ACMA
(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

Business Line 16th September 2022

Innovation for greener alternatives must pick up, PM tells auto industry

Says it is the need of the hour; calls for a futuristic blueprint for the sector

OUR BUREAU

New Delhi, September 15

Prime Minister Narendra Modi on Thursday told the automobile industry to succeed in innovations for greener alternatives and develop a 'futuristic blueprint' for the sector.

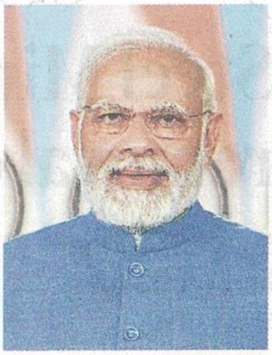
"It is a need of the hour that the industry's innovation for greener alternatives attains a new momentum, ensuring the protection and conservation of environment, as well as help in making India self-reliant," Modi said at the 62nd Annual Convention of the Society of Indian Automobile Manufacturers (SIAM).

"I am sure that various stakeholders gathered at the convention that include industry experts, manufacturers and policy makers, will hold vibrant deliberations to develop a futuristic blueprint for the automobile sector," the PM said in a message to the industry.

'Initiatives to empower'

He said 'Amrit Kaal' is an opportunity to achieve self-sufficiency in every sector and the automobile industry is no exception. "Be it PLI schemes that boost manufacturing or encouragement for electric vehicles (EV) and hybrid vehicles or ethanol-blended petrol, we have taken many initiatives to further empower the automobile industry," he added.

Speaking at the event, SIAM President Kenichi Ayukawa said currently, the industry is going through a unique phase. "Some segments have started to see recovery after the pandemic, while a few are still struggling. For example, mass segments like entry-level cars and two-wheelers are facing huge reduction in demand owing to significant increase in the acquisition cost," he said.



Prime Minister Narendra Modi

25-year target

For segments with good demand, there are sully-side challenges mainly being the semiconductor shortage, said Ayukawa, adding that over the next 25 years, the industry will develop multiple alternative technologies or energy options which are closest to carbon net zero and suit the Indian context.

He said the industry aims to have a dominant share of clean energy vehicles on a life-cycle basis in the next 25 years. "This means a significant share of all feasible technologies, including battery electric, ethanol, flex fuel, CNG, bio-CNG, hybrid electric and hydrogen."

Ayukawa further said that to achieve such ambitious target, the industry would require some key enablers like having single-minded pursuit of competitiveness.

"Second is ease of doing business. A long-term regulatory roadmap for better planning of investments, technologies and product development," he added.

Business Line 23rd September 2022

Exide Industries to invest ₹6,000 cr in Lithium-ion cell unit in Karnataka

Our Bureau

Kolkata

Automotive and industrial battery maker, Exide Industries, is looking to invest around ₹6,000 crore to set up a 12 gigawatt-hour Lithium-ion cell manufacturing unit in Karnataka over the next 8–10 years. The first phase of the plant (6 gigawatt-hour), which is expected to be completed in the next 27–30 months, is likely to entail an investment of around ₹4,000 crore.

According to Subir Chakraborty, MD and CEO, Exide, construction work on the project is likely to commence shortly and the first phase will be completed in the next 27-30 months. The funding for the project would mainly come from internal accruals.

"We are a debt-free company and have sufficient reserves. So we will look at internal accruals (to fund the project) and some bridge loan facilities from banks as and when required," Chakraborty told media post the company's annual general meeting on Thursday.

Subir Chakraborty, MD and CEO, Exide

TIE UP WITH SVOLT

Under Exide Energy Solutions Ltd, the company is setting up the Li-Ion cell manufacturing facility spread over 80 acres in Karnataka.

It has entered into a multi-year technical collaboration agreement with SVOLT Energy Technology Co Ltd. (SVOLT), a global technology company that makes and develops Lithium-ion batteries and battery systems for EVs and for energy storage.

As part of the agreement, SVOLT is providing Exide an irrevocable right and licence to use, exploit, and commercialise necessary technology and knowhow owned by them for Li-Ion cell manufacturing in India. SVOLT is also providing the requisite support required for setting up a new manufacturing plant on a turnkey basis. "Once the first phase is ready, we will look at ramping up the second phase," he said.

"It is difficult to say what percentage of the business Lithium-ion can comprise (in the future) as the lead acid business will also be growing. But once the plant becomes fully functional, it has the potential to generate ₹10,000-12,000 crore," Chakraborty said.

Business Line 30th September 2022

Unlike two-wheelers, e-cars may take three years to hit inflection point in India: Report

G Balachandar
Chennai

'Electric vehicles' is the buzzword in the automotive market. Although India's EV transition is in the fledgling phase, there has been a lot of action in the past few months, indicating accelerated momentum in EV adoption in the country.

The next two-wheeler to be bought by a customer will probably be an electric product, but the next car to be bought may not. Because the two-wheeler industry crossed the inflection for EV adoption in 2021, while it is at least three years away from the inflection point for the passenger vehicle segment, says a report by BNP Paribas.

"We see FY22 as the year of accelerated EV adoption in the two-wheeler segment, helped by incentives, wider availability, model launches, a rise in crude prices, and improved general awareness," said the report.

FEWER TAKERS. Though EV penetration among passenger vehicles has risen over the years, it still stays below 1 per cent PTI

Presently, the electric two-wheeler (e2W) market is driven by new entrants and Okinawa Autotech has close to 20 per cent of the volume market share. Top 10 companies account for more than 93 per cent of volumes. Maharashtra tops the States in e2W sales with a volume share of nearly 18 per cent, primarily driven by incentives, followed by Karnataka.

In FY22, EV penetration in the two-wheeler segment was 1.9 per cent with a volume of 2.65 lakh units. But in this fiscal, the total e2W volumes are expected to touch 6.56 lakh units and the penetration will cross 4 per cent, said the report.

MILES TO GO

Though the passenger car market has seen some increased activity on the EV front, the inflection point is some time away, revealed BNP Paribas' survey. The average price of passenger vehicles sold in India is significantly below that of other major global auto markets. This means it would take much longer to achieve price parity between ICE and EV models in India than in developed markets.

Also, incentives on electric PVs in India are lower than those offered in auto markets. "We see multiple model launches by market leaders and a significant reduction in battery costs as key catalysts to drive the adoption of electric PV. We believe this could take at least three years," it said.

Though EV penetration in the PV segment has increased over the years, it still stays below 1 per cent. In FY22, electric PV market penetration was estimated at 0.5 per cent with a total volume of 15,873 units. For FY23, volumes are expected to increase to about 28,000 units with penetration inching towards 0.8 per cent.

The Economic Times 30th September 2022

Sales of CNG-powered Vehicles Take a Hit as Global Natural Gas Prices Soar

Cos cut production targets as price difference between CNG and petrol/diesel narrows

Sharmistha Mukherjee & Ashutosh Shyam

Under Pressure

CNG prices may go up ₹12-15 per kg from Oct 1

The price differential between petrol and CNG is even closer in non-metros

At present, CNG costs ₹75.61 and ₹80 per kg in Delhi and Mumbai, respectively

Petrol comes for ₹96.72 and ₹106.49 in these two cities

New Delhi | Mumbai: The sharp increase in price of natural gas in global markets is putting pressure on sales of CNG-driven vehicles in the country, demand for which soared the last few months amid increasing consumer preference for the option given high petrol and diesel prices.

The narrowing price differential between CNG and petrol/diesel has made Indian carmakers prune their production target for CNG powered vehicles by 25-30% for the current fiscal. ET has learnt that Indian carmakers are likely to produce 500,000-550,000 CNG cars in the ongoing financial year, compared to 700,000-750,000 vehicles planned at the beginning of the fiscal year. Lower production of CNG cars may result in potential revenue forgone of about Rs 18,000-20,000 crore ($2.5 billion). Sales of CNG vehicles stood at 261,000 units last fiscal.

"Even as CNG prices increased the past few months, price of petrol and diesel fuel has remained relatively at similar levels. The differential in running costs (between CNG and petrol/diesel) has narrowed. Though the advantage remains, it has reduced, which has started affecting order inflows to some extent," Shashank Srivastava, senior executive director (marketing and sales) at market leader Maruti Suzuki told ET. Running costs of CNG vehicles currently stand at Rs 2.7/km, up from Rs 1.6/km earlier. Those of petrol and diesel vehicles have reduced to Rs 5/km from Rs 5.3/km in the same period.

"There has been a 10-15% impact on the CNG vehicle bookings owing to the rise in CNG prices. Therefore, TTMT's (Tata Motors) and MSIL's (Maruti Suzuki) CNG vehicles (Celerio/WagonR) are readily available for consumers", Motilal Oswal Financial Services said in a note Thursday.

Srivastava informed Maruti Suzuki has pending bookings for 128,000 CNG vehicles. CNG vehicles account for nearly a fifth of sales at the company. In models, where the fuel option is available, penetration stands at about 35%. "With production challenges easing up, introduction of the CNG variant in Swift, our monthly sales have gone up to 32,000 units now from 26,000 units at the start of the year", said Srivastava, adding, "But demand for CNG vehicles in the industry is more muted now. If CNG prices continue to increase, it will have a negative impact." Maruti Suzuki has plans to sell 4-4.5 lakh CNG vehicles in the ongoing financial year.

Come October, demand and enquiries are likely to be hit if domestic gas prices are revised upwards as per the current pricing formula basis the international benchmark which has seen a surge due to the conflict between Russia and Ukraine. If domestic gas prices are hiked as per the current method, they will increase by 53% to $10.4 per mmbtu. CNG prices may go up Rs 12-15 per kg from Oct 1. At present, CNG costs Rs 75.61 and Rs 80 per kg in Delhi and Mumbai, respectively. Petrol comes for Rs 96.72 and Rs 106.49 in these two cities. The price differential between petrol and CNG is even closer in non-metros.

Business Line 30th September 2022

Automakers cheer festival bump but face delivery issues

LONG WAIT. More than 8 lakh passenger vehicles are pending delivery

S Ronendra Singh
New Delhi

Despite record bookings and dispatches, the estimated backlog of passenger vehicles (PVs) is close to 8.25 lakh units for the festival season.

Industry veterans say the long-waiting period for vehicles is pushing customers, keen on getting a vehicle during the festival time, to opt for readily-available variants even if these vehicles don't have the features they want.

The festival season, starting with Onam and ending with Diwali, accounts for close to a third of the sector's yearly revenues.

GROWING PRODUCTION

"There has been record growth since July and production is also rising, which means the semi-conductor shortage situation must have eased. At Maruti Suzuki itself, there is a backlog of 4.45 lakh vehicles till today because of new launches like the Brezza, the Grand Vitara and the Baleno. So, the demand is high... record dispatches are happening and at the same time the industry stocks are rising... The estimated pending bookings of the industry are 8-8.25 lakh PVs," Shashank Srivastava, Senior Executive Officer (Marketing and Sales), Maruti Suzuki India, told *businessline*.

In the July-September quarter, the industry will be crossing one-million PV sales for the first time. September will see the highest-ever sales of 3.4-3.5 lakh units. In July, the industry sold 3.42 lakh units and in August 3.29 lakh units in the domestic market.

"In our case, the one-litre engine vehicles (Alto K10, WagonR, Celerio and Espresso) are selling more and we have very small waiting period, because they need fewer chips. Therefore, we are seeing increased production, increased wholesales and increased stock build-up, but at the same increased pending bookings because the production is not exactly in-line with the demand and that is the big challenge," Srivastava said.

According to Myung-sik Sohn, Chief Sales Officer, Kia India, the company is already growing at 25-30 per cent this year so far and expects to retain this momentum. He said the waiting period is averaging four-five months. "Depending on the variant, some could go up to seven months," he said.

Hyundai Motor India has close to 1.37 lakh pending bookings. The recently-launched Tucson has the highest waiting period of 10-12 months followed by the Creta of three-five months and between one and three months for other models.

Though two-wheeler demand is up, it is still tepid compared with the PV demand.

RISING BACKLOG

- In Maruti Suzuki itself, there is pending bookings of 4.45 lakh vehicles
- Hyundai Motor India has close to 1.37 lakh pending customer bookings

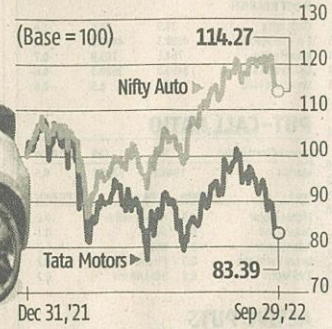
PRESS REPORTS ON ELECTRIC VEHICLE

Business Standard 30th September 2022

Experts give thumbs up to TaMo's push for EVs

PUNEET WADHWA
New delhi, 29 September

TRAILING FOR NOW

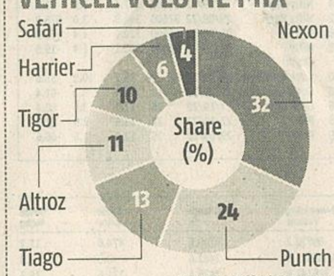


ON-ROAD PRICES OF AUTOMATIC VARIANTS

Make/Model	Price (₹ '000)
Hyundai i20	1,015 - 1,383
VW Polo	1,015 - 1,197
Tata Tiago EV	905 - 1,258
Maruti Baleno	878 - 1,085
Maruti Swift	819 - 972
Hyundai i10	779 - 973
Tata Tiago	761 - 836

Source: Jefferies report

TaMo: INDIA PASSENGER VEHICLE VOLUME MIX



Source: Jefferies report

Tata Motors (TaMo) stock jumped over 3 per cent in intraday trade on Thursday, a day after the company launched the electric vehicle (EV) variant of its popular hatchback, Tiago. It, however, ended the day over 1 per cent higher at ₹404 levels in an overall weak market.

Most analysts remain bullish on the counter, with those at Jefferies expecting the stock to hit ₹650 levels in their best-case scenario – up nearly 60 per cent from the current levels. TaMo is offering the EV with two different battery packs. The smaller 19.2 kWh battery pack variants are offered with a 3.3 kW AC charger (range: 250km), while the variants with the larger 24 kWh battery pack will come equipped with a 7.2 kW AC charger (range: 315 km).

Tiago EV XT model's on-road price (Mumbai) is around ₹180,000 higher than the equivalent ICE version (XT AMT), which analysts at Emkay Global estimate implies a quicker pay-back period of nearly 31,000-km, or 2-3 years, based on the monthly usage. In comparison, the gap between Nexon EV and ICE was higher at around ₹400,000.

"A more accurate assessment of the economic efficiency of EVs in comparison to internal combustion engines (ICEs) is the total cost of ownership (TCO), which includes purchase cost, running expenses, maintenance cost, and resale value. TCO for Tiago XT Petrol stands at ₹19.1/km, while it is slightly higher for Tiago XT EV at ₹20.4/km, assuming monthly usage of 1,000kms. In case of monthly usage of over 1,250kms, TCO will be favorable for EV. TCO for EV can further reduce if we consider state-level subsidies and FAME fleet subsidies," they said.

Analysts at Nomura expect the Tiago EV to sell 3,000 - 5,000 units per month, and its overall EV sales to touch 60,000/ 96,000 in financial years 2023 and 2024 (FY23 and FY24). Every 1 per cent market share gain in passenger vehicles (PVs), they believe, has the potential to add around ₹50 billion to Tata Motors' m-cap. "We maintain our 'buy' rating and SOTP-based target price of ₹520. The stock is trading at 4.3x FY24 EV/ebitda (enterprise value/earnings before interest tax, depreciation and amortisation)," wrote Kapil Singh and Siddhartha Bera of Nomura in a recent note.

That said, TaMo's EV volume, analysts believe, would be limited by capacity constraints. "The target is to reach over 50,000 units in FY23 and over 100,000 units in FY24. We expect the industry to be around 150,000 in FY24, which would represent marginal EV penetration of only 2 per cent. Considering capacity constraints, dispatches of Tiago EV are expected only from January 2023," wrote analysts at Emkay Global in a recent note, and maintain a target price of ₹530 on the stock.

Thus far in 2022, TaMo has been an underperformer. The counter has given a negative return of 17 per cent as compared to its closest rivals -- Maruti Suzuki and Mahindra & Mahindra -- which have moved up over 17 per cent and 48 per cent, respectively. The Nifty Auto index has rallied around 14 per cent during this period, ACE Equity data showed.

As their base case, analysts at Jefferies maintain a price target of Rs 540 for Tata Motors. Tata's EV strategy, they believe, should drive market share gains for the company as EV adoption rises in India, although capacity constraints might limit its total PV volume in the near-term. "Tiago EV offers an attractive proposition, providing the differentiated appeal of an EV at a reasonable price. Tata is also expanding its EV availability from around 85 to nearly 165 cities as it expects good acceptance of Tiago EV in tier-2/3 cities. EVs now form 8 per cent of Tata's India PV volumes, and we believe Tata has potential to gain share as EV adoption rises," wrote Nitij Mangal and Sagar Sahu of Jefferies in a note.

Business Line 23rd September 2022

Ola Electric announces international expansion plans

Yatti Soni
Bengaluru

Ola Electric, has announced plans to enter international markets, starting with Nepal. Following this, the company plans to enter Latin America, ASEAN and the EU in the next phase, increasing the company's presence in up to five international markets.

The company has signed an MoU with CG Motors in Nepal for distributing its Ola scooters (S1 and S1 Pro). The scooters will be available in Nepal starting next quarter.

RIDING AHEAD. In the seven months after its e-scooter launch, Ola sold 70,000 units

EV REVOLUTION

Bhavish Aggarwal, Founder and CEO, Ola, said, "The global EV revolution so far has been limited to the West and to China. To take the EV revolution to a human scale, India will have to be the epicenter of change. Ola is committed to creating the EV paradigm for the rest of the world by building half of the vehicles that the world needs in India.

"Our international expansion not only means that we will as a company be able to serve customers in these similar regions, but it is also testament to the fact that India will lead the EV revolution for the world." In the seven months after its e-scooter launch, Ola sold 70,000 units even as it has battled consumer backlash for late deliveries, and EV fire-related incidents.

Earlier this week, the company said it has opened 20 experience stores and plans to open over 200 by March 2023.

The Economic Times 23rd September 2022

Volvo Cars India Looks to Step Up its Share in the EV Market

Swedish carmaker plans to sell 900-1,000 EVs in '23, eyes 30-33% sales next year

Ketan.Thakkar
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Jyoti Malhotra, MD, Volvo Cars India

Mumbai: Swedish premium vehicle maker Volvo Cars India is planning to sell close to 900-1,000 electric vehicles in 2023, as the traction for zero emission vehicles gain speed in the country.

Jyoti Malhotra, MD of Volvo Cars India told **ET**, there has been a strong traction for EVs in the market place and he expects to corner a third of his total sales from EVs in 2023 with allocation for EVs rising from HQ.

A niche player in the mainstream luxury car sapce, Volvo is aspiring for a higher share in the EV space.

Globally, Volvo is moving to fully electric by 2030, with plans of selling at least 50% of its total volumes from EVs by 2025. Malhotra, however, has set a steeper ambitious target of 80% EV contribution from its total sales by 2025.

Because of supply chain challenges, Volvo was compelled to push back the EV entry by a year, but the positive side of the market is now ready for quick adoption, believed Malhotra.

"We were not clear last year, but now we are. We are already sold out for 2022, EVs already have a waiting for 9-10 months. We are hoping for higher allocation for 2023 to bring down the waiting period," he added. Malhotra says the market may regain its previous peak of 2018 in 2023 and so will Volvo, which is aiming for a volume of close to 3,000 units in 2023.

This calendar year, Volvo is likely to end with a growth of 14-15%, however that growth is restricted by lack of supplies, with the waiting period running into 4-5 months. With a full year of availability of the XC40 Recharge and the addition of the C40 electric coupe in the middle of next year, which will be assembled, Malhotra says "I think the potential is much more and next year we want to sell 30% of our total sales." On Wednesday, the company introduced a 48V mild hybrid version of XC 90, with this Volvo says all its vehicles in India are electrified.

And the push towards greener alternatives will further accelerate.

BY END OF YEAR

Ola Electric's E-Scooters to Enter Nepal

Mumbai: Ola Electric on Thursday announced plans of selling its electric scooters in Nepal by the end of this year, its founder and chief executive Bhavish Aggarwal said on Twitter Thursday.

The electric scooter maker will also enter Latin America, ASEAN and European markets soon, he said.

The company has signed a memorandum of understanding with CG Motors in Nepal for local distribution of its S1 and S1 Pro scooters, Ola Electric said in a statement.—**Our Bureau**

The Economic Times 17th September 2022

ENTRY-LEVEL SCOOTER LIKELY TO BE PRICED BELOW BESTSELLER

HMSI Working on New EV Line Under Activa

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: The country's second largest two-wheeler maker Honda Motorcycle & Scooter India (HMSI) is looking at riding the EV wave with the launch of an entry-level product priced below its best-selling scooter Activa.

The product is in the development phase, Atsushi Ogata, President, HMSI told ET, adding with a couple of more models scheduled in the space the company hopes to clock sales of a million EVs by 2030.

Ogata said, "We have completed the feasibility study. Our first electric product is under development. We expect the market for electric two-wheelers will reach around 3 million units by 2030. We want to bring in multiple models and have a 30% share in this category by the end of the decade."

The largest two-wheeler maker from Japan may carry forward the iconic nomenclature of Activa in the EV avatar as well. Apart from the fixed battery solution, HMSI may opt for a swappable battery solution. It will be a portfolio of options right from low powered to high powered to even alternative for last mile commercial operators, said Ogata.

HMSI is working with supply chain partners to maximise local content by procuring key components for the electric two-wheeler from vendors in India. HMSI is also considering exporting the vehicle from India to markets in the Honda Motor network to build volumes after launch.

Ogata declined to share details of the range and timeline for the launch of the vehicle. The first electric two-wheeler will deliver a top speed of 60 km per hour. He confirmed the vehicle will be positioned below Honda Activa, which comes tagged between ₹72,000-75,000 (ex-showroom). The vehicle is likely to hit the road in FY24, said people in the know.

"With this product, we are targeting customers who are looking at electric two-wheelers as an additional option. It will be an affordable mid-range product for specific use cases," Ogata added. The company is in the process of finalising the facility at which it will manufacture EVs.

A leader in the scooter segment, HMSI currently rolls out its model range from four manufacturing plants — Manesar (Haryana), Tapukara (Rajasthan), Narsapura (Karnataka) and Vithalapur (Gujarat).

The decision from HMSI to enter the EV market in India comes at a time when several mainstream players such as Hero MotoCorp, Bajaj Auto, TVS Motor Company and startups like Ola Electric have announced aggressive plans in the segment. In the two-wheeler segment, companies such as Hero Electric and Electrotherm have been selling electric scooters in India for several years now. But sales have remained low at about 231,378 units in the last financial year, compared with 13.5 million two-wheelers powered by fossil fuels.

Business Standard 29th September 2022

Electric PVs take a decisive turn towards mass market

SHALLY SETH MOHILE
Mumbai, 28 September

Twenty-one years after the launch of the two-seater Reva, India gets its first modern, fully-equipped electric passenger vehicle (ePV) priced below the critical threshold of ₹10 lakh. Tata Passenger Electric Mobility, which has set the pace in this segment, on Wednesday launched the e-Tiago, whose pricing begins at ₹8.49 lakh, ex-showroom.

More than two-thirds of India's passenger vehicles market is below the price point of ₹10 lakh and the launch of ePVs below it could go a long way towards attaining the government's target of having electric vehicles comprise 30 per cent of the PV market by 2030. At present, just about 1 per cent of India's PV market of 3 million a year is electric.

This is reminiscent of what happened with sports utility vehicles (SUVs), which have been powering the sales in the PV market of late.

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Page 3

TaMo lending arms set to discuss merger

As part of the Tata group's exercise to bring synergies across various group companies, the boards of Tata Motors Finance Solutions and Tata Motors Finance are meeting separately on October 3 to consider a plan to merge their lending operations.

Tata Motors MD Shailesh Chandra unveils the e-Tiago on Wednesday

The Economic Times 17th September 2022

EV Battery Makers Likely to Get More Time to Meet Safety Norms

Lijee.Philip@timesgroup.com

Mumbai: Battery manufacturers may get an extension of four to five months to meet the additional safety requirements that the government has brought in after several incidents of electric vehicles catching fire, two people in the know said.

The deadline for adopting the new and more stringent safety standards currently is October 1. Battery makers and manufacturers of electric vehicles have been lobbying the government to provide them more time to comply with the new regulations, saying that they got only four weeks to implement those since the notification came only this month.

After several rounds of deliberations among the government, automakers and battery manufacturers, "it is decided in principle to extend the deadline", said a person close to the development.

The industry has been seeking time till March 31, 2023, to incorporate the changes as per the AIS-156 Rev-2 requirement and till August 31, 2023, to complete the re-homologation of the battery packs.

But their demand for phase-wise implementation may not be met, the people said, as the authorities want them to adopt the changes much ahead of the summer months. High atmospheric temperature is seen as one of the reasons for batteries in electric vehicles getting overheated and catching fire.

Electric vehicle manufacturers such as Hero Electric, Tata Motors, Kinetic Green Energy & Power Solutions and several battery companies said they needed adequate time to implement the changes. Given the scope of amendments proposed, battery packs would be required to undergo significant re-design, re-engineering, validation and testing, according to them.

Business Line 16th September 2022

Shell to install over 10,000 EV charging points by 2030

Bengaluru to get first station

OUR BUREAU

Bengaluru, September 15

Energy major Shell on Thursday launched its first electric vehicle (EV) chargers for the four- and two-wheeler segments in Bengaluru. The company plans to set up more than 10,000 charging points across the country by 2030.

India is the first market for Shell to launch chargers for two-wheelers. Through the recharge stations, the company aims to provide its clients with comprehensive, safe and green mobility options.

'Safe, green solutions'

"Being a solution-driven and customer-centric organisation, we have developed a world-class offering for electric mobility customers, drawing upon our global expertise and capabilities. This enables us to provide safe, green and integrated mobility solutions. We are excited to contribute to the electrification of mobility in India by rolling out the Shell recharge network and look forward to serving the rapidly evolving needs of our customers," said Sanjay Varkey, Director, Shell Mobility India.

Customers will be able to operate these chargers through the 'Shell Recharge India App', available on both Android and iOS operating systems. The app allows users to locate the nearest available charger, pick a charging method and then make quick payments, said a release. Additionally, customers can also view their charging status on a real-time basis.

Business Line 30th September 2022

Hero, Zero Motorcycles in talks to co-develop e-bikes

Our Bureau

New Delhi

This involves an equity investment of up to $60 m

Hero MotoCorp on Thursday said it is finalising a collaboration agreement with the California-based Zero Motorcycles, with an equity investment of up to $60 million in cash consideration. The collaboration will focus on co-developing, the company said in a statement, adding that its stake is expected to be around 6.4 per cent on a fully diluted basis.

Zero Motorcycles manufactures premium electric motorcycles and powertrains. "This investment is not a related party transaction. No promoter/ promoter group/ group companies have any interest in the entity in which the investment is being made," Hero MotoCorp said.

FIRST LAUNCH

Cost of acquisition or the price at which the shares are acquired is $10.75 per share and the percentage of shareholding will depend upon the exact contribution by the company, and the completion of a fundraise by Zero Motorcycles. "In keeping with its vision 'Be the Future of Mobility', Hero MotoCorp is addressing the electric mobility space through a range of initiatives, and will launch its first electric product under its emerging mobility brand Vida, on October 7," it added.

PRESS REPORTS ON TWO-THREE WHEELERS

Business Line 26th September 2022

Premiumisation gathers pace in domestic motorcycle market

G Balachandar
Chennai

As the entry-level motorcycle segment reports fragile recovery, two-wheeler-makers are stepping up focus on bike categories with higher cubic capacity (CC), which present better growth outlook amid easing supply-chain constraints.

Though there has been positive growth in the entry-level segment this fiscal compared with the second wave-hit previous fiscal, the recovery has not been stable.

For instance, the 110 CC and below category, which accounts for more than 50 per cent of the motorcycle market in India, reported a decline in July, but in August, the volumes grew. Continuing weak sentiments among rural buyers, which account for the bulk of sales in this category, impacted volumes in this category.

Besides, higher vehicle costs and spike in fuel prices in this price-sensitive category, have also impacted the demand.

HIGH FUEL PRICES

Crisil Research estimates that two-wheelers' cost of ownership is expected to increase 6-8 per cent this fiscal due to price hikes by OEMs to offset material price increases, interest rate hikes and fuel costs.

As a result of demand issues in the entry bike segment, the overall volumes of the bike market are expected to be 25-26 per cent lower than FY19 levels. However, there has been a respite for two-wheeler-makers on account of the shift in customer preferences, particularly the young buyers, towards higher CC or premium bikes. The higher CC market has seen a lot of action with several launches in the past few months despite chip shortages.

The 125 CC-500 CC segment, which has multiple sub-segments, has reported an increase of about 27 per cent at 8.5 lakh units during April-August 2022, against 6.7 units in the year-ago period. Of late, TVS Motor Company has been rolling out products in the higher CC segment, as it seeks to take advantage of the 'premiumisation' trend in the motorcycle market. In addition to launching new variants of its Apache brand, which is the leader in the 150 CC-200 CC bike category, the company has also introduced a new premium bike, Ronin.

Business Line
16th September 2022

Honda Motorcycle & Scooter to launch multiple EV models

Will target 30% share if market reaches 30 lakh units, says CEO Ogata

OUR BUREAU
New Delhi, September 15

Country's second largest two-wheeler manufacturer, Honda Motorcycle and Scooter India (HMSI), on Thursday said the company has started actual drawings of its first electric scooter, which will be launched in the next few years, as its sales have been hit by the EV market in recent years.

"We will launch multiple models (electric scooters) because only one or two models are not sufficient for various kinds of customers. The platform is safe, it should be simple because the internal combustion engine (ICE) of the motorcycle segment also has smaller cc engines and more than 1000cc, too ... e-mobility must be simplified," Atsushi Ogata, President, MD & CEO, HMSI, told reporters here on the sidelines of the 62nd SIAM Annual Convention.

Atsushi Ogata,
President, MD & CEO, HMSI

Turnaround point

On the targetted market share in the EV segment, Ogata said if by 2030 the total market reaches 30 lakh units, the target will be 30 per cent. "The estimation is till 2030 ...if it reaches 3 million units, why not 30 per cent market share — which means 1 million units," he said.

On market conditions, Ogata said the two-wheeler sales could take around five years to come back to the peak levels of 2018-19, with rural market still struggling to recover from the Covid-19 impact. He said sales of gearless scooters like the Activa was hit as schools, colleges were shut and professionals had to work from home. Also with some other reasons like the income of rural households not going up, there has been a gradual price increase of two-wheelers over the last few years leading to a decline in sales.

However, he noted there has been some positive momentum in urban markets since April this year due to the easing of Covid restrictions. It may be noted that the domestic two-wheeler wholesales in 2018-19 stood at 2,44,42,36 units, which came down to 1,34,66,412 units in 2021-22. HMSI's volumes were the highest at 61,23,877 units in 2018-19.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

The Economic Times 20th September 2022

GREEN MONEY Electric bus makers all set to get a $3.5 billion business opportunity

Govt to Replace up to 30,000 Old Buses in Electrification Drive

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: The Centre is seeking to replace up to 30,000 diesel-run polluting buses with electric powertrain vehicles in the next 2-3 years, marking India's giant leap toward clean mobility and offering bus makers a $3.5-billion business opportunity. Convergence Energy Services Limited (CESL) — the state-run company that handles the acquisition of EVs for central and state government departments — said the size of the programme could expand more than threefold over time.

CESL managing director Mahua Acharya told ET that buses are an area of the highest impact, socially and environmentally, with the potential to expand the EV fleet size to about 100,000 units. "It (100,000 units) is very much doable. Switching public transport buses to electric would substantially help in reducing the crude imports, which is a priority for the government," said Acharya.

In the meanwhile, the 'qualified demand' is 25,000-30,000 buses.

"We do a depot assessment, check transformers, study routes and then aggregate the demand across states to lower costs through scale," she said.

Even without incentives, aggregating demand on a gross cost contracting model from across states helped realise 27% and 23% lower rates for electric buses compared to diesel-driven and compressed natural gas-run ones in the tender floated by CESL in January 2022. More than 1.6 million buses ply on the Indian roads every day — most running on diesel. Of these, the buses run by state transport undertakings (STUs) make up about 10%. The majority of these buses operated by STUs are running into losses. CESL has ensured a profitable route for STUs by introducing a gross cost contract model that not only ensures a cleaner environment, but also viable operations.

Various streamlining and risk reduction measures helped enhance competition and led to the record low prices of ₹39.21/kilometer for 9-meter e-buses and ₹43.49/kilometer for 12-meter low-floor e-buses (including the cost of charging).

Acharya said while this asset-light model has made it possible for ailing STUs to deploy affordably and at scale, challenges do remain regarding availability of adequate power supply at depots for charging buses proposed for induction. State governments would have to invest in upgrading grids to ensure adequate load for charging electric vehicles.

"This cost (of upgrading transformers and cable lines) cannot be socialised. Another important aspect which will help fast-forward EV adoption is availability of financial risk mitigation instruments," she said.

Plug & Drive

Qualified demand is of 25,000-30,000 buses

Over **1.6** million buses ply on Indian roads every day

Majority of them largely run on diesel

BUSES RUN BY STATE TRANSPORT UNDERTAKINGS JUST MAKE UP ABOUT 10%

Long-term there is a potential to electrify 100,000 buses, said CESL

PRESS REPORTS
ON
COMPANY NEWS

The Economic Times 26th September 2022

Hero Moto Lines Up New Launches, Easy Financing In Big Festival Push

PRESS REFRESH To roll out 8 new models, slew of incentives to suit customer needs

Ready, Set, Go

Hero Moto expects record sales in festive season | Tremendous pent-up demand seen in rural areas | To launch Great Indian Festival of Trust (GIFT)

Plans slew of consumer initiatives such as insurance benefits, easy financing schemes

2,266,391 Two-wheelers Hero sold in India between April & August this fiscal, up **16.4%** in the year-ago period

Sharmistha.M@timesgroup.com

New Delhi: Hero MotoCorp, the country's largest two-wheeler maker, will soon unleash its biggest-yet consumer push by rolling out at least eight new models tailored to suit customer requirements in specific regional markets, anticipating record demand in the upcoming festival season. The festive season will witness record retail sales of two-wheelers this year as "there is a tremendous pentup demand in the market, particularly in rural areas," Hero MotoCorp chief growth officer Ranjivjit Singh said.

"Almost the entire country has now opened up to near normal after the coronavirus pandemic, and this has fuelled a resurgence in personal mobility need across most parts of the country," he told ET.

To tap into potential demand, Hero MotoCorp will introduce at least eight new variants, starting with Xtreme 160R Stealth 2.0 edition, to be followed by the refreshes and new colour schemes of popular models such as HF Series, Splendor+ and Glamour. The Hero Xtreme 160R Stealth 2.0 will come embedded with "Hero Connect", a smart mobility device that lets riders stay connected and trace live location. The Hero Connect app additionally offers a wide range of alerts, including geo fence alert, speed alert, topple alert and tow-away alert.

The company has also lined up a slew of financing schemes across product categories tailored to suit customer requirements in specific markets, Singh said. "As families prepare themselves for the normal festive season after a hiatus of two years, buying sentiments amidst the festivities is already at a high point and it is an exciting time for us to be part of their celebrations," he said.

All consumer-focused initiatives undertaken by the company will be driven by an umbrella campaign called 'Grand Indian Festival of Trust' (GIFT), Singh said. This will remain the company's annual programme for the festival period every year, to incentivise and reward valued customers, he added.

The campaign will start on Monday, the first day of Navratri, and will run the entire festive period. Hero MotoCorp will also offer up to ₹13,500 festive benefits including insurance, free-maintenance, warranty and zero interest for Hero scooters as a part of its consumer activation initiative. "There will be a gradual build-up in demand across industries, especially in the run-up to Dhanteras, before Diwali, which is considered an auspicious day to make any new purchases," Singh said.

In line with shopping and media consumption habits of young Indians, this year's 360 degree campaign will leverage the strength of the digital medium, and to maximise reach and connect with consumer at all touchpoints.

Hero Electric to Establish ₹1,200-cr Greenfield Unit

Ketan.Thakkar@timesgroup.com

Mumbai: Hero Electric, India's largest zero-emission two-wheeler maker, has announced it will set up a greenfield manufacturing unit in Rajasthan entailing an expenditure of ₹1,200 crore.

The facility, proposed to be set up in the Salarpur industrial region, will be spread over 170 acres and have an annual capacity of 2 million units. It will also accommodate a vendor company that will invest an additional ₹400 crore in the facility. Hero Electric aims to reach 5 million units annual capacity by 2025.

The strategic location of the plant — being within 100 km of Delhi airport and close to automotive clusters in the National Capital Region — will ensure smooth connectivity and efficient logistics.

The upcoming facility will be equipped with modern equipment, robotics and innovative technologies. It will utilise sustainable and renewable resources like solar energy.

Naveen Munjal, managing director of Hero Electric, told ET that the company signed an agreement with the Rajasthan government earlier in the month and the facility is likely to go on stream by the middle of 2023.

"The demand is robust; we have a substantial waiting-list and we are resolving the supply chain challenges," said Munjal. "We want to be ready with capacity, as adoption to EVs gains momentum. The market, I believe, is going to move much faster than anyone could imagine. The awareness is growing, the cost of operation is lower."

Alternatively, the company's all-new manufacturing line in Ludhiana goes on stream in another six months, with a capacity of 250,000 units to ensure adequate capacity to meet demand.

On Road

Plant location: Within **100 kms of Delhi Airport** | Features: Modern equipment, robotics, and innovative tech

On stream date: Middle of 2023

The Economic Times 22nd September 2022

TO CREATE BEACHHEADS IN INDIA, US, UK, EUROPE AND SE ASIA

Switch Mobility Lines Up $500 m for Buses, Light CVs

EV co aims to boost participation in fast transitioning zero-emission public transport market

Ketan Thakkar
& Ashutosh R Shyam

Andy Palmer, CEO, Switch Mobility

Mumbai: Switch Mobility, the electric vehicle arm of Ashok Leyland, has laid down a blueprint that aims to create five critical beachheads in India, the US, the UK, Europe and South East Asia to participate in fast transitioning zero emission mass public transport market.

The Chennai-headquartered bus specialist plans to invest about $500 million till 2025 in creating this manufacturing footprint with a capacity of about two lakh units of zero emission — buses and light commercial vehicles.

The company has already announced setting up of a factory in Valladolid in Spain and plans a dedicated EV plant in India and in the UK in the near term and by 2024-2025, it hopes to set up a plant in North America and South East Asia. Andy Palmer, CEO of Switch Mobility, told **ET** there has been a sustained shift in favour of cleaner public transport around the world and Switch aims to be amongst the leaders in the net-zero EV makers in the world.

"Except China, India is quickly becoming a much-matured public EV market and that is great, it puts the market on the vanguard of the change. India has a potential to create scale. As for Switch, every bus one buys from us is not only zero emission, but it is net zero carbon," added Palmer. Palmer expects consolidation in the EV space and he said Switch will be open to alliance partners as it seeks to expand its footprint globally, but added that it is not actively seeking partnership, beyond a financial partnership or a fundraising at this point in time.

The fundraise is round the corner, Palmer said, but the company is not in a hurry.

"We are at the last leg. We have been in discussion for a while, we wanted a like minded partner that shares our vision. It is just a matter of time," assured Palmer. And once the foundation is set by 2025, then the company may look at an IPO.

People in the know said Switch Mobility sees itself as a strong alternative to China's largest EV maker BYD that offers accessible cleaner transport solutions in various markets around the world. Palmer said there are only two markets in the world — China and India — that offer volumes and scale.

If one has an established base with flexible architecture, both vehicle and powertrain, it makes for a very profitable business case, he said.

Switch Mobility is working on four different vehicle architectures (9- and 12-metre bus platforms and LCV platform for India and the global market), but the commonality between products meant for India and the global market is likely to be about 75%, which will ensure a competitive cost.

Palmer said he will ramp up capacity in such a way Switch's gross profit per vehicle will remain positive.

"All of our investments have a very low breakeven point. That will ensure we will remain profitable even if we are manufacturing 200 units a month and later when our production reaches 10,000 levels," he added.

Having grabbed an order of over 5,000 electric buses from Chalo, Switch globally is also expecting to garner a third of share in the markets of UK, Spain and Portugal, where the local administrations are pushing for a shift towards EVs, creating a potential business of tens of thousands of buses.

In the UK, Spain and Portugal, each of these countries have close to 40,000 to 50,000 buses plying and in the coming decade, almost all the vehicles will transition to EVs and Switch expects to garner at least a third of its share, said Palmer.

Tube Investments Banking on Murugappa Group Cos for EV Biz

Plans to use financing expertise of Cholamandalam Investment, take help from CG Power and Shanthi Gears to make motors & gearboxes for vehicles

Nehal.Chaliawala@timesgroup.com

Mumbai: Tube Investments of India (TII) is looking to leverage the expertise of all the companies within parent Murugappa Group as it sets an ambitious roadmap for its electric vehicles (EV) business.

The financing expertise of Cholamandalam Investment & Finance Co will help the company fund its customers, TII executive chairman Arun Murugappan said. Group companies CG Power and Shanthi Gears can help make motors and gearboxes for the electric vehicles.

"The group has been present for 100 years on the market and that gives us better customer understanding," Murugappan told ET in an interview. "Our high-precision automotive components go to almost every OEM (original equipment maker). Our in-house experience financing commercial vehicles will also come in handy in driving EV adoption."

Tube Investments, an automotive components maker, has diversified into the electric three-wheeler business and will next be launching electric heavy commercial vehicles and tractors. It has plans of investing up to ₹1,000 crore in its EV endeavour.

TII aims to become one of the top-three electric three-wheeler makers in India over the next two years, Murugappan said. It currently has the capacity to make 75,000 units a year. Its rivals in this space include Mahindra & Mahindra, Piaggio, Kinetic Green and Euler Motors.

For expansion into electric heavy commercial vehicles (e-HCV) and electric tractors, TII this year acquired two startups, IPLTech Electric and Celestial E-Mobility. The company's e-HCV is undergoing homologation at a testing agency and will be launched in the last quarter of this financial year, according to Murugappan. The launch of the electric tractor is still some time away, he added.

Tube Investments has plans to invest up to ₹1,000 crore in its EV endeavour

Beyond these, it is considering an entry into a fourth EV segment. It is studying the market for various possible options and would also consider acquisitions for this.

The Economic Times 22nd September 2022

NEW MODELS GENERATE OVER 180,000 BOOKINGS

Brezza, Vitara Help Maruti Gain More Space in SUV Mkt

Auto maker's new SUVs to bring in ₹25K cr; co plans to launch more cars in this segment

Ketan Thakkar & Ashutosh R Shyam

Top Gear

Over **50-70%** – Share of **1.8 lakh booked vehicles** in premium segment

2.4 lakh - Order booking including for Ertiga & XL6

₹35,000 crore Value of order book

₹5.66 lakh Per unit selling price in F1 of FY23

In domestic market, SUV accounted for 10% of total volume sold in the last fiscal year

Mumbai: Faced by rising competition, Maruti Suzuki, the country's largest carmaker, has managed to make a significant inroad with its new range of SUVs.

With an aim to regain 50% market share, the maker of Wagon R and Baleno has been able to generate over 1.80 lakh bookings for new breed of SUVs — i.e Brezza and Vitara ((50,000 of this have been delivered), which are predominantly over ₹10 lakh — underscoring the fact that the brand has been able to generate acceptance from the upgrader fraternity.

According to people in the know, the new Brezza and the midsize Vitarra is likely to have blended average prices of nearly ₹15 lakh a unit thanks to large share of booking at the top variant of Vitara. This translates to an order book of over ₹25,000 crore conservatively for new generation SUVs alone.

If one were to include Ertiga and XL6, which too were launched this financial year, Maruti Suzuki is sitting on a cumulative outstanding booking of 2.4 lakh — which leads to an order book of about ₹35,000 crore.

Shashank Srivastava, senior ED, sales and marketing, Maruti Suzuki told ET, as a consumer centric company, Maruti is extremely mindful of their requirements. "As consumer demand for SUVs is growing we have introduced new cars in this segment and will introduce more in the near future. The bookings for our New Brezza and Grand Vitara have been really encouraging " The swelling order book of Maruti Suzuki in the higher priced SUV bracket validates the acceptability of India's largest car maker in the upgraders space. This will help the company to lift average realization and value market share in the passenger car market.

The company claims the new breed of SUVs from Maruti Suzuki aims to meet specific needs of Indian buyers — right from technology, fuel efficiency, performance, feature sets, including value pack, that delivers the mix of all attributes through new Brezza and Vitara.

This will help the largest carmaker double its annual SUV sales to about 3 lakh units.

Maruti had an average selling price of ₹6.12 lakh per unit in the first quarter of FY23 — it has been rising for the three quarters in a row mainly led by cost inflation. To be sure, the average selling price in the industry has consistently gone up in the last few years, led by material costs increase, regulatory stringency and tax increases , including other inflationary factors.

"In line with this and also of our new portfolio construct our average selling prices have also gone up," he agreed.

GOVERNMENT POLICY

Business Standard 30th September 2022

6 airbags in car rule deferred to Oct 2023

Genuine concerns recognised, say automakers

DHRUVAKSH SAHA & DEEPAK PATEL

New Delhi, 29 September

The government on Thursday deferred until October 2023 the implementation of norms mandating six airbags in all cars, giving the industry a one-year extension.

The ministry of road transport and highways (MoRTH), earlier this year, had made it mandatory for six airbags to be installed in all passenger cars that can carry up to eight people. The rule was to kick in from October 1, 2022.

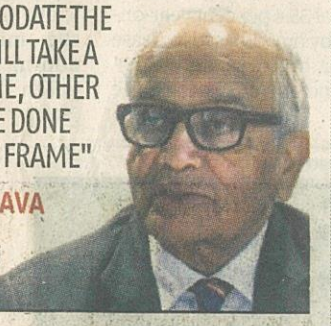
"Considering the global supply chain constraints being faced by the auto industry and its impact on the macroeconomic scenario, it has been decided to implement the proposal mandating a minimum of six airbags in passenger cars (M-1 Category) w.e.f 01st October 2023," Union Road Transport Minister Nitin Gadkari said.

Manish Singhania, president of Federation of Automobile Dealers Association (FADA) said it's a sense of comfort for the industry which struggles with a supply crunch of semiconductors and chips.

By deferring implementation of the norm, the government has recognised genuine concerns of the automobile industry, Maruti Suzuki India Chairman R C Bhargava told PTI.

"THOSE CARS WHICH REQUIRE MODIFICATIONS TO THE BODY TO ACCOMMODATE THE AIRBAGS WILL TAKE A LONGER TIME, OTHER CARS CAN BE DONE IN THE TIME FRAME"

R C BHARGAVA
Chairman,
Maruti Suzuki India

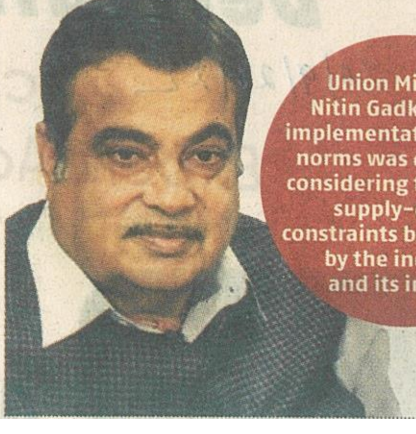


Bhargava had earlier said a slowdown in growth of the automobile sector due to overshooting costs caused by the rule could have an adverse impact on macroeconomic growth as the industry was one of the largest creators of employment.

Even with the extended deadline, there are concerns over the rule's impact on costs, as India is a price-sensitive market.

However, consumers have adapted to changes provided the benefits outweigh the additional costs, Singhania said. "We consider this an initial setback, particularly in the entry level category, but over time, if customers comprehend and become aware of the benefits, they will embrace the change as they have in the past when it comes to accepting new technologies."

Gadkari, until recently, had said the government would implement the regulation regardless of concerns raised by automakers about the impact on the cost of manufacturing four-wheelers, claiming that manufacturers can no longer prioritise profits over safety.



Union Minister Nitin Gadkari said implementation of the norms was deferred, considering the global supply-chain constraints being faced by the industry and its impact

The Economic Times
18th September 2022

Gadkari Looks at Tax Sops to those Scrapping Old CVs

Sharmistha Mukherjee & Ketan Thakkar

New Delhi: The road transport ministry is exploring possibilities to extend tax concessions to operators scrapping old, polluting commercial vehicles in a bid to clamp down on fuel consumption and vehicular pollution. Minister for road, transport and highways Nitin Gadkari said he has consulted with minister for steel Jyotiraditya Scindia regarding putting forth a proposal to the finance ministry to consider some concession in GST rates for those purchasing new commercial vehicles, after scrapping old ones.

"The pollution from one old truck is equal to the pollution of 15 new trucks, so it is imperative we scrap them. I request vehicle makers to offer a discount to a buyer who has a scrappage certificate. Alternatively, I am discussing with the steel ministry to request the finance ministry to offer a GST tax benefit on scrapping of vehicles", said Gadkari.

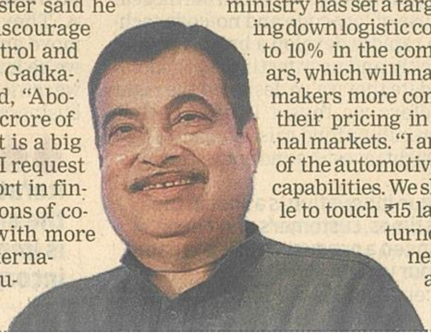
"There is a potential of using the copper, aluminium, steel and rubber scrap, recycling them

I request vehicle makers to offer a discount to a buyer who has a scrappage certificate. Alternatively, I am discussing with the steel ministry to request the finance ministry to offer a GST tax benefit on scrapping of vehicles

NITIN GADKARI
Minister for Road, Transport and Highways

and using it for self consumption, which can save cost by 30%," Gadkari said.

The minister said he wants to discourage sales of petrol and diesel cars. Gadkari informed, "About ₹16 lakh crore of fuel import is a big challenge, I request your support in finding solutions of coming out with more cleaner alternative solutions."



The minister expressed satisfaction on the fast growth for EVs in the Indian market and he informed how all segments have started showing significant growth. Vehicle makers should focus on boosting supplies and cater to the high demand.

"I encourage you to shift towards ethanol and flex fuels. The excess production of sugarcane can be turned into ethanol and used by the industry, which will also bring down the imports," he said.

The focus on alternate green technologies, coupled with the ministry's efforts to reduce logistics costs, will also enable auto and parts manufacturers to scale up exports from India. The roads ministry has set a target of bringing down logistic cost from 14% to 10% in the coming two years, which will make the automakers more competitive in their pricing in international markets. "I am confident of the automotive industry's capabilities. We should be able to touch ₹15 lakh crore in turnover in the next five years," said Gadkari.

Business Line
16th September 2022

'Will try to convince FM to give subsidies for hybrid, CNG vehicles'

Road Transport Minister says he will also pitch for GST benefit on vehicle scrappage

S RONENDRA SINGH

New Delhi, September 15

Road Transport and Highways Minister Nitin Gadkari on Thursday said he will pursue the Finance Ministry to give some subsidy on hybrid and CNG vehicles.

"We are trying to convince the Finance Minister on this as the subject comes under her Ministry only, and we will try and pursue her again when we meet in the next few days ... ultimately, the Finance Ministry has to approve such a decision. And, this a subject of the State governments," Gadkari told *BusinessLine* on the sidelines of the 62nd SIAM Annual Convention here.

Speaking at the event,

Nitin Gadkari, Road Transport & Highways Minister KAMAL NARANG

Gadkari said he will also talk to the Steel Ministry to request Finance Minister Nirmala Sitharaman to offer a GST tax benefit on scrapping of vehicles. "The pollution from old trucks is equal to the pollution of 15 new trucks, so it is imperative that we scrap them. I request vehicle makers to offer a discount to a buyer who has a scrappage certificate," he said.

'Waste to wealth'

Manufacturers should focus on converting 'waste to wealth' and there are over 1.2 crore vehicles which are scrappage worthy, added Gadkari. There is a potential of using the copper, aluminium, steel and rubber scrap, recycling them and using it for self consumption, which can save cost by 30 per cent, he noted. "Convince me or get convinced by me. We are with you, we will achieve the goal of ₹15-lakh crore for the auto industry in the next five years," he added.

To increase the usage of electric vehicles, the government, in Budget 2022-23, had increased its subsidy scheme for the purchase of EVs. Under the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme, the government shall provide a subsidy of up to ₹2,908 crore, it had announced. The first phase began in April 2015, and it lasted till 2019. Phase 2, which began soon after, was supposed to end in March this year. However, the government has extended the period till March 2024.

Business Line
30th September 2022

'RoDTEP to cover more areas soon'

WTO-COMPLIANT BENEFIT. Rates for advance authorisation, SEZ/EOUs likely in December 2022, say sources

Amiti Sen
New Delhi

The government is working on expanding the coverage of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to more sectors, a person tracking the matter has said.

RoDTEP, which replaced the Merchandise Export from India Scheme (MEIS) from January 1, 2021 was not applicable to sectors such as pharmaceuticals, steel products, chemicals, and exports from Special Economic Zones and Export Oriented Units.

NEW COMMITTEE

"Late last year, the Centre set up another committee under former Union Secretary GK Pillai to work out RoDTEP rates for areas and sectors excluded from the scheme. At a recent presentation made to the Board of Trade, the Commerce Department assured that recommendations for RoDTEP rates for Advance Authorisation and SEZ/EOU exports are likely in December," the source said.

CRYING FOUL. The US had complained at the WTO against the MEIS scheme, alleging that it was nothing but an export subsidy

In order to include certain sectors which were left out at the time of the introduction of the scheme, a Cabinet note is likely to be moved, the BoT was further informed.

RoDTEP seeks to remit all duties, taxes, and levies, at the Central, State, and local levels, levied on the exported product, including prior stage cumulative indirect taxes on goods and services used in its production. It also takes into account indirect duties, taxes, and levies in respect of the distribution of exported products.

RoDTEP rates, ranging from 0.3 per cent to 4.3 per cent, are lower than the remission rates under the MEIS scheme for most items. They are expected to pass muster at the WTO as the rates have been calculated meticulously and transparently, unlike in the MEIS scheme.

The US had complained at the WTO against the MEIS scheme, alleging that it was nothing but an export subsidy, and the multilateral body had ruled in its favour, saying that the scheme should be withdrawn.

Industry bodies such as the EEPC and Pharmexcil had been representing to the government to include steel and pharmaceuticals on the grounds that non-remission of the input taxes was affecting the sectors' global competitiveness.