up to 20 per cent, he said.

The apex body estimates a revenue loss of ₹1,000 crore by the end of fiscal year 2021-22 (FY22) due to chip shortage, said Vinnie Mehta, the director general, ACMA. Last week, ICRA pegged a production loss of 500,000 units for passenger vehicle makers, translating into a financial loss of ₹1,500-2,000 crore.





The turnover of the auto component industry advanced 65 per cent year-on-year to ₹1.96 trillion ($26.6 billion) in the first half of the current fiscal year. This came after a year that was marked by pandemic-induced lockdowns.

Besides the base effect, Kapur attributed the rise to increase in value-addition to meet regulatory compliance, fast recovery in external markets and traction in the domestic aftermarket.

"Despite resurgence of demand for vehicles, supply-side issues of availability of semiconductors, increasing input costs, rising logistics costs and availability of containers, among others, continue to hamper recovery in the automotive sector," said Kapur. Against this backdrop, the auto component industry displayed remarkable resilience, he added.

Amid a challenging environment accentuated by rising logistic costs, high raw material prices and chip shortage, growth in exports and aftermarket were the silver lining, said Kapur.

This, coupled with the auto industry's increased focus on deep-localisation, and production-linked incentive schemes recently announced by the government on Advanced Chemistry Cell (ACC) Batteries and Auto & Auto Components will facilitate the creation of a state-of-the-art automotive value chain. They will also help develop India into an attractive alternative source of high-end auto components, Kapur said.

While exports surged 76 per cent to ₹68.7 trillion ($9.3 billion) while imports rose 71 per cent to ₹64.3 trillion ($8.7 billion) leading to a trade surplus of $600 million.

The aftermarket, estimated at ₹38,895 crore, also witnessed a steady growth of 25 per cent. Component sales to original equipment makers (OEM) in the domestic market grew 76 per cent to ₹1.53 trillion, he said.

Plagued by demand and supply issues in the two wheeler and passenger vehicle segments, automakers have not been able to tap the potential of the festival season. But ACMA is cautiously optimistic of the road ahead as there are indications that vehicle demand will improve in the coming months.

Semiconductor shortage chipped passenger vehicle sales (dispatch to dealers) by 19 per cent year-on-year in November. It dropped to 215,626 units during the month from 264,898 units in November 2020. Total two-wheeler sales declined sharply by 34 per cent year-on-year to 10,50,616 units amid weak demand.

Business Line 21st December 2021

With flex engines, we won't need petrol cars, says Gadkari

Road Transport Minister hopes to replace petrol with ethanol in the next two years

SWARAJ BAGGONKAR
Mumbai, December 20

Union Minister Nitin Gadkari is hoping to replace petrol with ethanol in the next two-three years after winning assurances from some of India's leading automobile manufacturers who have promised to introduce models that will be powered by ethanol.

Gadkari, who is the minister for Road Transport and Highways, said at a recent event in Mumbai that Bajaj Auto, TVS Motor Company, Toyota, Maruti Suzuki and Hyundai are ready to accommodate automobile production that can be majorly powered by ethanol.

"Government promotes 350 ethanol-making factories made from rice. We have sugar factories that produce ethanol... I believe that in the next 2-3 years, petrol vehicles will get converted to ethanol."

NITIN GADKARI
Road Transport Minister

Ethanol-powered vehicles

"We have opened three ethanol pumps in Pune. The ethanol-powered autorickshaw of Bajaj Auto is ready. We are bringing out an advisory on flex engines which allow the vehicle to run on 100 per cent petrol or 100 per cent ethanol. Bajaj and TVS (Motor Company) have already made two-wheelers using this technology.

"Toyota, Maruti Suzuki and Hyundai have assured us that they are ready to bring flex engine vehicles," Gadkari said at the conference on Investment Opportunities – Highway, Transport and Logistics.

Chennai-based TVS Motor Company was the first company to launch a bike that is 100 per cent powered by ethanol. It had launched the Apache motorcycle with an ethanol powered engine in 2019.

Other carmakers

Other automakers including Maruti Suzuki and Tata Motors have talked about their readiness in making room for high blending of ethanol in petrol.

"The government has promoted 350 ethanol-making factories made from rice. We have sugar factories that produce ethanol. I can assure you that we will not need petrol cars once flex engines come to the market. I believe that in the next 2-3 years, petrol vehicles will get converted to ethanol," Gadkari added. In March this year, the Road Transport Ministry notified the increase in the ethanol content in fuel to 20 per cent (E20).

The government has targeted 2025-26 for achieving E20. The current average nationwide content of ethanol in petrol is around 6 per cent though it was made mandatory to have 10 per cent (E10) blending back in 2008. All cars made after 2008 are E10 compatible.

GST cut

Last week, the government reduced the GST rate on ethanol meant for blending to 5 per cent from 18 per cent. Before the reduction in GST rate, the price of ethanol stood at around ₹63 per litre.

Besides the lower price ethanol emits 19-48 per cent less greenhouse gas emission compared with petrol.

Brazil is the second-largest producer of ethanol in the world and its government has allowed ethanol blending of up to 25 per cent (E25).

The US is the largest producer of ethanol and its government has allowed blending to the E10 level.

Carmakers in Brazil have even developed flex engines that can run on E25 (25 per cent ethanol and 75 per cent gasoline) or Hydrous ethanol (E100) making the South American country one of the single-biggest consumers of ethanol used in powering automobiles.

Business Standard
31st December 2021

Semiconductor mission launched by IT minister

TWESH MISHRA
New Delhi, 30 December

Information Technology Minister Ashwini Vaishnaw (*pictured*) launched the India Semiconductor Mission on Wednesday. Speaking to journalists, Vaishnaw said companies which are interested in tapping the ₹76,000-crore incentives earmarked by the Centre for development of semiconductors and display manufacturing ecosystem in India can begin applying for the same from January 1.

"The schemes have been notified and uploaded on the website. A portal for the same has been prepared for receiving the applications. Come January 1, 2022, onwards, we will start receiving the applications," Vaishnaw said.

The India Semiconductor Mission (ISM) is a specialised and independent business division within the Digital India Corporation. It has been set up with the aim to build a vibrant semiconductor and display ecosystem to enable India's emergence as a global hub for electronics manufacturing and design.

The mission is authorised to negotiate with the applicants under the semiconductor fab scheme and the display fab scheme. This mission has been given the autonomy to decide the appropriate technology mix, applications, node generation, capacity, among others and propose the structure and quantum of fiscal support for the selected applicants. A fab is short for fabrication plant where raw silicon wafers are processed and turned into integrated circuits.

These schemes were among the four notified by the Ministry of Electronics and Information Technology on December 21. A fiscal support of up to 50 per cent of the project cost has been approved for setting up certain variants of silicon-based semiconductor fab in India. According to the policy notification, the financial support is for six years from the date of approval. Semiconductor fabs set up in India will also be eligible for a purchase preference in procurement of electronic products by the government.

A support of up to ₹12,000 crores per fab has been earmarked under the scheme for setting up display fabs in India. This scheme aims at attracting large investments in manufacturing TFT LCD or AMOLED-based display panels.

Business Line 23rd December 2021

Foreign investors have confidence in PM Modi's policies: Maruti Suzuki MD

SWARAJ BAGGONKAR

Mumbai, December 22

"We can invest in India if Narendra Modi is here," said Kenichi Ayukawa, Managing Director, Maruti Suzuki, at a pre-Budget CEO meeting with the Prime Minister.

Modi and Cabinet Minister Piyush Goyal hosted the meeting with heads of companies from banking, steel, infrastructure, automobiles, telecom, consumer goods, textiles, renewables, hospitality, technology, healthcare, space and electronics.

"Most foreign investors around the world like to invest in India because they have confidence in the policy established by Modi. If Modi is here, we can invest," Ayukawa said.

Kenichi Ayukawa, Managing Director, Maruti Suzuki

TV Narendran, MD and CEO, Tata Steel; Sanjiv Puri, Chairman and MD, ITC; Uday Kotak, CEO, Kotak Mahindra; Preetha Reddy, Vice-Chairperson, Apollo Hospitals; and Mallika Srinivasan, Chairman and MD, TAFE were among the senior executives who met Modi. "Prime Minister Narendra Modi has a grand vision and ambitions for India. The automotive industry is fully committed to contributing to his grand vision by making India the manufacturing hub for the world, by increasing exports and localisation. In addition to his grand vision, the PLI scheme and other such policies will help develop and grow the industry," Ayukawa added.

New plant

Maruti Suzuki, the country's largest carmaker, has cleared the decks to set up a new plant in Haryana, which will be a first in over 15 years. The Delhi-based company has set aside an investment of ₹2,200 crore this financial year, which is part of the ₹18,000-crore investment plan spread over 10 years.

Creation of new capacity by Maruti Suzuki will lead to new capacities by its auto parts suppliers and others in the supply chain network.

Recently, Korean heavyweight Hyundai announced a plan to invest ₹4,000 crore in India to bring half a dozen electric cars to the Indian market. Motor Germany's Volkswagen Group has committed investments of over ₹8,000 crore in India. SAIC-owned MG Motor has also promised to pump in ₹2,500 crore to augment capacity.

Business Line 27th December 2021

'Customer shift to CNG models will continue to gather momentum'

Maruti targets sale of 2.5 lakh CNG vehicles in FY22

G BALACHANDAR

Chennai, December 26

Country's leading carmaker Maruti Suzuki India said that the shift to CNG (compressed natural gas) models from petrol and diesel variants in the passenger vehicle (PV) segment will only gather pace going forward in view of favourable factors.

The share of CNG models in PV sales has seen a big jump in recent months as car buyers shifted towards the cheaper CNG fuel alternative due to the increased price gap between CNG fuel and petrol/diesel, as also a noticeable increase in CNG refilling stations across India.

Maruti saw an 18% spike in CNG variants sales in Oct 2021 quarter

"As it makes economic sense to consider a CNG model vs diesel or petrol variants, fuel type has become a major factor in the purchase of a vehicle. Even if the petrol/diesel price were to come down to ₹80/85 per litre level, the running will still be higher at about ₹4.50-4.60 per km (now at ₹5.10 per km) vs ₹1.60-1.70 per km for CNG. Thus, CNG will continue to make sense in the event of a big drop in fuel prices," Shashank Srivastava, Senior Executive Director, Marketing and Sales, Maruti Suzuki India Ltd told *BusinessLine*.

Increase in sales

Maruti, a leading player in the sale of CNG models in the PV segment, has seen the penetration of CNG variants in its sales increase to about 18 per cent in October 2021 quarter as compared to 11 per cent in the year-ago period.

The company, which offers CNG variants in eight of 15 models , is aiming total CNG vehicle sales of about 2.5 lakh units for the current fiscal, up from 1.57 lakh units in FY21.

Better CNG infra

"The total number would be higher for FY22 had we not faced the issue of semiconductors, due to which the waiting period shot up to four months," he said.

Apart from the price gap, it is improved infrastructure for supplying CNG fuel which is the bigger driver of CNG vehicle sales .Thanks to the Centre's continued thrust there are about 4,000 CNG fuel stations across 250 cities, up from 1,400 stations in 150 cities 3-4 years ago.

With CGD network development , the total number of CNG stations will likely increase to about 8,500 by fiscal 2025 from 3,101 stations in FY21, said Crisil Research report. An additional 65 geographical areas of CGD, to be announced later, will further improving connectivity. The market share of CNG vehicles increased to 6.2 per cent in FY21 from 0.1 per cent in FY16.

Business Line 30th December 2021

Rolling out flex fuel vehicles in 6 months, an 'uphill task'

Auto industry may not be able to move to even E20 by that time, says expert panel report

SWARAJ BAGGONKAR
Mumbai, December 29

Union Minister Nitin Gadkari's ambition to have flex fuel vehicles (FFV) running on Indian roads within the next six months appears to be a tall order, considering that the automotive industry would not even move to E20 by that time, a report prepared by an expert committee has stated.

FFVs can run either on 100 per cent petrol or 100 per cent ethanol or their blends. Present generation petrol-powered vehicles can run on blends to the extent of 10 per cent ethanol or E10. E20 or ethanol 20 per cent blending in a phased manner is slated to take place only by 2023, which has been brought forward from 2025.

"It is possible to roll out E20 material-compliant vehicles by April 2022 and E20 engine-compatible vehicles by April 2023. However, considering the supply of ethanol blended fuel, it is recommended that these may be rolled out all across the country from April 2023. Vehicles with E20 tuned engines can be rolled out all across the country from April 2025," a report by the expert committee, formed under the aegis of NITI Aayog and Ministry of Petroleum and Natural Gas, said.

"We have advised automobile manufacturers in India to start manufacturing FFVs and Flex Fuel Strong Hybrid Electric Vehicles complying with BS-6 norms in a time bound manner within a period of 6 months," Gadkari tweeted on December 27.

The report adds that in order to use higher ethanol blends, the vehicles are supposed to be designed holistically to take care of material compatibility, engine tuning (spark timing) and optimisation (compression ratio) to garner the advantage of higher-octane ethanol blends.

"However, high compression ratio engines may face catastrophic failure due to engine knocking when operated with low or nil ethanol content (i.e. low octane fuel). Similarly, the vehicles which are designed for low or nil content of ethanol in gasoline will result in lower fuel economy if used with higher ethanol blends," the report clarified.

FFVs can run either on 100 per cent petrol or 100 per cent ethanol or their blends. E20 or ethanol 20% blending in a phased manner is slated to take place only by 2023

Customer acceptance

Recommendations of the Society of Indian Automobile Manufacturers (SIAM), the apex lobby body of vehicle manufacturers, in the same report, have pointed out that E100-compatible does not seem to be feasible for India since the cost of ownership and running cost are going to be very high compared with regular vehicles.

"It should be noted that flex fuel vehicles themselves could be more expensive than regular vehicles due to the upgradation of materials, engine parts and fuel system. Further, running cost (due to lower fuel efficiency) will be higher by more than 30 per cent when run with E100 fuel. Unless the E100 fuel cost at retail outlets is made more than 30 per cent cheaper, customers will not prefer the fuel/use for their vehicle. Customer acceptance will be the big challenge in this case," SIAM stated in the report.

The cost of flex fuel vehicles (four-wheelers) would be higher in the range of ₹17000 and ₹25000. The two-wheeled flex fuel vehicles would be costlier in the range of ₹5,000 and ₹12,000 compared to normal petrol vehicles, according to SIAM.

While the calorific value of ethanol is two-third of petrol, according to Gadkari, by use of better technology ethanol's calorific value can be brought on par with that of petrol.

"There is 50 per cent saving on cost because of the price difference between the two fuels (ethanol and petrol). Ethanol is more environmentally friendly than petrol," Gadkari had said in an investment conference held in Mumbai on December 17.

Business Line 24th December 2021

Automobile industry going through a gut-wrenching change: Sunil Munjal

Inflation is a challenge amidst tapering demand: Hero Enterprise chief

RUTAM VORA
Ahmedabad, December 23

The automotive industry is going through a gut-wrenching change and only recently it woke up to the need to change to electric vehicles, said Sunil Kant Munjal, Chairman, Hero Enterprise.

Munjal expressed confidence over electric vehicles leading the growth for the automotive industry. "The automotive industry is going through a gut wrenching change at this moment. The concept of electric vehicle is not new. It has been known for 100 years now. But because there was massive sunk cost within the industry, large automotive companies did not feel the need to change. This is typical of any industry," Munjal said adding that EVs have had a good start in the country.

Sunil Kant Munjal, Chairman, Hero Enterprise

'Interesting race'

"These are early days for EVs. We don't know where it will end up or which will be the final technology. But it would be a very interesting race to watch, for sure. Some initial view was that only new start-ups would win the day. Increasingly now people are saying that large companies have larger resources, and they have the ability to distribute the processes," said Munjal, who delivered a lecture on 'Impact Leadership: An Indian Story' as part of Leadership Lecture Series organised by the Ashank Desai Centre for Leadership and Organisational Development at IIM Ahmedabad.

On the market scenario during and after the Covid-19 pandemic, Munjal said the industry saw a sharp revival after Covid-led demand. After opening up of economy, the demand spurt happened across the board. "Public went with a vengeance and bought things. Some of that has tapered-off, demand for two-wheelers, in particular, seems to have gone away again."

Munjal said: "Inflation is coming back, and energy prices, especially crude oil prices, are going up."

The Economic Times 30th December 2021

Chip Shortage Just a Speed Breaker for Indian Auto Cos on the Growth Highway

Indian light vehicle mkt set to be fastest growing among top-10 automotive markets, PV cos to post highest growth in a decade

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Despite losing almost half a million units on account of shortage of semiconductors, Indian light vehicle market is set to close 2021 as the fastest growing amongst the top-10 automotive markets in the world. This also will be the highest growth posted by passenger vehicle makers in a decade.

The Indian light vehicle market production, which includes cars, utility vehicles, vans and pickup trucks, is set to close at 4.05 million, registering a growth of 24-25% in 2021, according to global automotive forecasting firm IHS Markit. The domestic passenger vehicle sales too are expected to jump over 27% to 3.088 million, as per industry sources.

IHS Markit says India is set to overtake Germany to become the fourth largest light vehicle producer in the world, behind Mainland China, US and Japan in 2021. However, India may slip back to the 5th largest as Germany is expected to regain its position in the coming year once the supply-chain challenge eases.

On account of a low base, the growth rate appears rather strong, but in the ability to standardise semiconductor chips and de-risking its supply chain, India was better off than many markets around the world.

Gaurav Vangaal, associate director at IHS Markit, says India is the only country out of six major light vehicle manufacturers to post strong double-digit growth backed by a substantial recovery in the demand parameters. "The shift towards personal mobility ensured sustenance of demand after the second wave of the pandemic. The low consumption of semiconductors and proactively using de-content strategy by introducing lower variants has helped the Indian market restart its growth with India LVP 2.0," added Vangaal.

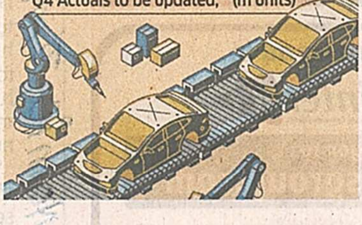
Production of light vehicles had seen a marginal growth of 1-2% between 2014 and 2020, said IHS Markit. The sharp growth in 2021 happened amid a series of challenges – right from commodity price hikes, supply chain challenges and the second Covid wave that impacted a larger set of population.

How They Compare

Country/ Territory	CY 2021^	% growth
Mainland China	23.29	-0.3%
US	8.84	2.5%
Japan	7.36	-5.1%
India	4.04	24.3%
South Korea	3.40	-1.8%
Germany	3.08	-16.5%

*Q4 Actuals to be updated; ^(m units)

Source: IHS Markit



Shashank Srivastava, senior ED, sales and marketing at IHS Markit, says year 2021 is ending on a strong note.

"The bounce-back has been thankfully and surprisingly good, though admittedly over the small base of last year. The current demand-side parameters of enquiries and bookings are strong, but supply constraints have resulted in some waiting periods and pending bookings. Maruti Suzuki pending bookings are about 2.75 lakh and there are bookings across the industry. As the supply scenario improves, we may see improved retails, though we have to see how the consumers react to the impending price hikes," added Srivastava.

The industry is currently sitting on close to 6 lakh units of pending bookings and it has been driven by high-decibel excitement in the SUV segment. One of the biggest contributors to the SUV volumes is Mahindra & Mahindra, which made a strong comeback with the Thar and the XUV 700.

Veejay Ram Nakra, CEO for automotive business, Mahindra & Mahindra, says the demand has been very strong throughout the year and the momentum sustained well post festive season.

Business Standard 28th December 2021

Used car market to see 11% CAGR till FY26: Report

PEERZADA ABRAR
Bengaluru, 27 December

India is witnessing a disruption in the used-car market, which is set to see a compound annual growth rate (CAGR) of 11 per cent, with sales of up to 8.3 million units by FY26, according to consulting firm RedSeer.

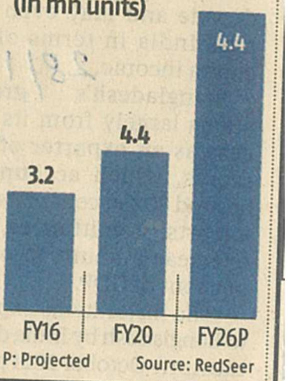
For the longest time, the first-time buyers would go for new cars, however, with the pandemic in tow, more people are opting for used cars as they prefer personal mobility. "This has paved the way for a bright future in the used car market," said the report.

While a reduced period of car ownership among the millennial demography, as observed, is a key contributor to the growth in the used-car segment, the transition from BS-IV to BS-VI, and GST rates differential on purchase of used cars versus that of new cars are some of the other growth drivers.

Over the next five years, the pre-owned car market is set to more than double to 8.2 million units or $47 billion in value from 4 million or $17 billion in the fiscal year ended March, which means that two used cars will be sold for every new car sold, according to a report by JM Financial. In the pre-pandemic 2019-20 (April-March) fiscal year, the used-car market stood at 4.4 million units or $19 billion according to JM Financial's report.

IN DRIVING SEAT

India used car market (in mn units)



P: Projected Source: RedSeer

Business Line 31st December 2021

All you need to know about flex-fuel vehicles

SWARAJ BAGGONKAR
Mumbai, December 30

BL Explainer

What are flex fuel vehicles?

Flex fuel vehicles (FFV) are capable of running on 100 per cent petrol or 100 per cent bio-ethanol or a combination of both. Bio-ethanol contains less energy per litre than petrol but the calorific value (energy contained in the fuel) of bio-ethanol will become on par with petrol with use of advanced technology. The government has also advised car-makers to start making Flex Fuel Strong Hybrid Electric Vehicles (FFSHEV). Such a vehicle, though yet to be made widely available in world markets, essentially houses an electric motor which powers the vehicle alongside the traditional petrol engine.

What way are they different from existing vehicles?

Since an FFV is capable of running on either petrol or ethanol, it will be the first of its kind 100 per cent dual fuel vehicle to run on Indian roads. To be sure, a litre of petrol sold in India has an average of 8 per cent ethanol content even though oil marketing companies have clearance to do even 10 per cent (E10) blending. All vehicles manufactured in India are tuned for E10. All existing vehicles on Indian roads will not be able to run on higher ethanol content beyond 10 per cent.

Why is the Indian government pushing for FFVs?

Last year (FY21), India's oil import bill stood at $62.7 billion which was matched in just the first seven months (April-October) of this year. To make matters worse, the rupee is at its weakest level in last three financial years. The government is desperate to bring down the oil import bill by creating fuel substitutes like ethanol, hydrogen and electricity. Even a push till the E20 level can result in savings of $4 billion per annum, as per estimates. This is possible only if flex-fuel vehicles are made available in the market. Also, FFVs will also help the government meet its commitments when it comes to reducing emission.

To what extent will FFVs help in cutting emission?

According to a report by the expert committee formed by the Ministry of Petroleum and Natural Gas, by just hitting E20, carbon monoxide emissions were observed to be 50 per cent lower in two-wheelers and 30 per cent lower in four-wheelers compared to petrol. Hydrocarbons were lower by 20 per cent. The report also mentioned that E20 blending will result in drop in fuel efficiency by nearly 6-7 per cent in four-wheelers designed for E0 and calibrated to E10.

What has been the auto industry's reaction to government's policy?

Higher blending of ethanol will mean higher manufacturing costs which translates to pricier vehicles. Certain auto parts, especially those that come in contact with higher ethanol content, will have to be replaced with a compatible product to avoid corrosion.

Automotive companies say that they are ready to move with government regulations on ethanol blending of E20 by 2025. Government officials have said that Toyota, Maruti Suzuki and Hyundai have agreed to make FFV in India. Apparently, Bajaj Auto and TVS Motor Company have also assured the government of rolling out three-wheelers that can be run on 100 per cent ethanol.

Business Line 31st December 2021

Vehicle recalls hit a five-year high in 2021

More than 7 lakh units recalled over airbag failure, faulty emissions, engine malfunction

SWARAJ BAGGONKAR
Mumbai, December 30

Vehicle recalls in India soared to a five-year high in 2021 with more than seven lakh units recalled, which was more than the total number of recalls during the previous three years.

According to data given out by the Society of Indian Automobile Manufacturers (SIAM), four-wheeler and two-wheeler recalls during 2021 stood at 7,07,318 units. The industry had seen 3,80,615 recalls in 2020, 1,59,992 in 2019 and 1,38,755 in 2018.

The largest number of such voluntary recalls in a year happened in 2015 when slightly over a million units were recalled. The list does not include trucks, buses and three-wheelers.

Royal Enfield tops the table

Eicher Motors, makers of Royal Enfield bikes, led the list, recalling over 2.56 lakh units. Car market leader Maruti Suzuki followed with slightly over 1.81 lakh recalls in 2021.

The recall of over 50 models in 2021 covered a wide spectrum from Suzuki Gixxer 150 and Royal Enfield Classic 350 bikes to Honda City, Mahindra Thar, and Maruti Suzuki Brezza, and even Mercedes CLA and Porsche Boxter. The reasons were varied such as airbag failure, faulty emissions, and engine malfunction.

Though India is the fourth largest automotive market, the country got its long delayed, government-defined recall policy only in April thanks to the steps taken by the Ministry of Road Transport and Highways.

According to the Central Motor Vehicle Rules, 2021, manufacturers can face a penalty of up to ₹ 1 crore depending on the number of recalls. Till the end of the last financial year manufacturers made voluntary recalls to replace any defective part, in line with SIAM's voluntary recall policy. Sometimes testing agencies like the ARAI that identified an issue, forcing the manufacturer to do a recall.

Recalls in India have been controlled by manufacturers themselves in the absence of any laws and therefore never attracted any penalty. Compensation, if any, also was at the discretion of the manufacturer.

Due to the absence of a law, the vehicle owner had little option beyond highlighting the issue on social media in the hope of getting the attention of the company.

Designated officer

In April this year, the Ministry of Road Transport and Highways appointed Amit Varadan as the designated officer to oversee the process of vehicle recalls. Varadan, an Indian Railway Traffic Service (IRTS) officer of 1990 batch, is the first person to take charge of the newly created position.

The designated officer has powers to initiate proceedings against an auto-maker based on a report of findings by an investigation officer, as specified by the Central government.

The officer can also issue a recall notice *suo motu*, if he has reasonable grounds to believe that a motor vehicle is defective, and that the defect exists in a group of vehicles of the same design or manufacture.

PRESS REPORTS ON COMMERCIAL VEHICLE

Business Line 29th December 2021

CVs rev up on e-commerce boom

Outlook positive for 2022 as demand drivers remain intact

G BALACHANDAR

Chennai, December 28

The commercial vehicle segment has been showing better recovery trends than other vehicle categories

For the automotive sector, one segment that revved up in 2021 was the truck industry. When the year began, the CV industry was looking forward to a positive growth phase after two years of sluggishness, caused by new axle load norms, credit crisis, transition to BS-VI fuel norms and impact of the pandemic. The first quarter of 2021 lived up to that hope.

But the second wave of Covid-19 caused some temporary disruption in mid-2021. However, recovery in the post-second wave was stable despite high acquisition cost for buyers. As the government focused on reviving the economy with massive spends on infrastructure development, the truck industry benefited and sales started moving northwards.

"The CV segment has been showing better recovery trends than other vehicle categories in the past few months, with sustained double-digit growth. The medium and heavy commercial vehicle (M&HCV) category has been an outperformer," said Satyakam Arya, Managing Director & CEO of Daimler India Commercial Vehicles (DICV).

Total volumes

"Total M&HCV volumes are expected to be in the range of 1.8-2 lakh units by the end of 2021. If the current growth momentum continues in 2022, then 2023 should be a strong year for the CV Industry," he added.

2021 A PERSPECTIVE 2022

Total medium and heavy-duty truck volumes (wholesale) stood at about 1.15 lakh units in 2020 and 2.47 lakh units in 2019, according to the Society of Indian Automobile Manufacturers (SIAM).

The key factors for demand revival were growth in construction spending, e-commerce industry, highway projects and the industrial sector.

"Growth in the heavy-duty segment was driven by investments in infrastructure and construction. The light and medium vehicles sales gained traction on the back of demand from the rural economy, festival season and boom in the e-commerce industry. Bus operations were the slowest to recover as work-from-home, travel restrictions and school closures continued due to the pandemic," said a spokesperson for VE Commercial Vehicles.

E-commerce emerged as a major driver of CV demand. With consumers preferring online shopping in the wake of the pandemic, the supply movement led to huge demand for intermediate commercial vehicles (ICVs) and small commercial vehicles (SCVs).

ICVs played an important role in cargo distribution needs such as e-commerce, fruits and vegetables, parcel and logistics, poultry, white goods, industrial goods, FMCG, auto parts, beverages, etc.

The ICV boom also witnessed a customer shift to alternative fuel vehicles. With diesel prices hitting record highs, demand for CNG trucks shot up as the price gap for CNG and diesel widened significantly.

"CNG variants in the M&HCV segment have been received well by the industry and we expect the trend to continue as availability across major routes and cities improves, so will the uptake of these vehicles," said Paritosh Gupta, Senior Analyst, Medium and Heavy Commercial Vehicle Forecasting, IHS Markit.

Though the e-commerce boom drove significant growth in the SCV segment (comprising mini-trucks and pick-ups up to 3.5 tonne gross vehicle weight), chip shortage played a spoilsport in this category.

Positive outlook

"I believe that the year 2022 will see heightened demand for heavy trucks from the infrastructure sector, mining and long-haul segments like cement and steel. E-commerce will continue to be a sunrise segment for small and intermediate commercial vehicle sales. Overall, I am very bullish for the next five years. This will be an exciting period for the CV industry," said Arya.

Overall, with good gains from this calendar year, the outlook for 2022 remains positive and the industry is expected to repeat the strong double-digit growth. "Heavy trucks, particularly in construction applications, will continue to see good momentum heading into 2022," said Gupta.

But there are some near term challenges too. The bus segment will take time to recover. Truck makers have been under cost pressures owing to higher prices of commodities such as steel, aluminium, copper and precious metals, in addition to production constraints due to chip shortage, particularly for small trucks. Also, the industry is wary of the looming threat of the third Covid wave.

Business Standard 28th December 2021

Ashok Leyland to enter used vehicle biz

Partners Shriram Automall to launch platform for pre-owned vehicles

SHINE JACOB

Chennai, 27 December

Hinduja Group's flagship commercial vehicle major Ashok Leyland (AL) on Monday announced its foray into the used vehicles business by tying up with Shriram Automall India (SAMIL), which connects pre-owned vehicles and equipment buyers and sellers. The companies will launch an exclusive platform for pre-owned vehicles.

The phygital (physical plus digital) platform will facilitate exchange, proper disposal and purchase of old commercial vehicles. With this foray, Ashok Leyland aims to streamline the used-vehicles market by leveraging its digital ecosystem, existing and potential channel partners in over 100 automalls spread across the country. The company aims to bring in more transparency in this space.

The customers will also have access to other value-added services of Ashok Leyland like iALERT telematics solution, Driver SAATHi skilling solution, valuation, breakdown services and fuel solutions through various digital solutions offered by the firm.

"With our aspirations to be an end-to-end mobility solutions provider, this partnership will help establish our presence in the pre-owned commercial vehicle segment. With our experience as one of the largest truck makers, this initiative will help to debottleneck the ecosystem through a consumer-centric digital solution, which will serve as an easy-to-use touchpoint for our consumers," said Sanjay Saraswat, the head - medium and heavy commercial vehicles, Ashok Leyland. The company expects that the initiative will also help it in implementing the scrappage policy at the grassroots level.

The company said that through facilities like an exchange, disposal, hybrid, and special vehicle inspection, the platform aims to become the top choice of customers who are considering exchanging their vehicles. This will create an opportunity for Ashok Leyland to reach many fleets and single truck owners across India, it said.

"SAMIL is living on to the mission to bring innovative digital solutions to enhance the customer experience to the next level," said Sameer Malhotra, CEO of Shriram Automall India. "Through the OEMs expertise of the Commercial Vehicle segment and our Phygital auctions platforms, which include over 100 Automall network strength spread across India, we aim to create all-inclusive mobility solutions for buyers and sellers," he said.

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 24th December 2021

Electra EV aims double turnover every year

Ratan Tata-founded firm has seen a 10-fold jump in demand

SHALLY SETH MOHILE
Mumbai, 23 December

DRIVING THE GOALS

- Electra EV clocked **₹115 crore** in FY20
- Robust demand for **EV powertrain solutions** from all auto segments
- Electronic **parts shortage** a major deterrent
- Expects **demand to multiply** from earlier years

Electra EV, the Ratan Tata-founded firm that offers EV powertrain solutions to Tata Motors and various other automakers, envisages doubling its turnover every financial year on the back of strong order books, the company's top official said.

"Based on the massive demand we have been seeing from July 2021 onwards, Electra EV aspires to double its revenues every financial year for the next two-three years, from the FY20 levels," Samir Yajnik, executive director, Electra EV, told *Business Standard*.

It clocked ₹115 crore in the financial year ended March 2020.

The company has seen a 10-fold jump in demand. Until August, Electra was making 100-150 EV kits a month. This had to be ramped up to 1,000 units.

"The market has suddenly become wild. There is demand from every segment of the automobile market — from fleet, personal, two-wheelers, three-wheelers, and even off-highway vehicles," said Yajnik.

However, the availability of electronic parts and the logistics issue from China have made it challenging.

To deal with the supply demand mismatch, Electra has completely pre-booked orders for parts like battery cells it imports for 12 months.

It is also localising more aggressively and working on alternative solutions if the shortage lasts.

"Our focus in the future will be stepping up our execution by scaling up our processes, adding key people, and enhancing our supply-chain. We have come a long way on all the three fronts with initiatives that were executed during the lean period."

The four-year-old Pune-based start-up supplies critical parts and aggregates ranging from battery systems, traction power and control systems, on-board chargers, and vehicle control units to auto firms. More than 25 per cent of the e-four-wheelers on Indian roads had an Electra EV powertrain in them in FY20, the company claims.

The company is looking to invest significantly in battery localisation and assembly, system-level simulations, and end-of-line testing of all its subsystems, he said. It will explore a combination of debt and equity for these investments.

With the e-mobility trend sweeping India and other geographies, Electra has set its sights on global markets for its affordable powertrain solutions. It sees a raft of automakers -- both existing and new -- create relevant used cases at affordable price points for Indian fleet operators and individual owners.

"Once our products have been proven robust and reliable in difficult tropical conditions in India, we will be ready to establish a global footprint, starting with markets with similar climatic conditions," said Yajnik.

In addition to fostering relations with its customers as partners, it plans to collaborate with start-up companies in power electronics.

With its local and affordable solutions, Electra aims to accelerate electric mobility in India, Yajnik said. According to him, the Central and state governments' EV policies are already "playing a massive role in building the initial momentum" and to provide the necessary push.

A pull is now coming from the users in all segments of the EV market. This year the market should multiply from levels in earlier years, he forecast. After two-wheelers, four-wheelers are set to take on electrifying their product portfolio.

Encouraged by Tata Motors, which has taken the lead in the segment with its e-Nexon and E-Tigor models and the various state and central-level subsidies, other carmakers, including Hyundai Motor India, MG Motor India, and Mahindra and Mahindra, have announced plans to bring affordable EV models over the next four to five years.

"It is interesting to note that the cost of ownership equation for EVs is lower than that for ICE (internal combustion engine) vehicles. For price parity at source, we would possibly need to wait another two years or so," said Yajnik.

Business Line 17th December 2021

Mahindra Electric to roll out four new models including quadricycle over 3 years

Company expects electric 3-wheelers to account for 30% of 3W demand by 2025

SWARAJ BAGGONKAR
Mumbai, December 16

Mahindra Electric, India's biggest electric three-wheeler manufacturer, will launch at least four new products, including a product in a new category over the next three years, as it looks to further build on its leadership position.

New electric three-wheelers for passenger and cargo — having better range and payload capacity — and an electric quadricycle are lined up for launch by the company, per a top executive.

Suman Mishra, CEO, Mahindra Electric Mobility (MEML), said, "We are planning to launch 4-5 new products in the last mile mobility category in the next three years — different payload, different range and better technology."

This implies the company may have to increase manufacturing capacity at its assembly plant in Bengaluru.

The Bengaluru-based company today launched the electric Treo, a passenger electric three-wheeler, in Maharashtra at ₹2.09 lakh (ex-showroom, Mumbai) post FAME-II, State and early bird subsidies.

While the Treo is a fixed battery electric three-wheeler, the company is planning a swappable battery solution to be had in the next generation of products.

Quadricycle segment

Next year MEML will foray into the quadricycle segment with the launch of the Atom — a four-door commercial passenger vehicle — to become the second company after Bajaj Auto to enter the segment.

"The Atom should be launched next financial year. It does not enjoy the FAME benefits (as of now) and because of that, we are working on how to give the right value proposition to the customer. However, it was included into the PLI scheme. I could get the product into the market much faster if it gets FAME benefits which could translate into a subsidy of ₹1 lakh," Mishra added.

Suman Mishra, CEO, Mahindra Electric Mobility

Covid impact

The passenger three-wheeler segment has been among the worst hit of the Indian automotive industry due to the pandemic.

With offices shut down and schools closed, the business proposition of this segment collapsed overnight. But with the gradual normalisation of the economy, demand for the three-wheeler is rising once again.

"The passenger three-wheeler segment has not recovered at all compared to the pre-Covid levels. We are presently at 30 per cent to those levels. Cargo three-wheelers are better at 70 per cent. Hopefully, in the next year or two, we will see the numbers back to pre-Covid," Mishra added.

Rising demand

Within the three-wheeler segment, electric penetration was quite low last year but has increased significantly this year. According to MEML, from 2 per cent last year, electric three-wheelers now make up 7 per cent of the entire three-wheeler demand basket and it is expected to rise to 30 per cent by 2025.

MEML claims a market share of 67 per cent in the electric three-wheeler segment.

It operates through a network of more than 200 dealerships across 450 districts. It is hoping to increase the dealership count by 30 per cent next year.

Business Line 17th December 2021

'India to see $12.6 b investment in EVs'

This will benefit realty sector: Colliers report

OUR BUREAU
New Delhi, December 16

The electric vehicles segment in India is likely to witness investment of $12.6 billion (₹94,000 crore) across the automotive value chain over the next five years.

Tamil Nadu is the frontrunner — accounting for 34 per cent of total planned investments for EVs — followed by Andhra Pradesh and Haryana with a share of 12 per cent and nine per cent respectively, said a report by Colliers, a leading real estate consultant.

According to the report 'Electric Mobility in Full Gear', the investments are likely to benefit the real estate sector in the form of setting up new or augmenting manufacturing units, industrial parks and clusters with a focus on last-mile delivery by e-commerce firms, and a government push for electrification of public transport.

Land requirements

Currently, 15 States have either approved or notified EV policies with six more States in the draft stage. States like Delhi, Gujarat, Maharashtra and Meghalaya are focusing on demand incentives whereas southern States and Uttar Pradesh are focusing on manufacturer-based incentives, it said. States like Maharashtra, Delhi and Gujarat having strong demand-side incentives should have provisions to set up industrial parks/clusters for EV or manufacturing of ancillary components with plug-and-play.

Currently, 15 Indian States have either approved or notified EV policies REUTERS

"Government's target of 30 per cent EV sales by 2030 is ambitious but achievable. In India, the transport sector is currently the third-largest emitter of CO_2. EVs can be a game-changer. The government has a conservative scenario of manufacturing 110 GWh of EV batteries by 2030 which can spawn requirement of about 1,300 acres of land pan-India," said Ramesh Nair, CEO – India and MD – Market Development in Asia, Colliers.

There is also a need to establish a dedicated EV park that provides plug and play facilities, developing and retrofitting warehouses for storing lithium-ion batteries, the report added.

Business Line 17th December 2021

Electric 2-wheeler segment charged up as OEMs, parts-makers invest ₹20,000 crore

E2W demand rising on sops, surging cost of acquisition of conventional 2-wheelers: ICRA

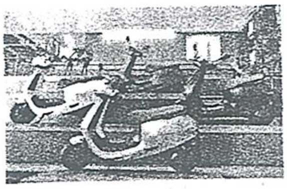
G BALACHANDAR
Chennai, December 16

Electric 2-wheeler (E2W) players and electric vehicle (EV) component makers have committed a cumulative investment of more than ₹20,000 crore as the shift from ICE (internal combustion engine) to EV two-wheelers is picking up pace.

"On the OEM side, investments of more than ₹10,000 crore have been committed by electric two-wheeler start-ups and incumbents over the next 3-7 years. Investments will only increase going forward," Shamsher Dewan, Vice-President & Group Head, ICRA, said during the rating agency's discussion on the automobile sector.

PLI boost

Also, the Centre's PLI scheme is expected to drive more investments in the EV and component sectors. The demand for E2Ws has been propelled by a significant increase in the cost of ownership of conventional two-wheelers on the back of rising fuel prices and higher acquisition cost due to regulatory changes. Also, the Centre's extension of subsidy schemes and State governments giving sops to EV buyers are encouraging purchase of



electric two-wheelers whose cost of ownership has come down significantly.

As a result, sales of electric two-wheelers have more than doubled in April-November 2021 compared to the corresponding previous period. High-speed electric two-wheeler sales during H1 of this fiscal were higher than the total volumes of FY21. For January-November 2021, total volumes crossed the one lakh mark, for the first time ever. The share of electric scooters touched a high single digit, 7-8 per cent, in the overall scooter volumes in November.

EV penetration

ICRA pegs electric vehicle penetration at 8-10 per cent in the two-wheeler segment by FY25. But given the current momentum and trends, it could be higher at 13-15 per cent by then.

Component makers have cumulatively committed about ₹10,000 crore in the EV parts ecosystem — by way of joint ventures with global players as also on their own. "Batteries make up about 40 per cent of the overall EV cost and we are still dependent on imports for this," S Vinutaa, Assistant Vice-President & Sector Head, ICRA.

Mahindra Electric ready with three-wheelers, quadricycle

SWARAJ BAGGONKAR
Mumbai, December 16

Mahindra Electric, India's biggest electric three-wheeler manufacturer, will launch at least four new products, including one in a new category over the next three years, as it looks to build on its leadership position.

The company has lined up three-wheelers for passenger and cargo — having better range and payload capacity — and a quadricycle, per a top executive.

Details p2

Business Line 24th December 2021

Electric vehicles incentivised under FAME II to hit 2-lakh mark this year

Demand, sale of EVs on the rise, say analysts

G BALACHANDAR
Chennai, December 23

The total electric vehicles incentivised by the Centre under the FAME II scheme are expected to touch 2 lakh by the end of this month, reflecting acceleration in shift from ICE vehicles to electric products in the country, led by electric two-wheelers.

In 2021, about 1.4 lakh electric vehicles that include 1.19 lakh electric two-wheelers, 20,042 electric three-wheelers and 580 electric four-wheelers have been incentivised as of December 16, amounting to a total incentive sum of about ₹500 crore under Phase-11 of FAME.

Also, 861 electric buses were deployed under FAME II. Overall, the total number of electric vehicles incentivised under the scheme stood at about 1.85 lakh, according to an official note.

Industry analysts point out that given the current momentum for electric vehicles, in particular electric two-wheelers, the total number of incentivised vehicles would cross the 2 lakh mark by the end of this month.

The revised FAME II programme led to faster proliferation of electric vehicles as it enabled lowering of upfront cost

Covid pandemic

FAME India II Scheme was redesigned in June based on experience particularly during Covid-19 pandemic and feedback from industry and users. The revised FAME II programme led to faster proliferation of electric vehicles as it enabled lowering of upfront cost of electric vehicles.

Demand incentive for electric two wheelers was increased to ₹15,000/kWh from ₹10,000/kWh with maximum cap increased to 40 per cent from 20 per cent of the cost of vehicles. Also, the scheme was extended for a further period of two years, that is till March 2024.

"Significant financial incentives are being offered for e2Ws under the Centre's FAME-II scheme and select state EV policies and the same have materially altered the total cost of ownership (TCO) in favour of EVs and has led to a surge in demand for the segment over the past few months. This has spurred investments by various start-ups in the e2W space, and has also aroused the interest of incumbent players, who have announced aggressive plans to ramp up their portfolio in this segment," said Shamsher Dewan, Vice-President & Group Head - Corporate Ratings, ICRA.

After revision of FAME II in June 2021, the sales of electric two-wheelers increased to more than 5,000 per week from 700 per week in the earlier period.

Charging infra boost

The Union Ministry of Heavy Industries has sanctioned 1,576 EV charging stations and letters of award (LOA) have been issued across nine expressways and 16 highways as of December 16. Also, LOAs have been issued for 35 charging stations in a few cities. Overall, LOAs have been issued for 1,797 charging stations in cities under FAME II.

As of December 16, 104 EV charging stations, including 13 under FAME II, have been commissioned across cities and expressways.

Business Line 30th December 2021

Bajaj Auto to set up ₹300-crore electric vehicle plant in Pune

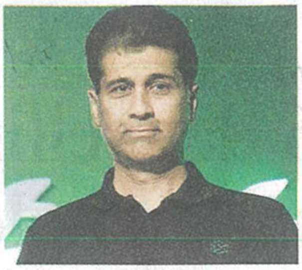
The factory at Akurdi will produce 5 lakh units per year

OUR BUREAU

Mumbai, December 29

Bajaj Auto, India's third largest two-wheeler manufacturer, will set up a dedicated electric vehicle manufacturing plant at Akurdi, Pune with an investment of ₹300 crore. The company hopes to roll out the first vehicle from this unit by June next, 15 years after the plant last produced a vehicle.

The new factory will have a production capacity of 5,00,000 units per annum. Akurdi is also the site of the original Chetak scooter factory that made Bajaj Auto a household name in India. Auto parts suppliers of Bajaj Auto will invest ₹250 crore to support manufacturing operations.



Rajiv Bajaj, MD, Bajaj Auto

Rajiv Bajaj, Managing Director, Bajaj Auto, said, "Going forward, for the Bajaj portfolio, except for implementing one internal combustion engine platform that is currently under development, all our R&D drivetrain resources are now laser-focused on creating EV solutions for the future."

The electric Chetak is currently being built at the Chakan factory in Pune, which also produces motorcycles of LKTM, Husqvarna and Pulsar. Bajaj believes the future focus on EVs will help put the company on path to achieve its ambition of being the market leader in this segment.

"This alignment reflects our belief that light electric vehicles for sustainable urban mobility is an idea whose time may finally have come. Thus, this investment at Akurdi completes the virtuous cycle of hi-tech R&D competencies, high-efficiency engineering capabilities, world class supply chain synergies, and global distribution network which should leapfrog us into a market leading position in EVs in India and overseas," Bajaj added.

Spread over 500,000 sq feet, the new plant in Akurdi will have robotic and automated manufacturing systems for logistics and material handling, fabrication and painting, assembly and quality assurance. The plant will employ around 800 personnel.

These systems have been designed for flexible product mix, while keeping in mind the best worker ergonomics and maximum process efficiency.

Akurdi plant

Akurdi, which housed Bajaj Auto's first-ever manufacturing plant, last saw a product roll out in 2007. Spread over 160 acres, the Akurdi plant currently houses Bajaj Auto's research and development (R&D), corporate centre, and purchase and sales operations.

Krystal was the last scooter made by Bajaj Auto from the Akurdi plant before a voluntary retirement scheme (VRS) was offered to workers affected by the shutdown.

Bajaj Auto currently has only one electric vehicle, the Chetak, in its line-up. The company is working on an electric model under the Husqvarna brand as well as further additions under its own brand. The long-delayed electric three-wheeler, which will mark Bajaj Auto's entry into the space, is likely to debut in 2022.

In July, Bajaj Auto decided to set up a wholly-owned subsidiary to tap growth opportunities in the electric and hybrid two-wheeler, three-wheeler and light four-wheeler categories.

Business Line 16th December 2021

TVS Motor, BMW Motorrad supercharge association with focus on e-mobility

'Cool, nextgen and futuristic' EVs will cater to urban youth globally

G BALACHANDAR

Chennai, December 15

After jointly developing, producing and marketing high end bikes in the traditional ICE segment, India's leading two- and three-wheeler manufacturer, TVS Motor Company, and Germany's superbike maker, BMW Motorrad, will come out with "cool, nextgen and futuristic" electric vehicles targeted at urban youth globally.

Sudarshan Venu, JMD, TVS Motor Company

The two companies on Wednesday announced that they are extending the successful association to future technologies that include electric mobility.

While the two partners are accelerating their EV plans, their association in the ICE segment will also keep progressing as a new variant of the 310 platform will be launched soon.

"This is the second phase in our successful cooperation which will cover multiple areas, but will really be centred around the future of electric urban mobility," Sudarshan Venu, Joint Managing Director of TVS Motor Company, said.

Developing new platforms

The focus will be on developing new platforms and technologies on a global scale for urban mobility with a special focus on electric products.

Exclusive products for both companies will be developed on common platforms, and the companies will retail their products globally. The first product through this cooperation will be unveiled in the next two years.

TVS Motor Company will bring in its engineering capabilities in design, manufacturing, and supply chain areas and provide best-in-class quality and economic advantage.

"TVS will be a very important partner for us in the development of future products. Together we will develop new platforms and technologies for both of us for e-mobility solutions. But our clear ambition is to strengthen the e-mobility area," said Markus Schramm, Head of BMW Motorrad.

Business Line 20th December 2021

Lenders not excited about financing EVs

SWARAJ BAGGONKAR

Mumbai, December 19

The steady build-up of consumer excitement for electric vehicles (EV) has not spilled over to lenders.

According to manufacturers and EV buyers, lenders are reluctant to lend to this segment citing issues of vehicles' residual value.

While the EV segment is in its infancy, accounting for just 1.3 per cent of the overall automobile sales in the country, demand for battery-powered vehicles is expected to surge.

EV manufacturers will require help from lenders given that more than 85 per cent of all vehicles sold are financed.

Mahua Acharya, Managing Director, Convergence Energy Services (CESL), said: "When the batteries stop (functioning) does the loan go bad? We have also heard of large banks saying that they do not wish to repossess an autorickshaw, which is otherwise a source of livelihood for the driver's family. For them, it is a reputational risk for a few lakhs of rupees. The biggest fear is there is no surety of the resale price."

Delhi-based CESL is a state-owned company tasked with procuring EVs for selling or leasing.

EV sales are projected to grow at a CAGR of 90 per cent till 2030. Electric two- and three-wheelers are the biggest volume generators presently followed by passenger vehicles.

Govt push

The government has left no stone unturned to push EVs — from tax cuts and loan repayment relief to fiscal incentives to manufacturers.

The RBI is considering a proposal from NITI Aayog to place EV loans under priority sector lending, which will allow the sector to get loans at lower interest rates.

Suman Mishra, CEO, Mahindra Electric Mobility, said: "The residual value of the product is not established as this segment has not even completed five years which is why financiers charge a higher IRR. So, obviously limited financing is available in the market as a whole."

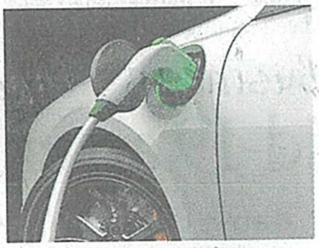
An EV dealer, on condition of anonymity, said: "It is easier for banks to finance petrol/diesel cars because that's an established business model. But the EV business is not proven yet and that is why banks are reluctant."

But banks say auto loans are provided on the basis of the repayment capacity of the borrower and do not depend on the vehicle type. "There are no issues in financing EVs as loans are a function of a borrower's repayment capacity and not so much the cost of the vehicle," a banker said.

EVRE partners with Zyngo for parking, charging infra solutions

PRESS TRUST OF INDIA

New Delhi, December 28



Electric vehicle charging service provider EVRE on Tuesday said it has partnered with EV logistics platform Zyngo for parking and charging infrastructure solutions.

Under the partnership, EVRE will offer 5,000 charging stations across India within 24 months, which will be utilised by Zyngo and other EV fleet owners, the company said in a statement.

Zyngo will use the chargers to extend its last-mile access as it looks to leverage increased growth opportunities through geographical expansion, while EVRE will design, manufacture and execute the operation and maintenance of the charging infrastructure.

First phase

In the first phase, EVRE will support Zyngo with 500 charging stations. EVRE will lease the land, provide parking and charging infrastructure, operate and maintain, and take care of the insurance, safety and security of the hubs, it added.

Also, Zyngo will integrate demand aggregation, supply optimisation, connectivity to charging infrastructure, and help EVRE determine where to install charging stations for better utilisation, it added.

The 5,000 chargers will be integrated with the rest of the EV ecosystem across the country through the EVRE App. This will enable two and three-wheeler Zyngo fleet operators with slow and fast unmanned smart chargers that are capable of metering, billing and payment collection.

New business value

Commenting on the partnership, EVRE Co-Founder and CEO Krishna K Jasti said the company aims to increase new business value through co-creation with services and businesses and is looking to develop an integrated ecosystem for EV fleet owners as well as EV users across the country.

"Zyngo, with its unique proposition, is an apt partner as both the organizations will mutually benefit from the cross-utilization of resources in the EV ecosystem," Jasti added.

Business Line

29th December 2021

Business Standard 17th December 2021

Toyota-Suzuki affordable EV to make India debut by 2025

TO ROLL OUT 114,000 UNITS EVERY YEAR | TO BE SOLD IN EUROPE AND THAILAND AS WELL

SHALLY SETH MOHILE
Mumbai, 16 December

The India subsidiaries of Suzuki Motor Corporation and Toyota Motor Corporation are co-developing a pure-born electric car platform in anticipation of the disruption electric vehicles (EVs) will create amid an aggressive policy push by governments of various countries to meet decarbonisation targets.

This will be one among a series of models powered by alternative powertrain technologies the companies plan to launch over the next five years, said multiple people aware of the project.

Maruti Suzuki India

ALL CHARGED UP

- To sport the Toyota-Suzuki badge
- Expected to go on sale by 2025
- Maruti Suzuki is the project lead for the maiden offering

KI MOBILITY TEST-DRIVES AN 020 MODEL P7

(MSIL) will lead the project for an affordable EV expected to be ready for an India launch by late 2024 or early 2025, said one of the persons. The company floated a request for quotation among its suppliers a fortnight ago.

"We have announced the launch of an EV by 2025. Development and testing of the prototype are on schedule. The manufacturing plant hasn't been decided upon yet. Regarding market rumours on other aspects, we do not respond as a policy," said a spokesperson for MSIL.

"The very idea of the alliance is to strengthen the competitiveness of both our companies by applying our strong points and learning from each other. From a long-term perspective, the partnership is the first step towards exploring more opportunities to collaborate in environment-friendly and safer vehicles," said a spokesperson for Toyota Kirloskar Motor.

Turn to Page 6

FROM PAGE 1

Toyota-Suzuki...

"The partnership will also help us enhance market competitiveness and build better cars and cater to the growing expectations of the changing markets," he added.

Toyota and Suzuki are looking to make close to 114,000 units of the model per year. In addition to addressing the Indian market, the model will also be exported to Europe and Thailand. The model will sport the Toyota-Suzuki badge — much like it does for some of the internal combustion engine-powered models.

As part of the global partnership stitched between the two Japanese carmakers in 2018, the duo will share models and technologies for India and a few other markets. Toyota sells the rebadged Baleno and the Vitara Brezza as the Glanza and the Urban Cruiser, respectively. "Toyota-Suzuki's entry into the affordable electric car segment could mark an inflection point in a market where the adoption to battery EVs has been sluggish, owing to lack of competitively priced models and underdeveloped charging infrastructure," said Puneet Gupta, director, IHS Markit — a sales forecast and market research firm. Global automakers are planning to spend more than half a trillion dollars on EVs and batteries through 2030, according to a Reuters analysis. Toyota Motor will sell 3.5 million EVs globally in 2030 and market 30 different electric models, the company announced on Tuesday.

Business Line 23rd December 2021

GFCL to make batteries for EVs

OUR BUREAU
Ahmedabad, December 22

Chemicals major Gujarat Fluorochemicals Limited (GFCL) will foray into the battery business for electric vehicles.

The company has set up GFCL EV Products Limited, a wholly-owned subsidiary for the purpose.

In a regulatory filing, GFCL said it has incorporated GFCL EV Products Limited with its business "yet to commence."

The company will operate in the areas of providing solutions for entire value chain of all types of batteries, battery components and products for electric vehicles etc.

The new entity has an authorised and paid up capital of ₹1,00,000 which is divided into 1,00,000 equity shares ₹1 each. Notably, GFCL has expertise in production of fluorospecialities and refrigerants. It has two manufacturing sites in Gujarat — at Dahej in Bharuch district and Ranjitnagar in Panchmahal — and it has one manufacturing site outside India at Taourirt, Morrocco.

The Times of India 29th December 2021

E-vehicles in Maharashtra up by 153% in only 1 year

Somit.Sen@timesgroup.com

Mumbai: It's boom time for electric vehicles in Mumbai and Maharashtra. While the state saw a phenomenal 153% rise in new e-vehicle registrations in the first nine months of the financial year 2021-2022, the city recorded a growth of 112% in the same period, the latest transport statistics show.

Compared to 9,415 e-vehicles registered in 2020-21, the number of registrations skyrocketed to 23,786 in just nine months of 2021-22 (April 1 to December 27 this year).The total e-vehicles registered so far in Maharashtra is 57,386 and there are indications that it will cross a lakh-mark in few months, officials said.

The growth in e-vehicles was also a good 112% in Mumbai, the statistics showed. From just 48 new e-vehicles registered in 2017-18, the numbers grew to 132 in 2018-19, 642 in 2019-20 and 1,442 new registrations in 2020-21.

▶ Continued on P 8

E-vehicles in Maha up by 153% in only 1 year

▶ Continued from Page 1

In the nine months of 2021-22, the registrations have more than doubled at 3,059 new e-cars /e-two wheelers. The total electric vehicles in Mumbai now stand at around 6,000. The registrations were maximum in the island city, with Tardeo registering 1920 e-cars/scooters so far.

Anand Surve, who recently purchased an e-scooter, says it's convenient to charge the battery. "I remove the battery from the two-wheeler and take it to my second floor residence in Ghatkopar where I charge it for a few hours late at night. The next day, I just put it back on the scooter and it gives me good mileage the entire day." Also, fuel expense is around a rupee per km as compared to Rs 6-8 per km for diesel, sources said.

Among the new registrations were cars and SUVs with a high range of 300 km for a single (full) charge and this was adequate for intra-city travel and also inter-city. Over a hundred housing societies in Mumbai now have e-charging points within the complex, with a concessional rate of Rs 5.50 per unit which is less than residential power charges.

ELECTRIC VEHICLES IN FAST LANE

E-VEHICLE GROWTH OVER RECENT YEARS

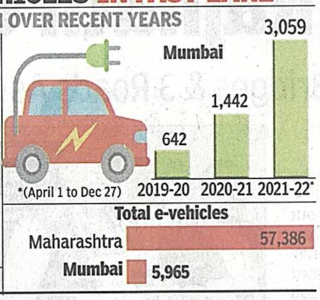
Maharashtra

2021-22* – 23,786 (including 2,633 cars, 19,396 two wheelers)

2020-21 – 9,415 (including 1,128 cars, 6,875 two wheelers)

2019-20 – 7,400 (including 183 cars, 5,479 two wheelers)

*(April 1 to Dec 27)



Akshay Sawant, who owns an electric car, said there was a need for more government subsidies and the cost of e-cars (and battery) was coming down. "The sales will go up only if prices of electric scooters or cars were at parity with diesel/petrol variants," he suggested.

Transport expert Pranav Naik, "Our government needs to look at sustainability of this system by ensuring that electricity production is largely through sustainable sources and not coal, gas, and thermal as is the case now. They should also bolster public transport so more people travel in shared e-vehicles."

City transport activist Gaurang Vora welcomed the growth of e-vehicles, saying there was visibility of e-scooters and e-cars with green number plates on the road. "Eco-friendly modes of fuel are the need of the hour. The government should facilitate more and more usage of e-vehicles by providing subsidies in its purchase. It will reduce pollution to a greater extent."

A government official said there were plans for 1500 new EV charging stations across the Mumbai region, with at least one public charging station in a 3kmx3 km grid. The state also plans 25% electrification of intra-city public transport and last mile delivery vehicles by 2025. Also, 10% of new vehicle registrations will be electric vehicles by 2025, he added.

The BEST, too, has procured close to 400 electric AC buses on wet lease this year.

PRESS REPORTS
ON
PASSENGER CARS

Business Standard 21st December 2021

2022: Over two dozen new car models to hit the road

ISTOCK/REPRESENTATIONAL PICTURE

SHALLY SETH MOHILE
Mumbai, 20 December

Every new year brings with it a set of new wheels across segments and price ranges, and 2022 will be no different. The year that dawns on us in just about 10-odd days will see over two dozen new cars and SUV models (including refreshes and facelifts) hitting the road as automobile firms ride the trend of strong preference for personal mobility.

A raft of new electric cars in the premium and luxury segment will also be launched. This comes after a year that was marked by production losses due to chip shortages worldwide.

Not surprisingly, most of the launches will be aimed at the SUV segment as automakers feed the buyers' desire for roomier vehicles with high ground clearance and high seating. More than four in every 10 passenger vehicles sold in India today are SUVs.

The ongoing semiconductor shortage may, however, continue to impact the new launches, say analysts. "Some of the launches may get deferred due to the semiconductor shortage, which is unlikely to get resolved before the second half of 2022," says Puneet Gupta, director, IHS Markit, a Delhi-headquartered sales forecast and market research firm.

Concurs Rahul Mishra, partner Kearney: "Owing to the ongoing chip crisis, companies may not make too many changes to their product plans as they have yet to fully utilise the sale potential of the recently launched models." He adds that they may even have to skip the launch of some variants and/or trim levels.

The chip shortage will cost Indian car and SUV companies an estimated ₹1,800 crore to ₹2,000 crore and a production loss of 500,000 units at the end of FY22, ICRA said last week.

While most of the auto firms are likely to have something or the other to ignite buyer interest in the new year, it is market leader Maruti Suzuki India that will be the busiest with its calendar packed with new introductions, say people aware of the company's plans.

In addition to the facelifts and refreshes, Maruti plans to introduce the new generation Suzuki Vitara Brezza, new Baleno and Alto besides an all-new SUV that will rival the Hyundai Creta. Subsequently, the Toyota Glanza and Urban Cruiser (Suzuki's rebadged models) will also get new generation updates.

Relative inaction in the SUV segment as compared to rivals Kia, Hyundai, Tata Motors and Mahindra put pressure on Maruti's market share. From 48.1 per cent in the first half of FY21, its market share in the passenger vehicle segment slipped to under 43 per cent in the first half of FY22, according to the Society of Indian Automobile Manufacturers (Siam).

Maruti's share in the compact SUV segment, where it sells the Brezza, has dropped by 90 basis points to 14.4 per cent

Maruti's share in the compact SUV segment, where it sells the Brezza, has dropped by 90 basis points to 14.4 per cent in this segment. At its peak in FY2019, the company's share in this segment was 35.4 per cent, according to brokerage reports.

Hyundai Motor India, the second largest in the pecking order, is likely to launch three new models — a multipurpose vehicle, the new generation Tucson (premium SUV) and IONIQ 5, an e-car — as it seeks to fortify its position in the SUV market and start executing its electric car (EV) game plan, says a person in the know.

Also expected are refreshes and new models from Tata Motors, Kia Motors, Mahindra & Mahindra and Toyota Kirloskar Motor India. Mahindra is likely to take the wraps off the new generation Scorpio. Tata Motors, which has had a busy 2021 with multiple launches, is expected to stay clear of completely new introductions and may have facelifts or variants of its new models. In addition to e-Altroz, it would bring a CNG version of its existing models since demand for CNG models has seen a sharp jump amid increasing fuel prices, says a person aware of the plans.

For luxury carmakers, launching EV models would be top priority amid hopes of a duty cut. "Year 2022 will be another one of intensive product offensive from Mercedes-Benz," says Santosh Santosh Iyer, vice-president-sales and marketing, Mercedes. The new calendar year will also see enhanced focus on sub-brands including the Maybach, AMG and EQ (the EV brand), he adds. BMW and Audi India, too, will add to their EV offerings.

One can expect multiple EV launches in the passenger vehicles segment, says Mishra. While none of them will be the so-called volume crunchers, it's in line with the foot-in-the-door strategy of the companies.

NEW YEAR WHEELS

MARUTI
- New Vitara Brezza
- Midsize SUV
- New Baleno
- New Alto

HYUNDAI
- New MPV
- New generation Tucson
- Ioniq 5 (EV)

TOYOTA
- Glanza
- Urban Crusier
- B segment SUV

MAHINDRA
- New generation Scorpio

KIA MOTORS
- Carens MPV

MERCEDES
- C Class
- New generation Maybach

BMW (EVS)
- SUV iX
- MINI Cooper electric
- i4 sedan

Source: Company/industry sources

Business Standard 17th December 2021

Kia to stay away from sedan & hatchbacks, stick to premium

ARINDAM MAJUMDER
New Delhi, 16 December

World premiere of Kia Carens, in Gurugram, on Thursday PHOTO: PTI

South Korean automaker Kia Corporation will focus on being a premium brand and stay away from the entry-level segment that have sedans and hatchbacks in their line-up.

Hardeep Singh Brar, the company's India vice-president and head (sales and marketing), said that customers have accepted Kia as a premium brand. In the mass market, Kia is considered to be the most premium brand.

"Customers like the features and are willing to pay. We have consciously decided that if customers like us as a premium brand, let's stick with that. It is a conscious decision to stay premium and operate in that segment of the mass market," said Brar.

Kia will focus on the sport utility vehicle (SUV) segment and not look to enter the sedan and hatchback space in keeping with its premium image. "We have no plans right now for a hatchback or sedan. We want to stick to recreational vehicles, where SUVs and multi-purpose vehicles (MPVs) are present. Customers identify Kia as an SUV maker. We want to make ourselves stronger in that segment, rather than spreading ourselves too thin," he said.

The company, which currently sells three products in India — the Seltos, the Sonet, and the Carnival — on Thursday had the global premiere of the Carens. The three-row crossover Carens from Kia India is looking to find favour among larger families who still prefer an SUV-body type in a vehicle that is loaded with features.

Explaining the market research behind launching in the six- and seven-seater space, Brar said even smaller families are looking for more room in the back of the car, so that they can plan group trips.

"That is what I think is fuelling the six- and seven-seater demand. When you look at some of the SUV players, they started with a five-seater and graduated to six- and seven-seaters," he said.

MPVs today contribute around 8-9 per cent. Six- and seven-seaters are another 5-6 per cent. Overall, the 14-15-per cent market is moving to the six- and seven-seater space.

Compressed natural gas (CNG) is mostly present in the lower end of the segment. "At our price point, CNG is not that prevalent," he said.

Kia is aiming at 30 per cent year-on-year growth next year as it plans to increase production by over 75,000 units.

The company has plans to expand its footprint from 198 cities with 339 touchpoints to 225 cities and 400 touchpoints.

Business Line 17th December 2021

Passenger vehicle industry hopes to end year on a positive note

S RONENDRA SINGH
New Delhi, December 16


In the 2019 calendar year, PV sales were at 29,62,052 units, which dropped to 24,33,464 units in 2020

Passenger vehicle (PV) sales have already surpassed the 2020 calendar year numbers in October this year. The industry is now looking at surpassing the 2019 figures and although the companies suffered much due to the semiconductor shortage, they are hoping for the best in coming months.

They are also positive about ending 2021 with similar or slightly higher sales numbers compared to 2019, industry veterans told *BusinessLine*.

In the 2019 calendar year, the PV sales were at 29,62,052 units, which dropped to 24,33,464 units in 2020., However, this year by November (January-November), the industry had already seen sales of 27,63,276 units as per the Society of Indian Automobile Manufacturers (SIAM) data.

"The situation seems to be improving and is better now. September saw around 40 per cent of our total production at the plants, in October it was around 60 per cent, in November it was 82-83 per cent, and in December too, it should be 85-86 per cent. However, it is quite dynamic and difficult to predict when the situation will become normal ... it is not just about Maruti Suzuki and one vendor in India, but all original equipment manufacturers (OEMs) around the globe," Shashank Srivastava, Senior Executive Director (Marketing & Sales), Maruti Suzuki India told *BusinessLine*.

'Hard to predict'

He said the company has an order book of around 2.50 lakh vehicles currently and if the chip shortages issue is resolved, then delivery to customers would be quicker.

Similarly, Hyundai Motor India (HMIL) also has an order book of around one lakh vehicles at the moment, SS Kim, Managing Director and Chief Executive Officer, HMIL, said.

"It is quite a dynamic market right now. If the supply issues are resolved and stabilised in the coming year, the industry will see strong growth. HMIL is expected to grow by around 20 per cent this year over the last ," Kim said. The company sold around 4.23 lakh vehicles in 2020.

On new launches, both companies said there shouldn't be any effect unless there is a big drop in production levels.

Semiconductor concerns

Tata Motors, which has grown strong with its electric vehicles (EVs) line-up this year, said the company expects the demand for passenger vehicles – both in internal combustion engine (ICE) and EVs – to remain strong even as concerns about supply of semiconductors and high input costs continue alongside the uncertainties connected with the Omicron variant.

"We are taking definitive actions in the near term to mitigate the effects of the said supply chain impediments through an agile, multi-pronged approach to address supply bottlenecks and drive our savings programme that much more efficiently. In parallel, we will continue to further our future-fit initiatives of transforming customer experience digitally and strengthening our leadership in sustainable mobility," Shailesh Chandra, President, Passenger Vehicle Business Unit, Tata Motors, said.

He said the company was sure to have a wide appeal across consumer segments, which is also reflected in its market share of 11 per cent (year to date), up from 7.1 per cent in the same period last year. According to analysts, OEMs are predicting such product mixes to gain market share.

"Automotive companies are re-juggling the product mix both at model and variant level. This will help them cut on long waiting periods and convert bookings into sales. In 2022, we think demand will remain strong, however, industry will still not be close to 2018 volumes due to the chip crisis," Puneet Gupta, Director, Automotive Sales Forecasting at IHS Markit said.

PRESS REPORTS ON COMPANY NEWS

Business Standard 25th December 2021

Tata Motors resurrects in UV market with 'swift new launch strategy'

Mix of SUVs in its portfolio increases to 52% in CY21 against 37% in CY20

G BALACHANDAR
Chennai, December 24

Tata Motors is expected to end 2021 on a high note having resurrected itself in the Utility Vehicle (UV) segment. With new launches and a boom in the SUV market, the brand is set to secure the third position by volumes soon in the UV market..

While the overall passenger vehicle (PV) industry witnessed a growth of 31 per cent during January-November period, the UV segment reported a whopping 62 per cent growth at 1.25 million units.

Tata Motors sold 1.52 lakh SUVs during January-November period, reporting an increase of 185 per cent vis-à-vis the same period last year.

Tata's 'New Forever' range significantly improved the perception of Tata Motors' brand over the last 18 months. The company has seen its NPS (net promoter score) grow from 25 in FY20 to 33 in Q3 FY22. (NPS is the difference between the percentage of promoters and detractors. For eg, in a brand survey targeting 100 people, if 60 promote the brand and 40 are its detractors, the NPS is +20).

"This has led to substantial improvement in consideration for Tata Motors cars and consequently an increase in overall sales. Therefore, the mix of SUVs in Tata Motors' portfolio has increased from 37 per cent in CY20 to 52 per cent in CY21," Shailesh Chandra, President Passenger Vehicles Business, Tata Motors, told *BusinessLine*.

In UVs, Tata Motors has one of the widest range of products consisting of sub-compact SUV (Punch), compact SUVs (Nexon, Nexon EV) and mid-size SUVs (Harrier and the New Safari), he added.

Tata Motors sold 1.52 lakh SUVs during January-November period

Full range

The Tata brand has a full range from entry-level Punch to Safari to address all price points in the UV segment. The novel design features and pleasing aesthetics in new models are being appreciated by the buyers. Also, its portfolio includes a higher number of vehicles with better safety ratings than competition. "Tata Motors' growth in the passenger vehicle (PV) segment in recent years is driven by its niche presence with first-mover advantage, new launches, and great design language coupled with competitive prices. A lot of bells and whistles, new features, the latest powertrain, and good initial quality are also some of the key factors for Tata's sales surge," said Sanjeev Garg, Practice Leader-Automotive, Praxis Global Alliance.

The company's marketing campaigns and reinvigorated dealer network have helped promote new models. Sharing of the platform has enabled the launch of multiple models from different segments under a single platform, thereby reducing the time spent in the development of new vehicles and production costs.

However, Tata Motors needs to speed up the launch of petrol engine variants of its popular SUVs, the Safari and Harrier. The gap is a true 4X4 SUV to compete with Mahindra Thar and Maruti Suzuki Jimny. But overall, good job by the carmaker to resurrect and address market needs swiftly, he added.

Toyota Kirloskar announces senior leadership changes

Business Line 30th December 2021

OUR BUREAU
Bengaluru, December 29

Toyota Kirloskar Motor (TKM), on Wednesday, announced several organisational changes effective January 1, 2022.

Raju B Ketkale will be the new Executive Vice President – Manufacturing, while Yoshinori Noritake will take over as Executive Vice President and Chief Technical Officer. Tadashi Asazuma will look after Sales & Customer Services as Executive VP, Swapnesh R Maru would be in charge of Finance & Administration, Vikram Gulati would look after Corporate Affairs & Governance, and Sudeep S Dalvi would act as Senior Vice President and Chief Communication Officer.

TKM said that the new roles for key resources have been aligned and assigned responsibilities so as to drive synergy and efficiency throughout the organisation.

Mahesh N Salkar, currently Executive Vice President, will be retiring on December 31. He joined on September 21, 1998, and served TKM till he became Senior Vice President for the customer service group. Since 2015, he has been on an assignment at a senior role in Toyota Motor Asia Pacific, Singapore, and Toyota Daihatsu Engineering & Manufacturing, Thailand, the company said in a release. TKM has around 6000 employees in India and sells popular automobile brands like Innova and Fortuner.

The Economic Times 24th December 2021

Maruti Hopes for the Best Quarter in Jan-March

Automaker likely to clock its highest-ever annual growth in a decade; improved chip supplies may help

Ketan Thakkar & Ashutosh R Shyam,

Mumbai: Maruti Suzuki, the country's largest car maker, is eyeing its best quarter in Jan-March FY22, as improved chip supplies may help the company post a healthy growth quarter on quarter in Q4.

If the company can attain its output target, then it is likely to post its highest ever annual growth rate in a decade at 15% with volumes of 16.5 lakh units. This will be the company's highest volumes in three years with the company posting decline for the previous two financial years.

Prior to this, the highest growth rate posted by the company was in FY-11 at 23.5%. According to several people in the know, the maker of Baleno and Swift is eyeing output of 4.7-4.9 lakh units in Jan to March of 2022. This will be just a shade below its highest quarterly output of 4.92 lakh delivered by the company in Q4 of FY21.

The higher output is critical for the company as it is sitting on a record booking of close 3 lakh units during the month of December with waiting period running into 3-6 months with shortage of semiconductors impacting supplies. The booking numbers are swelling up and supplies are still staggered, which has hurt the company's market share which slipped below 40% for several months now.

In an email response, Maruti Suzuki spokesperson said "While there is month on month improvement in terms of production volume, but we remain cautious.

In Fast Lane

Maruti Suzuki's Q4 output target **4.7-4.9 lakh units**

This will be just a shade below its highest quarterly output of 4.92 lakh in Q4 FY21

Auto co likely to operate over **85-90%** capacity in Q4 FY22

Higher output is critical for co as it is sitting on a record booking of close 3 lakh units amid chip shortage

Our teams are making all possible efforts to increase production levels. There are over 280,000 bookings to be served and we will strive to bring down waiting time for customers."

Maruti Suzuki has asked vendors to take proactive action for high lead time imported child parts and raw materials and keep a safety buffer due to uncertainty in the current scenario, said one of the several people in the know.

The company is likely to operate over 85-90% capacity in the last quarter of the financial year, having witnessed severe supply crunch in August to November.

With gradual improvement in supplies and new models lined up by the company, the next financial year may turn out to be amongst its best years in terms of volumes, provided the company is able to secure adequate semiconductors.

In the first eight months of the current fiscal, Maruti Suzuki has produced 10.21 lakh vehicles, which amounts to a monthly average of 1.26 lakh vehicles per month. In the current quarter, the company has produced 2.80 lakh units and plans to around 1.5 lakh units in December and about 4.9 lakh units in the last quarter of FY22. In order to achieve the current production target, the company is planning to maintain a monthly production run-rate of 1.6 lakh in the remaining four months of FY22.

Business Standard 25th December 2021

Volvo Eicher sees 69% surge in sales in FY22

SHINE JACOB
Chennai, 24 December

Demand is recovering for Volvo Eicher Commercial Vehicles (VECV), which saw a 69 per cent rise in sales during the first eight months this financial year over the same period in FY21.

Vehicle sales have climbed to 30,830 in FY22 against 18,200 in the first eight months of FY21 and are expected to exceed pre-pandemic figures this financial year.

However, Managing Director and Chief Executive Officer Vinod Aggarwal sees industry recovery in various segments on a slow track owing to several reasons, including the pandemic, rising fuel prices, input costs, and the chip crisis.

VECV holds a 31 per cent market share in light and medium-duty vehicles, 20 per cent in buses, and 7.5 per cent in the heavy-duty segments.

The company sold 32,050 units during the first eight months of 2019-20.

"During the last four months of the previous financial year, we sold over 23,000 units, and even if we sell the same number this financial year, we will touch around 55,000 against

VECV holds a 31 per cent market share in light and medium-duty vehicles

41,260 last financial year," Aggarwal said.

VECV is a joint venture between Volvo Group and Eicher Motors.

However, he expressed concern about the rising fuel prices, citing that as one of the reasons affecting a faster recovery in sales.

Last week, the Society of Indian Automobile Manufacturers (SIAM) had elected Aggarwal vice-president for 2021-22.

"When our customers are in pain, that translated back to OEMs (original equipment manufacturers). In addition to this, rising input costs like those of steel are putting pressure on companies," Aggarwal added.

He said the ongoing chip shortage would continue for some time and the efficiency of a company would be proved by smart supply management.

Interestingly, sales of buses weighing more than five tonnes had gone down from a pre-pandemic peak of 72,000 to around 12,000 during the last financial year. During the first eight months of this financial year, sales were around 7,500 units. Even if the industry clocks 12,000 more, it will be around 20,000 units this financial year.

"Buses on the heavy-duty truck platform (15 tonnes and above) are 18,000-20,000 at its peak period. The balance 50,000 is the 5-15-tonne range. Of those, a large share of 40 per cent is contributed by school buses. Once schools completely re-open and the tourism sector turns normal, the segment will recover," he said.

On the other hand, he expects heavy-duty trucks (18.5 tonnes and above) to take another two years for their recovery.

He said trucks in the 5-16-tonne range and smaller commercial vehicles were likely to touch pre-pandemic levels. When asked why the company was not aggressive on electric bus tenders, he said, "We are careful in this."

Business Standard 17th December 2021

Tata official meets Stalin; 'visitors' at Sanand

Speculation on possible takeover of Ford units by Tata gain traction

SHINE JACOB & VINAY UMARJI
Chennai/Ahmedabad, 16 December

Yet another round of meeting between Tata Motors and Tamil Nadu Chief Minister (CM) M K Stalin on Wednesday and a team of 'visitors' at Ford India manufacturing unit in Sanand on Sunday have raised speculations of a possible takeover of Ford units by Tata Group.

This comes at a time when even after three months since the announcement of the winding-up of operations, Ford India could not reach a settlement with the unions regarding a severance package for around 4,000 employees at both units.

A senior Ford India executive said the company's priority is on preserving jobs and the company is in talks with multiple players. "Talks on severance package will take some time and discussions are on with unions," he clarified.

Tata's Girish Wagh with TN Chief Minister MK Stalin in Chennai, on Wednesday

It was on September 9 that Ford had announced the closure of its manufacturing units at Maraimalai Nagar in Tamil Nadu and Sanand in Gujarat.

On Wednesday, Tata Motors' Executive Director Girish Wagh met Stalin. This was the third meeting between the CM and a top Tata Group executive since the closure of the Ford unit.

On October 7, Tata Group Chairman N Chandrasekaran had met the CM. A spokesperson for Tata Motors refused to comment on the development, dismissing the Ford India talks as 'market speculation'.

The talks also led to speculations that Tata Group may consider some parts of the Ford land for its $300-million semiconductor assembly and test unit, which was also denied by the company.

Tata Motors also had plans to set up a driving motor training school in the state. At Sanand, Ford had visitors on Sunday, with many speculating them to be from Tata Motors. "The visitors were shown around the plant, but we could not ascertain which company they had come from. We have been demanding that union workers and other permanent workers be retained on a priority basis, but we haven't heard anything from the management on the sell-out yet," said a union worker at Ford's Sanand plant.

The Sanand plant has around 2,500 permanent workers, including nearly 900 union workers, mostly on the shop floor. The workers are currently engaged in manufacturing spare parts for Ford cars, apart from engines. Chennai Ford Employees Union President Suresh S said the workers have not agreed to any settlement on the severance package. "We are asking the management to bring in some players, so that maximum jobs can be saved," he said.

Last year, Ford was in talks with companies like Ola and Mahindra & Mahindra for contract manufacturing or for the sale of both factories, the failure of which led to the closure announcement.

Business Standard 17th December 2021

EV mobility will reach 30% by '25: Mahindra

SHALLY SETH MOHILE
Mumbai, 16 December

Electrification in the last-mile mobility segment (including two- and three-wheelers) has reached an inflection point, according to Suman Mishra, chief executive, Mahindra Electric Mobility (MEB).

"It was 2 per cent last year and 7 per cent this year, and would easily reach 30 per cent by 2025 if there are no major changes," said Mishra.

She attributed this to Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles II policy, which has turned out to be a game-changer and makes the cost of ownership neutral for customers.

"Now with state subsidies, increased fuel costs, and the lower cost of electric vehicles, the cost of ownership of an electric three-wheeler is better than an ICE-powered three-wheeler."

To take advantage of the rapid electrification in the last mile, Mahindra has lined up "significant investment in capacity and products", she said.

On Thursday, MEB, part of Mahindra Group, announced the launch of its electric three-wheeler Treo in Maharashtra at ₹2.09 lakh (ex-showroom, Mumbai). The Treo claims to be the number one electric three-wheeler auto in India with a 67 per cent market share.

Mahindra has been selling 1,500-2000 units of the Treo every month. It can save an owner up to ₹200,000 over five years.

The overall electric three-wheeler market, which almost collapsed during the lock-down, is back to 60-70 per cent of the pre-Covid phase. But the passenger carrier segment still lags at 30 per cent of the pre-Covid phase, said Mishra. Multiple use cases in the retail e-commerce segments have helped the e-cargo offers recover much faster, she added.

Mahindra is also offering finance and exchange schemes for the Treo.

For the first eight months of the current financial year, the electric three-wheeler segment has declined to 64,000 units over 81,000 units in the corresponding period last year, according to the Vahan Dashboard data of the Ministry of Road Transport & Highway.

EV market to see ₹94K-cr investment in 5 years: Report

Electric vehicle market is likely to attract investments of ₹94,000 crore over the next five years and is expected to generate business opportunities in the real estate sector, according to a joint report by Colliers India and Indospace. The report 'Electric Mobility in Full Gear' stated that the electric vehicle industry in India is at a nascent stage but it is likely to grow, backed by government initiatives and a move towards recognising climate change. PTI

Business Standard 27th December 2021

Honda relaunches Amaze with a tuck and a tweak

PAVAN LALL

Mumbai, 22 December

Over the years, Honda has burnished a reputation for itself that sits on three core pillars. Its cars are reliable, exciting to drive and will not burn a hole in the pocket when it comes to repairs and maintenance.

In the subcontinent where Honda's ride over the last two decades has been a mixed bag of hits and misses, the Japanese company that's famed for its prowess in engineering has managed to get at least two things right every time.

Its most recent launch, the Amaze — a compact sedan that is priced competitively and is perfect for busy cities — looks like it has been modified since its last launch in 2018.

With a few tweaks, the Amaze looks like a brand new car, something Honda is adept at achieving. The front is stronger, more square-jawed and bears a strong resemblance to its elder sibling — the Honda City. This is a good thing given that its cost at the entry level is almost half of the City. The rear, too, has been carved into a more sculpted and definite shape, giving the Amaze a truly sedan-like identity of its own, a departure from the old Amaze that looked too much of a cross between a hatchback and a sedan.

Inside, the Amaze feels larger than it is owing to its features and gadgetry. An infotainment screen, steering-mounted controls, well-designed air vents, storage, and compartments for cups and water bottles are all thoughtfully in place. The car's dashboard is reminiscent of the Old City or even the Civic.

However, Honda ought to be focusing on one area to improve — the gearshift. A manual stick shift placed in a faux-leather-like bag is outdated and could do with a modern replacement for at least two reasons: that it feels light and toy-like; and that it does not age well and its numbers get scratched off easily with time. In addition, the feeling of being locked into gear is not substantial.

The seating, both front and rear, is comfortable, thanks to ample legroom and high-quality materials. Honda could, however, throw in air-con vents at the back, too.

The car is powered by Honda's 1.2L i-VTEC petrol engine and 1.5L i-DTEC diesel engine, available in manual and CVT versions for both fuel options.

It is key to note that the Amaze is Honda's strategic entry model, specially developed for the Indian consumer. Honda claims to have achieved 95 per cent localisation for the Amaze in terms of local parts and components, which goes to say that the cost of ownership is likely to be more affordable as compared to its foreign competitors. That's also a reason why close to half a million cars have sold since it was first introduced in 2013.

SPEC SHEET

Type: 4 Cylinder, SOHC i-VTEC

Displacement (cm3): 1199

Manual: 5 Forward & 1 Reverse

Power: 66(90)@6000

Torque (Nm @ revolutions per minute): 110@4800

Kerb Weight (kg): 905 - 934

Fuel Type: Petrol

Price: ₹632,000 - ₹905,000

ZF acquires majority stake in joint venture with Rane Group

Now holds 51% in Rane TRW Steering

OUR BUREAU

Chennai, December 29

ZF, a global technology company supplying systems for passenger cars, commercial vehicles and industrial technology, on Wednesday announced an increase in its holding in Rane TRW Steering Systems to become the majority shareholder. Rane TRW Steering Systems is a 50-50 joint-venture between ZF and the Rane Group. ZF has now increased its holding to 51 per cent.

In a press release, ZF said, "Till date, both partners held equal shares in the company, which employs around 3,400 people. In the future, the joint venture will operate on the market under the name ZF Rane Automotive India. The renaming is reflective of the enhanced cooperation between the partners."

ZF operations in India are through three subsidiaries, four joint venture partners, and eight engineering centres. The regional headquarter, ZF India Pvt. Ltd, is a multi-product facility based at Chakan in Pune. It has steadily grown to 18 manufacturing locations across India. ZF also provides a wide range of spare parts for automotive products from SACHS, LEMFÖRDER, TRW, and WABCO with robust service support through its ZF Aftermarket division. ZF in India employs more than 13000 people, including its JV partners.

"India is a very important market for ZF, and we want to grow sustainably here," Holger Klein, Member of the Board of Management (BOM), ZF Group, said in the release.

"By acquiring a majority stake from our long-standing partner Rane, we aim to further expand both our passenger car and commercial vehicle business for our customers in the India region," he added.

Holger Klein, Member of BOM, ZF Group

The joint venture

The JV was founded in 1987 by Rane and TRW to produce steering systems for commercial vehicles. In 1997, the company added occupant protection systems for passenger cars. With the acquisition of TRW in 2015, ZF Group became a co-owner of the company, which produces steering gears, airbags and seat belt systems at five locations in India. In 2019, the two partners opened the new occupant protection systems plant in Tiruchi, Tamil Nadu.

Commenting on the partnership, Harish Lakshman, Vice-Chairman, Rane Group & Managing Director, Rane TRW Steering Systems Pvt. Ltd, said, "Our relationship with ZF has gone from strength-to-strength over the past 35 years and the transfer of 1 per cent to ZF is a major step in taking the relationship to the next level. We look forward to bring superior technology matching the customer requirements."

Business Line 30th December 2021

Business Line
30th December 2021

Amara Raja to invest €10 m in e-battery maker InoBat Auto

Will get a foothold in the thriving European EV ecosystem

OUR BUREAU
Hyderabad, December 29

Amara Raja Batteries plans to invest €10 million in InoBat Auto AS, an European technology developer and manufacturer of premium innovative batteries for e-mobility in Oslo, Norway.

The initial investment will give Amara Raja a key foothold in the thriving European EV ecosystem, where multiple battery gigafactories are being set up to support the region's determined EV push, including in the UK.

The investment includes subscription of 0.04 per cent stake and convertible loan in InoBat Auto.

Energy and mobility

This strategic step will "significantly enable" Amara Raja, which laid out its ambitions in the green technology space as part of its bold Energy and Mobility strategy earlier this year, and provide it access to expertise that will help deploy the required technologies for the manufacture of batteries for e-mobility applications.


Vikram Gourineni, Executive Director, Amara Raja Batteries

"InoBat has proven its capability to develop innovative battery technologies in a short span of time. Its "cradle-to-cradle" approach supports Amara Raja's own goals on sustainability and will help to taper long-term dependence on the import of critical raw materials. Combining our respective strengths will give Amara Raja a foothold in the booming global EV market," Vikram Gourineni, Executive Director, Amara Raja Batteries, said in a release on Wednesday. Marian Bocek, Chief Executive Officer of InoBat Auto, said, "Today's announcement is strategically important for InoBat and its planned gigafactories across various parts of Europe. It shows that unique collaborative partnerships are vital for driving forward the uptake of e-mobility solutions globally, including the emerging markets."

The investment will open new R&D avenues for the company while allowing it to adapt InoBat's highly innovative battery technology to the markets that Amara Raja already serves.

InoBat specialises in the pioneering research, development, manufacture, and provision of premium innovative electric batteries custom-designed to meet the specific requirements of customers within the automotive, commercial vehicle, motor-sport, and aerospace sectors.

It is currently developing a battery research and development centre and production line in Voderady, Slovakia.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 18th December 2021

Accounting bodies to get powers to act against erring firms

FM introduces Bill to overhaul disciplinary mechanism of the three institutes

KR SRIVATS

New Delhi, December 17

The government on Friday moved an amendment Bill to empower the three accounting bodies — the CA Institute, the Company Secretaries Institute and the Cost Accountants Institute — to take disciplinary action against erring firms, a long-pending demand of the professional bodies.

It, however, diluted the representation of the professional bodies in the composition of the respective Disciplinary Committees.

So far, these professional bodies could only act against their members and not against the firms they represented. The new Bill — The Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Bill 2021 — introduced in the Lok Sabha by Finance Minister Nirmala Sitharaman on Friday requires every firm to get itself registered with the Institutes concerned.

The Councils of the Institutes will have to maintain a register of firms with the details of pendency of any actionable information or complaint or imposition of penalty against them. Also, the Councils are to be empowered to remove a firm from the Register of Firms if it has been debarred from undertaking any activity or activities relating to the profession of a chartered accountant in practice under any law or by any competent court.

Finance Minister Nirmala Sitharaman outside the Parliament House in New Delhi on Friday PTI

For speedy disposal of disciplinary cases, the Bill specifies a time limit of 270 days.

Significant change

One of the significant changes is revamping the composition of the Disciplinary Committee and the Board of Discipline — a move seen by experts as a blow to the professional institutes as it takes away their powers to guide the outcomes in disciplinary mechanism.

Per the Bill, the Presiding Officer of the Disciplinary Committee would be a non-member of the Institute, which would mean that the Presidents of these bodies can no longer be the Presiding officer.

From the current situation where the five-member disciplinary committee includes three Institute nominees, including the President, and two government nominees, the Bill moots a shift to two Institute members and three non-members including the Presiding Officer appointed by the government.

The blow has, however, been softened by allowing the selection of the Presiding Officer from a panel recommended by the Council of the Institutes.

What ICAI says

Reacting to the provisions of the Bill, the Institute of Chartered Accountants of India (ICAI) President, Nihar Jambusaria, told *BusinessLine* that the government had, by and large, considered their recommendations. "The amendment Bill will further make the functioning of the ICAI more cohesive and result in strengthening the corporate governance and quality of preparation and reporting of key statutory documents," he added.

Empowering the CA Institute to take action against the erring firms, a long-standing demand of the ICAI, is a progressive provision, he said.

On the disciplinary committee revamp, Jambusaria, however, admitted that this was not the best outcome for the CA Institute and added that the ICAI has already written to the Ministry of Corporate Affairs seeking a re-look at the provision particularly with regard to the composition of Disciplinary Committee and the Board of Discipline.

"We would prefer the current composition of 3+2 (three Institute members and two government nominees) to continue instead of the proposed 2+3 formula (two Institute nominees and three non-Institute members). Even if this is not acceptable, it would be better if government does a rethink on the presiding officer being a non-member of the institute. The Presiding Officer has to be a member of the institute and a chartered accountant for the disciplinary mechanism to work efficiently," he added.

Business Line 17th December 2021

Budget should ensure tax, policy stability: India Inc tells FM

Industry wants government to continue the thrust on growth and reforms

OUR BUREAU

New Delhi, December 16

Corporate India on Thursday urged Finance Minister Nirmala Sitharaman to ensure that the upcoming Union Budget 2022-23 maintained tax stability and continued the thrust on growth and reforms. Such an approach was needed to help firmly entrench the nascent signs of recovery being currently seen in private investments, TV Narendran, CII President told the Finance Minister at the virtual pre-Budget consultation held with industry captains.

Assocham President Vineet Agarwal suggested the introduction of *Vivad Se Vishwas* type scheme for customs, telecom, mining, power and other sectors. The settlement of the pending cases in these sectors will add some revenue to the Government as well as unleash huge positive gain in investor sentiments, Agarwal added.

Unified registration

In a separate pre-Budget meeting that Sitharaman had with heads of financial sector industry and financial sector regulators, financial sector honchos urged the government to introduce the concept of a single unified nation level registration for goods and services tax. Currently, financial services providers have to take GST registration separately in each of the State where they provide services and this was making compliance complex and onerous for the service providers, they added.

This meeting was attended by SBI Chairman Dinesh Kumar Khara, Uday Kotak, MD and CEO, Kotak Mahindra Bank, Rakesh Singh, Group Head — Invest-

FM Nirmala Sitharaman

ment Banking, Private Banking, Capital Markets and Financial Institutions at HDFC Bank, Sandeep Bakshi, MD and CEO of ICICI Bank, BSE MD and CEO Ashish Chauhan and Nilesh Shah, Kotak Mahindra Asset Management Company. Also present were SEBI Chairman Ajay Tyagi and PFRDA Chairman Supratim Bandyopadhyay. The NBFC sector was represented by Muthoot Finance MD George Alexander Muthoot and Finance Industry Development Council Director Raman Aggarwal.

Raman Aggarwal said, "If NBFCs are to be regulated like banks, then the typical NBFC model of lending would suffer which shall impact lending to the unbanked/underbanked segment of the society. Flexibility is the key that is required primarily from these borrower's perspective."

He also highlighted that the RBI had lately reworked the regulatory framework for NBFCs with the prime objective of harmonising it with that of banks. "Regulation and development must go hand in hand and there is an urgent need to bring harmonisation in related to taxation and recovery, too," Aggarwal told *BusinessLine*, adding that this was conveyed at the pre-Budget meeting.

CII President Narendran said that the government, through enhanced infrastructure spending, should continue to support growth.

"Infrastructure sector with a multiplier impact on rest of the economy requires interventions specially to improve and diversify sources of financing. In this context, it is suggested that the government should consider developing the municipal bond market so that urban local bodies can raise funds for investing in infrastructure," Narendran said.

In addition, it is recommended that the government should consider replacing bank guarantees with surety bonds to encourage private sector participation in the infra space, he added.

Technology Commission

To encourage greater technology adoption in the economy, CII suggested the setting up of an overarching Technology Commission of India to coordinate, integrate, synergise and manage all technology related strategy, funding, policy, deployment and public private partnerships.

For meeting India's commitments at COP26, the upcoming Budget could look at announcing the creation of a Central Agency to work out strategies to address issues pertaining to technology creation, acquisition and adoption and also financing at a mammoth scale, Narendran added. Announcement of Green Procurement Policy and encouraging adoption of hydrogen as an alternative fuel through extending investment allowance for installation of electrolysers could also be explored in the Budget, he suggested.

Business Line 24th December 2021

100% invoice matching mandatory from Jan 1 to claim input tax credit

Finance Ministry notification disallows GST assessees from availing 5% additional ITC provided under earlier rules

SHISHIR SINHA

New Delhi, December 23

The Finance Ministry has notified January 1, 2022, as the date for making 100 per cent invoice matching mandatory under the Goods & Services Tax (GST) regime.

This means an assessee will get input tax credit (ITC) only to the extent of invoices matched.

For each and every assessee, the system calculates ITC based on returns filed by her/his supplier. This helps to curb overstating ITC and taking undue benefits.

Earlier, the rules allowed assessees to take 10 per cent additional ITC, without supporting invoices, which was later reduced to 5 per cent.

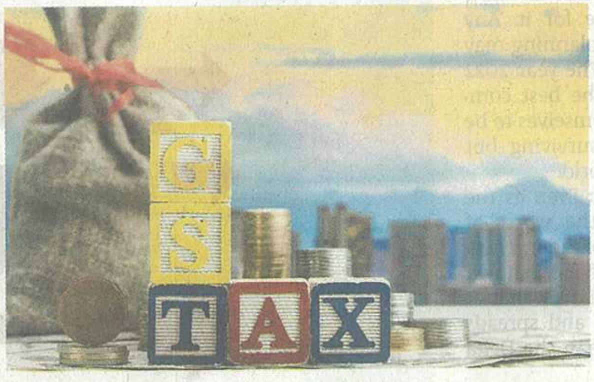
Now with this notification, this 5 per cent provision will not be applicable from January 1, and 100 per cent invoice matching will come into place.

An amendment in the Finance Act, 2021, which inserts a new clause in Section 16, deals with eligibility and conditions for taking ITC. There are four conditions for ITC to be credited for an assessee.

Eligibility criteria

First, he should have a tax invoice or debit note issued by a registered supplier or such other tax-paying document; second, he must have received the goods or services or both; third, tax should have been paid on the supply, and, fourth, a return must have been filed.

Now, after the first condition, another clause has been added which says "the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under Section 37." This addition will come into effect from January 1.



Earlier rules allowed an assessee to take 10 per cent additional ITC, without supporting invoices, which was later reduced to 5 per cent

Relevance of rule

According to Smita Singh, partner at S&A Law Offices, with the amendment, Rule 36 (4) that allowed recipient to avail of ITC with respect to invoices seems to lose its relevance since the recipient will not be able to avail ITC if the same is not reflected in the recipient's GSTR-2A/2B.

Another question that remains post the amendment is whether Rule 36(4) of the CGST Rules will be allowed to operate since the department may try to limit availment of ITC for invoices which have been uploaded.

"Further, it is not possible for a recipient who is fully compliant in filing its return, to ensure that the suppliers are filing their returns on time. This may overburden genuine taxpayers with over restrictive provisions of Section 16 especially in the MSME and SME sectors," she said.

'Statutory support'

Rajat Mohan, Senior Partner with AMRG & Associates, said this change will make it mandatory for every taxpayer to claim the tax credit only when the supplier reports such specific invoices in GSTR-1.

"Currently, a similar condition specified in delegated legislation is not taken seriously by numerous taxpayers on technical grounds, due to which non-compliance of this point is being litigated in several high courts.

"With this change, underlying restriction on ITC will have statutory support, making the same invincible. Though this change is not a retrospective amendment in law, it is expected that the current litigation will be decided in favour of taxpayers," he said.

The Economic Times 20th December 2021

EAC-PM Calls for Unified Labour Law

Yogima.Sharma
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Labour Reform

EAC-PM says comprehensive view missing

Definitional inconsistencies seen across Codes

KEY SUGGESTIONS...

Single labour law like the Bangladesh Labour Act, 2006

Alternate policy measures to boost employment, economic growth

ENHANCED FOCUS NEEDED ON ...

1] Skill building

2] Public infra investment

3] Reducing policy barriers to trade and investment

4] Simplifying laws and procedures

New Delhi: The Economic Advisory Council to the PM (EAC-PM) has backed a unified labour code, much on the lines of the Bangladesh Labour Act of 2006, saying that the labour reforms undertaken in form of four Codes did not take a comprehensive view of all labour laws and had only standardised and streamlined the existing statutes without addressing definitional inconsistencies. The EAC-PM has called for further simplifying of the labour laws and called for other alternative policy efforts to boost employment generation and industrial growth.

The union labour ministry had amalgamated 29 central labour laws into four Codes. These include the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020. These are yet to be notified.

"A 'single unified labour law' or reforms aimed at all sectors and nature of jobs would create a supportive business environment for the urban economy. This would allow the service sector and the new-age urban economy to truly take off," the EAC-PM said in its report on state-level labour reforms in India, submitted to the Prime Minister's Office earlier.

Wider consultations with all the stakeholders may also be sought in that direction, it added.

The report, prepared at the request of the PMO to examine the impact of state-level labour law reforms on employment and economic growth, has called for a need to focus on urban areas, given their significance from a national income as well as overall employment standpoint.

"The report comes out at a crucial time as the nation is coping with the Covid crisis and boosting employment has become more vital than ever before," Bibek Debroy, chairman of the EAC-PM, had said in the report.

The EAC-PM is of the view that labour law reforms, though important, are not a magic bullet to boost employment generation, address the high degree of informality or even boost industrial growth, and has questioned a need for spending political capital on some labour law reforms, which are not enough for employment generation.

FOR FULL REPORT, GO TO www.economictimes.com

Business Line 17th December 2021

SEMICONDUCTOR PLI SCHEME

Industry welcomes Cabinet approval

S RONENDRA SINGH

New Delhi, December 16

The Indian electronics industry and associations have welcomed the Cabinet approval of ₹76,000 crore product-linked incentive (PLI) scheme for semiconductors on Wednesday, under which incentives worth ₹2.3 lakh crore will be given.

"This will enable India to become an electronics hub and encourage corporates to start manufacturing in India. It is a big step to bring India on the world map of the semiconductors industry as it will pave the path for the industry to broader the horizon of research, manufacturing and export," Sanjay Gupta, Managing Director, NXP India, said.

The issues like sudden surge in demand of semiconductors will also be addressed, he said, adding that the move will also make the Indian manufacturers globally competitive to attract investment in the areas of core competency and cutting-edge technology.

This strategic and path-breaking move shall lay foundations to a much needed indigenous and integrated electronics design and manufacturing ecosystem which is the bedrock of any developed economy in the digital and Industry 4.0 era, said Baba Kalyani, Chairman and Managing Director, Bharat Forge.

"This will now set-in-motion a longer-term process to transform India into an innovation-driven economy with focus on high-end capability, skills and value-creation, here in India," he said.

Business Line 16th December 2021

E-auto permits: SC junks Bajaj Auto plea

PRESS TRUST OF INDIA

New Delhi, December 15

The Supreme Court on Wednesday dismissed a plea by Bajaj Auto against the Delhi government's decision to issue 4,261 new permits only to e-autos. It said that Delhi residents are badly affected by air pollution, a part of which is contributed by vehicles.

There is a continuous process of replacement of old CNG autos

'Discriminatory decision'

The Transport Department of Delhi government had invited online applications for registration of 4,261 new permits for e-autorickshaws. Bajaj Auto had moved the apex court with the claim that the advertisement was arbitrary and discriminatory to manufacturers of existing CNG three-seater auto rickshaws (TSR).

"The decision restricts market opportunities to one class of vehicles over another, without rational basis or intelligible differentia," the plea said.

A bench headed by Justice L Nageswara Rao and comprising Justices BR Gavai and BV Nagarathna said even though CNG auto rickshaws are BS-VI compliant, there is still some carbon emission. The advertisement issued by the Delhi government is in conformity with FAME-II scheme and the Electric Vehicle policy 2020.

"Residents of Delhi are badly affected by the air pollution, undoubtedly a part of which is contributed by vehicles. Even though CNG autos are BS-VI compliant, there is still some carbon emission," the bench said.

"We also do not agree that the fundamental right of the applicant (Bajaj Auto) is violated. Amendment to Motor Vehicles Act cannot be read to mean that addition of e-autos on the road can be done over and above one lakh autos," it added.

'Decarbonise transport'

The Delhi government opposed the plea filed by Bajaj Auto on the grounds that CNG auto rickshaws cannot be compared to e-autos. It said there is a proposal to switch to electric vehicles with a view to decarbonise the transport sector. The AAP government also referred to the FAME-II scheme and the Electric Vehicle Policy 2020.

92,000 CNG auto rickshaws have already been registered in Delhi and there is a continuous process of replacement of old CNG auto rickshaws, the Delhi government said.

Advocate ADN Rao, amicus curiae in the case, submitted that the application deserves to be dismissed as amendments made to the Motor Vehicles Act and Central Motor Vehicle Rules only relate to payment of registration fees.

MISCELLANEOUS REPORTS

Business Line 18th December 2021

With 87% jump, Pune region leads in direct tax mop-up

Net collection grows 61% to ₹9.45-lakh cr, beating mop-up of pre-Covid years

SHISHIR SINHA

New Delhi, December 17

Pune region led the surge in net direct tax collection recording a growth of over 87 per cent during the April 1-December 16, 2021 period. Overall, net collections surged to over ₹9.45-lakh crore, which is 61 per cent higher than the mop-up during the corresponding period of FY21. It is also 40 per cent over the collection in the corresponding periods of FY20 and FY19.

Direct taxes comprise mainly personal income tax and corporation tax. Net collection means gross collection minus refund. Budget 22 estimated the direct tax collections at ₹11.08-lakh crore, that is, an increase of ₹2.03-lakh crore over the Revised Estimate of 2020-21. Direct taxes are estimated to constitute 49.97 per cent of the gross tax revenues in 2021-22.

The nation has been divided into 18 regions for administrative purpose. From the collection point of view, Mumbai contributes maximum, followed by Bengaluru, Delhi and Chennai. Officials said that out of 18, ten regions showed a growth rate between 60 per cent and 87 per cent while for the remaining, growth rate was 34.5- 60 per cent. Guwahati region recorded the lowest growth of 34.5 per cent.

Net direct tax collection: Top regions (April 1-Dec 16)

Region	2020-21	2021-22	Growth
	(in ₹ crore)		(%)
Pune	26,791.60	50,273.40	87.6
Mumbai	1,50,724.90	2,72,312.40	80.7
Kanpur	9,200.20	16,380.70	78.0
Ahmedabad	22,428.10	39,288.00	75.2
Chennai	31,384.90	53,196.90	69.5
Nagpur	2,903.80	4,818.50	65.9
Hyderabad	29,945.60	49,492.90	65.3
Kochi	6,504.40	10,726.60	64.9
Bhopal	9,111.00	14,592.80	60.2
Delhi	65,734.10	1,05,243.50	60.1

Source: Government officials

Third instalment

Net direct tax collection got a boost from the third instalment of advance tax that fell due on December 15. An improvement in advance tax collection suggests an economy on recovery.

According to a Finance Ministry statement, the total advance tax collection after the third instalment reached ₹4.60-lakh crore against ₹2.99-lakh crore in the previous fiscal, a growth of 53.5 per cent. It is also 44 per cent and 50 per cent higher than the mop-up in FY20 and FY19, respectively.

Total advance tax related to personal income tax jumped to around ₹1.11-lakh crore while three instalments of advance corporate tax fetched over ₹3.49-lakh crore.

Overall collection up

The jump in advance tax collection boosted the overall numbers as gross collection from April till date topped ₹10.80-lakh crore against ₹7.33-lakh crore in the corresponding period of FY21, showing an increase of over 47 per cent.

Advance tax is the income-tax paid in advance for the income earned in a particular financial year. Per Section 208 of the Income Tax Act, 1961, every person whose estimated tax liability for the year is more than or equal to ₹10,000 is liable to pay advance tax, excluding citizens above the age of 60 with no income from business or profession.

The advance tax is payable in four instalments by the 15th day of June, September, December and March. Fifteen per cent of the advance tax is payable on or before June 15. By September 15, it should be 45 per cent minus the amount already paid. By December 15, 75 per cent and the balance by March 15. Non-payment of advance tax will invite penal interest.