

Auto sector must take a pause and recalibrate: ACMA chief

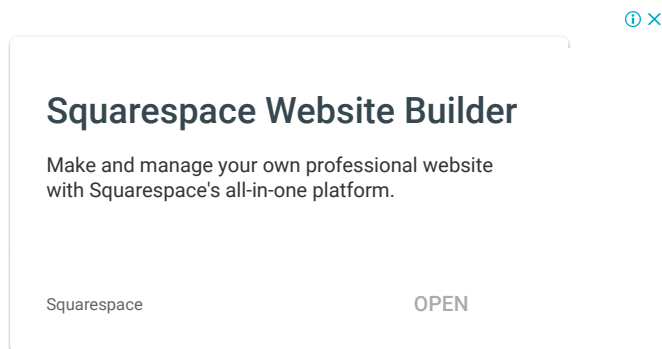
Murali Gopalan Mumbai | Updated on June 09, 2020 | Published on June 09, 2020

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Deepak Jain says the industry needs time to recover from Covid-19 and overregulation

With Unlock 1.0 now underway, Deepak Jain feels the auto industry could do well without any disruptions for a while. In his dual role as President of ACMA (Automotive Component Manufacturers Association) and Chairman & MD of Lumax Industries, he had his hands full during the near 70-day lockdown.

“Today, in the current situation we need to focus on Bharat Stage VI and not have more regulations...it is important to take a pause and recalibrate for the benefit of the automotive ecosystem,” says Jain. He is categorical that the industry has suffered from overregulation in recent times, which has only resulted in price hikes across vehicle categories. This has been in the form of insurance hikes, safety norms and the like.



“Sure, we must have safe mobility but need to recalibrate in terms of having the right strategy. Overregulation will not work as evident in the long economic downturn (prior to Covid-19),” says Jain. Hence, forays into electric vehicles should now “be seen in a much longer horizon” which means the ball is now in the Centre’s court.

Rising to the challenge

In Jain’s view, the auto sector has admirably risen to the cleaner emissions challenge by jumping directly from BS IV to VI in barely three years. “We must take a pause now and understand what is best for us... figure out how do we actually get out of this aftermath of this whole Covid-19,” he adds.

It is also his belief that India is fortunate to have a large domestic market, which needs to be capitalised on. “We must get demand and consumption back after which we need to calibrate maybe with a new Automotive Mission Plan,” says Jain referring to the blueprint document for the industry.

The good part about the lockdown was that it saw closer collaboration happening between the three industry bodies: Society of Indian Automobile Manufacturers, ACMA and Federation of Automobile Dealers Associations of India. “We knew there was a common purpose and that is why we had to stand united. Everyone’s business is at stake and this is true for the world at large,” sums up Jain.

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A letter from the Editor

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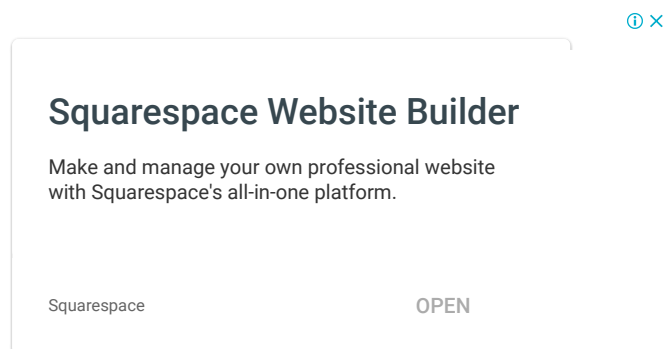
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Right now, the priorities have to be on “more localisation and make in India” especially when companies have imported a lot of systems for BS VI. “Let us localise these technologies and then take things forward. We do not need knee-jerk reactions and must take measured steps on initiatives like electric mobility,” says the ACMA President.

Secure the industry

The key, he continues, is to “secure our current industry”. For instance, when it comes to engineering goods globally, it is his view that India has a leadership position largely in the two-wheeler space. “We must ensure that we fully use the potential of this industry, try and become export-worthy before moving into new technologies,” says Jain.

With China now facing the ire of the West, there is a whole lot of talk within industry circles on what this could mean to India. “Speed would be of the essence to grab opportunities. We now need to seize it since this is just a window (of opportunity) that is not going to be there forever,” he says.



Jain firmly believes that India has “really upped its ante” in terms of global recognition. “We need to build on this and it is a great opportunity for the manufacturing sector, especially when “countries would want to de-risk”.

One plus one strategy

Jain is quick to add that while China continues to remain a key global auto hub, this does not preclude the opening up of a One plus One strategy where India could also throw its hat into the ring. “My view is that we need to understand how competitive Indian manufacturing is and get costs to global levels. Maybe this is a great time to reset priorities,” he reckons.

The component industry, for instance, is part of a global supply chain which accounts for huge exports and a profitable after-market. This is where logistics becomes critical for movement of goods during this phase of unlocking operations.

“If we start losing export orders, especially with all this talk about migration from China in manufacturing, we will be behind the wave and China will take advantage of this,” cautions Jain.

The shutdown has hit component makers hard with a 3 per cent impact on annual revenues. “It is an economic cause of worry for sure and we need to ensure that work begins gradually,” he says.