



61st SIAM Annual Convention

Policy roadmap, EVs, skill gap, advanced technology, future mobility, and many other key issues discussed

In the backdrop of the deep structural slow-down faced by the Indian automobile industry, Society of Indian Automobile Manufacturers (SIAM), the apex automobile industry body, hosted the 61st Annual Convention, on a virtual platform, on 25th August. PM applauds auto industry's role in manufacturing sector



Narendra Modi, Prime Minister of India

Kenichi Ayukawa, President, SIAM and MD & CEO, Maruti Suzuki India Ltd., read out a message by the Prime Minister of India, Shri. Narendra Modi. This is the first time that a Prime Minister has shared his message on the occasion of the automobile industry's flagship event – the SIAM Annual Convention.



Kenichi Ayukawa, President, SIAM and MD & CEO, Maruti Suzuki India

Thanking the Hon'ble Prime Minister, Ayukawa said: "The Hon'ble Prime Minister has acknowledged the automobile Industry's major role in India's manufacturing, exports, employment and ease of living for people. As India celebrates 75 years of independence, for the next 25 years the Hon'ble Prime Minister, Shri Narendra Modi, has motivated us to work together towards, new age technology, world-class manufacturing, and next generation infrastructure, to achieve, sustainable and productive growth, with quality and safety, and protect our environment, resources and raw materials."

Ayukawa added: "We re-dedicate ourselves to this vision of the Hon'ble Prime Minister."

To bring the industry back on a growth trajectory, Ayukawa mentioned that focused efforts are to be made. He said: "SIAM and ACMA have together worked out a Localization Roadmap with a target of about 15-20% further localization in the next



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2 to 5 years. SIAM has prepared an approach paper for a long-term regulation roadmap that takes care of all aspects and gives clarity on future investments and the industry is working hard on New Powertrain Technologies.”

The SIAM President also thanked the Government of India for announcing the vehicle scrappage policy and the new PLI scheme.



Dr. Mahendra Nath Pandey, Union Minister of Heavy Industries

The first plenary session, themed Enablers for Sustainable Growth of Auto Industry in India, was graced by none other than Guest of Honour Dr. Mahendra Nath Pandey, Union Minister of Heavy Industries, Government of India. Recognizing the contribution of the Indian automobile industry to the Indian economy, Dr. Pandey said: “The Ministry is working consistently for the growth of the automotive sector. He acknowledged that increased localization supported by the PLI initiatives of the government would make the industry more robust. He emphasized on the need for developing EV charging infrastructure and also focus on manufacturing quality products so that the Indian automobile industry is the best in the world.”



T V Narendran, President, CII & MD, Tata Steel Ltd.

T V Narendran, President, CII & MD, Tata Steel Ltd., said: “India can still become a 5-trillion-dollar economy by 2025-26 if it is provided with the right kind of policy support. For Atmanirbhar Bharat to be successful, it is important that the Indian manufacturing sector is strong, and for that, the Indian auto sector plays a pivotal role. The auto sector should focus on six key areas going forward. These are, electric vehicles, circularity, urbanization, resilient Supply chain that is not affected by extreme weather and geopolitical issues, reap in functionality

and embed sustainability.”



Amitabh Kant, CEO, NITI Aayog

In his special address, Amitabh Kant, CEO, NITI Aayog, said: “The future direction for the industry is towards Shared, Connected and Electric mobility. There are four prominent growth drivers that we should focus on. Firstly, we should expand investment in R&D. Then, we should focus more on innovation in the small format mobility segment, establish massive charging infrastructure across the country and provide export impetus to the industry. EV is definitely integral in every OEM’s plans.”



Vipin Sondhi, Vice President, SIAM and MD, Ashok Leyland

Expressing gratitude to the dignitaries for their presence, Vipin Sondhi, Vice President, SIAM and MD, Ashok Leyland Ltd., said: “Due to the impact of COVID 19, sales were subdued for the automobile sector, however Ministry of Heavy Industries has done a remarkable job in creating world class testing and R&D infrastructure in all the auto hubs of the country. Our mission is to take advantage of localization, PLI scheme and EV charging infrastructure. All these efforts will contribute to the Government’s initiative of Make in India and make us truly Atmanirbhar.”

Conducive environment, clear regulatory and policy support imperative for growth

The second plenary session was graced by Tarun Bajaj, Revenue Secretary, Ministry of Finance, Government of India, who along with other industry leaders shared insightful perspectives on the revival and future of the automotive industry.

Sharing his vision, Tarun Bajaj said that India’s auto indus-



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Tarun Bajaj, Revenue Secretary, Ministry of Finance,



Venu Srinivasan, Chairman, TVS Motor Company

try's contribution to GDP and GVA is immense and so is its contribution towards creating job opportunities for people. He emphasized that FY18 and FY19 were good in terms of sales of passenger vehicles, commercial vehicles, two wheelers and three wheelers. He requested that SIAM needs to do a deeper study on the specific impact of taxation on affordability and SIAM should also recommend measures on how the Government of India can work together with all stakeholders for the growth of this industry.

In his opening statement, Vipin Sondhi, VP, SIAM, and MD & CEO, Ashok Leyland Ltd., shared that the sales of passenger vehicles in 2021 is the lowest in 6 years, two-wheeler in 7 years, the commercial vehicle in 11 years and three-wheelers in 19 years. He further said that the growth of passenger segment vehicles is just 3.6% in the last decade compared to 10.3% in the previous decade. Similarly, two-wheeler segment growth was 6.4% vis-a-vis 9.8%; commercial vehicles was 3% vis-a-vis 12.7%; and the three-wheeler segment 3.8% vis-a-vis 9.8%. While highlighting that Indian vehicle taxation is one of the highest in the world, he expressed industry aspiration to go back to double digit growth quickly.

Sharing his expert views on the Indian auto industry, R C Bhargava, Chairman, Maruti Suzuki India Ltd., said: "The people in this country have great aspiration for vehicles. The industry has been witnessing comparatively slower growth in the last 18 months. The government and the industry need to take necessary action collectively to revive the sector. I totally support

that Indian customers should get modern vehicles. If we follow all the European standards then the vehicle cost may rise. Our focus should be on how to make the vehicles affordable to the masses. If the affordability factor is addressed, then the Indian auto industry can certainly recover in the short term."

Venu Srinivasan, Chairman, TVS Motor Company Ltd., said: "We are also facing a crisis of existence as the world is witnessing severe climate change impact. Therefore, India needs to be on the cutting edge of zero carbon emissions. We have to go beyond electrification, move towards a circular economy and look at the life cycle and carbon emissions of future products. While we welcome EVs, the automotive industry would need 100 terawatt hours of power just for EV needs. India needs to recognize the importance of generating extra continuous flow of power in environmentally sustainable ways. We need to do it in an optimal manner where the consumer can adopt change."

The second plenary session highlighted that the Indian automotive industry requires a conducive environment and clear regulatory and policy support to script a faster recovery in the short term and stronger growth in the long term.

'Now is the time for the industry to walk the talk'

Gracing the occasion for the third plenary session were Arun Goel, Secretary, Department of Heavy Industry, Government of India, and Tarun Kapoor, Secretary, Ministry of Petroleum & Natural Gas, Government of India, who addressed the dignitaries and the automotive industry on the topic, Crystal Ball Gazing – Future of Mobility in India.



R C Bhargava, Chairman, Maruti Suzuki India



Arun Goel, Secretary, Department of Heavy Industry



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Sharing his vision, Arun Goel said: "We are very optimistic about the Indian auto industry. All segments will grow in the coming times. The personal mobility segment will have the potential to grow by 30% and the freight segment will grow by 50% over the next decade. The industry will have to improve on two accounts with respect to in-house capabilities – 1) Industrial skills, 2) Technical Skills. The skill gap that exists in India can be ironed out by establishing skill councils guided by the industry. Most importantly, we need to develop technology indigenously. Further, EV is one of the biggest disruptions that happened to the Indian auto industry, off late. I can vouch for the fact that the Government is walking the talk when it comes to EVs. The revisiting of FAME guidelines is an example of this, and so is the recent PLI schemes that we have announced. Now is the time for the industry to walk the talk."



Tarun Kapoor, Secretary, Ministry of Petroleum & Natural Gas

Addressing the dignitaries, Tarun Kapoor expressed that in order to address economic and environmental challenges with regards to petroleum products in India, it is necessary to shift towards fuel options available in the country such as focusing upon blending of fuels. He highlighted that around 8% ethanol blending is done across the country except in the North East and the aim is to now shift that number to 20%. Kapoor said that the Government is targeting to install EV charging infrastructure across 50,000 retail outlets in the next 3 to 4 years. He further emphasized upon the advantages of hybrids, hydrogen, and other natural gas.

In his opening remarks, Vikram Kirloskar, Chairman, SIAM Passenger Vehicle CEOs Council & Vice Chairman, Toyota Kirloskar



Vikram Kirloskar, Chairman, SIAM Passenger Vehicle CEOs Council & Vice Chairman, Toyota Kirloskar Motor Pvt. Ltd.

Motor Pvt. Ltd., said: "The direction provided by the Hon'ble Prime minister during Independence Day's speech is truly visionary as it provides a pathway of choosing a diverse energy mix that leverages our unique strengths and best exploits India's potential. To enable the auto industry to realize the national goals, it is necessary to have a consistent long-term policy road-map that is based on socially relevant objectives such as energy security, import reduction, job creation, carbon mitigation, etc. For overall road safety improvement, we must work on the 4 E's – Engineering, Education, Enforcement, & Emergency Care."

Shingo Konomoto, Chairman, President & CEO, Nomura Research Institute, Japan, said that increasing urbanization and motorization can pose multiple challenges related to environment, safety and traffic congestion. Japan has been able to overcome similar issues in the past using new generation vehicles, high speed rail and intelligent traffic. He emphasized that urban mobility is a key component of urbanization and Japan has evolved to create integrated system and modes that are helping the country. He further added that in India, the future of mobility will be developed around the themes of clean, connected, safe and inclusive and it will be further driven by 'Connected' as vehicles and infrastructure will communicate with each other.



Dr. Ali Izadi, APAC Research Head, BloombergNEF, South Korea

While sharing his expertise on the topic, Dr. Ali Izadi, APAC Research Head, BloombergNEF, South Korea, focused upon electrification of mobility and opportunities in India and the world. Giving a global perspective, he reported exponential growth in global e-mobility across vehicle segments. Speaking about India, he pointed out that current EV penetration is less than 1%; however, EV segment grew quite rapidly in 2020 despite pandemic related challenges and he projected that 53% of new passenger vehicles will be electric by 2040. Highlighting that while two and three wheeler EV segments will grow much rapidly in India, passenger and commercial vehicle segments would take a longer time to get to electrification. However, he cautioned that while EVs contribute in lowering carbon emissions from usage point of view, manufacturing process of lithium ion batteries is emission intensive and can contribute as much as 50% higher emissions, as compared to ICE vehicles, if clean electricity for manufacturing is unavailable.





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Dr. VK Saraswat, Member, NITI Aayog

In his lead presentation, Dr. VK Saraswat, Member, NITI Aayog, elaborated on the emerging trends in mobility. He emphasized that electric vehicle is the way ahead for the country to address issues of climate change and crude import. He presented a broad roadmap wherein it was evident that all technologies such as electric, hybrid and fuel cell, all have good potential.

Thanking all the dignitaries for sharing insightful perspectives, Gurpratap Boparai, Managing Director, Skoda Auto Volkswagen India Pvt. Ltd., concluded the session with the note that all stakeholders should support the overall directions suggested by the government. "We all need to be a part of the global mobility community and hence it is important that India should invest



Nitin Jairam Gadkari, Union Minister of Road Transport & Highways

look at futuristic technologies for the automobile industry. He specifically emphasized on the need for adopting ethanol in a big way in the country and was open to look at hydrogen-based mobility in the future. He was also of the view that the industry and all stakeholders should look at establishing scrappage facilities across the country that would provide a source of raw material for the industry itself.

In his opening remarks, Vinod Aggarwal, Treasurer, SIAM & Managing Director and Chief Executive Officer, VE Commercial Vehicles Ltd., said: "Vehicles today are increasingly becoming large smart devices with advanced technologies and better fuel efficiency, making mobility more safe, comfortable and efficient. The Indian auto industry has come a long way in the last 3 to

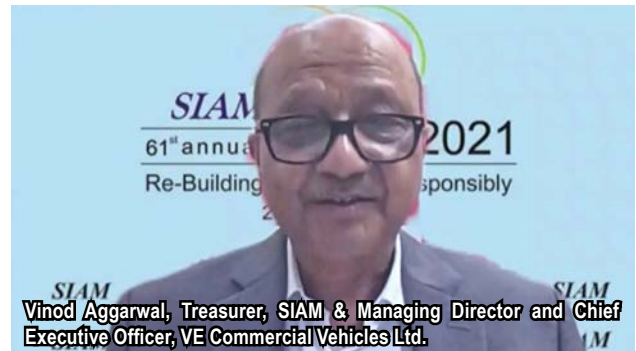


Gurpratap Boparai, Managing Director, Skoda Auto Volkswagen India

in new age automobile technologies. Transformation is going to be challenging but we need to be future ready in adopting advanced technology solutions. Such adoption of indigenously developed technology will make us more future-forward and agile in the shorter as well as in the longer term", said Boparai.

Nitin Gadkari calls for transforming auto sector with advanced technologies

The fourth plenary session, Technological Advancements in the World, was graced by Guest of Honour, Shri Nitin Jairam Gadkari, Union Minister of Road Transport & Highways, Government of India, who appreciated the progress done by the automobile industry by leapfrogging from BS-IV to BS-VI emission norms in a short time frame. He mentioned that with immense capabilities, including the availability of skilled manpower through various engineering colleges, India is well poised to



Vinod Aggarwal, Treasurer, SIAM & Managing Director and Chief Executive Officer, VE Commercial Vehicles Ltd.

4 years wherein we have moved from BS 4 in 2017 and to BS 6 in 2020. During these years, we have also met new safety and fuel efficiency regulations. The industry has come forward and we are also committed to launch some flex fuel vehicles. Use of higher blends of ethanol in vehicles will support the Government of India's ambition to minimize the dependence on crude imports. The Hon'ble Prime Minister has formally announced the launch of the national hydrogen mission to accelerate plans to generate carbon free fuel from renewables, for India to achieve self-reliance in energy. The industry will be committed to work on these new areas."

Sharing the component industry perspective, Deepak Jain, ACMA President, and Chairman & Managing Director, Lumax Group, highlighted several factors that are creating truly a paradigm shift in the industry, which includes the adoption



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Deepak Jain, ACMA President, and Chairman & MD, Lumax Group

of alternative fuels such as ethanol and hydrogen; changes in drivetrain; more safety features in vehicles; usage of eco-friendly material in manufacturing and recycling; and the adoption of smart technology to boost manufacturing.

Dr. Plinio Nastari, President, DATAGRO, Brazil, made a presentation on 'Ethanol viewed as Integrated and Modern Solution for Sustainable Mobility', where he mentioned that ethanol is an integrated and modern solution for sustainable mobility. Talking about India, he said that the country is one of the largest automotive markets in the world and like all other nations, there is a lot of emphasis on decarbonisation and sustainable mobility in India. He agrees that EVs surely can ensure energy efficiency and low carbon emissions, but there is a need to look for other technology pathways that are more environment friendly than battery powered electric vehicles that would help to reduce emissions efficiently and effectively. Motorisation that uses ethanol is more environmentally sustainable as they can reduce greenhouse gas emissions



Dr. Plinio Nastari, President, DATAGRO, Brazil

considerably. He went on to talk about how the evolution of ethanol blends in Brazil happened, and how they could substitute gasoline. Flex engine technology is a sustainable solution as ethanol has various inherent advantages of ethanol, such as its scalability, replicability, proven environmental and health benefits, affordability, among others. He said that Ethanol should be seen as green hydrogen and we are approaching the "Age of Hydrogen".

While sharing his views on Hydrogen fuel, Dr. Daryl Wilson, Executive Director, Hydrogen Council, Canada, in his presentation, titled 'What in the world is happening with hydrogen'



Dr. Daryl Wilson, Executive Director, Hydrogen Council, Canada

shared that hydrogen has become an important component in the mobility world with 500 billion worth of new projects announced in the last 24 months. He further focused on the 7 critical functions that hydrogen delivers for a new energy world such as enabling large-scale and efficient use of renewable energy, distributing energy across sectors and regions, among others. With falling cost of hydrogen and various technologies, over 20 hydrogen applications are considered the most competitive low carbon solution by 2030.

In his concluding remark, Girish Wagh, Chairman, SIAM Commercial Vehicle CEOs Council & Executive Director, Tata Motors Ltd., thanked all the dignitaries present for their



Girish Wagh, Chairman, SIAM Commercial Vehicle CEOs Council & Executive Director, Tata Motors Ltd.

insightful discussions around alternative fuel and the Government's push to circular economy. He also agreed that sustained supply of ethanol will make it a formidable alternative fuel, by converting it into hydrogen form. Ethanol would play a significant role in India as the country has a large farming community and a sustained supply will be able to supplement fossil fuel. The industry is committed to support the Government's vision to enhance utilization of ethanol. He also stated that India has already developed and demonstrated Hydrogen powered three-wheelers more than a decade ago. "We now have fuel cell buses undergoing pilot trials. Presently, India is focused more on battery electric vehicle technology, however fuel cells are gaining momentum the world over and for a good reason. Hydrogen will play a vital role in future mobility," he added.





61st ACMA Annual Session

'Long-term, stable and technology-agnostic roadmap critical for localization', say experts

Automotive Component Manufacturers Association of India (ACMA), the apex body representing India's auto component manufacturing industry, hosted its 61st Annual session on the theme "Living with Volatility – Survival, Revival & Growth" on August 26. The annual session was centered on the Indian automotive industry's resolve to survive, recover, and explore new growth opportunities, amidst the most challenging humanitarian and business crisis due to the pandemic. The sessions brought spotlight on the way the automotive value chain has collaborated to display remarkable resilience and ensure business continuity.

The annual session was graced by Dr. Mahendra Nath Pandey, Union Minister for Heavy Industries, and Amitabh Kant, CEO, NITI Aayog, and other eminent dignitaries who shared their views on harnessing newer opportunities for the auto component sector to evolve in prevailing times. The session was organized on a virtual platform and witnessed participation of over 4,000 delegates from the Government and Ministries, OEMs, industry bodies and think-tanks.

In addition to the insightful sessions, ACMA, in partnership with PwC, released a study on "Best practices in Living with Volatility: Survival, Revival and Growth" to understand how Indian automotive industry is learning to thrive under ever-changing business environment. The study stressed on the need to become more agile, flexible and



Dr. Mahendra Nath Pandey, Union Minister for Heavy Industries

customer focused to succeed in the new normal. According to the study, the key elements for the survival of the auto component industry is to become financially prudent and efficiently manage the risks. The revival in the industry needs investment towards digital transformation, leadership development, enhanced capabilities, agility in supply chain and stabilize manu-

facturing as per demand. The growth in the industry is expected to come on the back the CASE disruption, new markets for exports and aftermarket, focus on innovation and evaluating trade-offs to arrive at future product categories. Over the next decade, the industry is likely to maintain a healthy growth trajectory but may face high- volatility.

Congratulating ACMA for

its 61st Annual Session, Dr. Mahendra Nath Pandey said: "The last two years have been difficult for the industry due to the global pandemic and therefore we must take stock of the challenges and prepare for the future. A more concerted effort towards Skilling and Localization can help the industry to navigate through the tough times and address many problems. The industry



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Amitabh Kant, CEO, NITI Aayog



Deepak Jain, ACMA President

needs to transition to the next generation of mobility to stay relevant and focus on localisation and technology development."

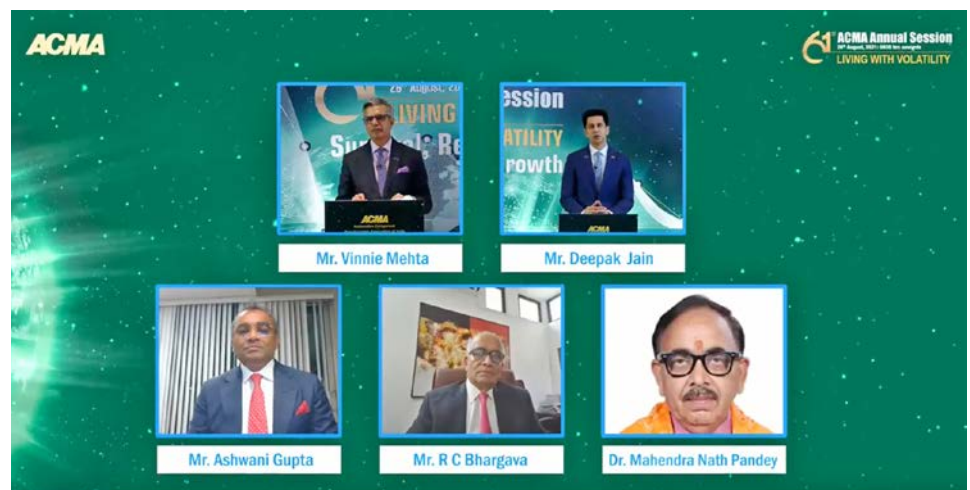
Amitabh Kant said: "We are coming out of the crisis of Covid-19 but will soon be confronted by the crisis of climate change. These challenges can be tackled by going digital, lean, and green. The transition of automobiles towards electric mobility is inevitable and the auto industry should strive to make India a global leader in electric mobility. The right approach would be to de-risk supply chains by boosting localisation and reducing import dependency. For India to be a manufacturing nation, the auto and the auto component sector will have to play a defining role. Government initiatives of the Production Linked Incentive scheme and the Scrapage policy will help in this endeavour. Technology disruptions are creating opportunities that must be harnessed by the industry."

Commenting on the 61st Annual Session, Deepak Jain, ACMA President, said: "The last two years have been extremely challenging for the

industry with two lockdowns in the wake of the pandemic that threatened to derail our economy and industry. The year 2020-21 witnessed the second successive year of contraction in vehicle sales in India and overall vehicle

sales fell by over 13.6%. The component industry also witnessed a de-growth of 3%. With the second wave of pandemic, the revival of our industry has again been put to test. However, despite several challenges the indus-

try has displayed remarkable resilience with collaborative spirit. We are now witnessing a gradual resurgence of demand for vehicles, and I am hopeful that we will be able to ensure business continuity and return to pre-covid levels





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of performance, sooner rather than later.”

The Special Plenary Session was addressed by Ashwani Gupta, COO, Nissan Motor Corporation, and R C Bhargava, Chairman, Maruti Suzuki India. The theme session on ‘Living with Volatility – Survival, Revival & Growth’ witnessed a presentation by Kavan Mukhtyar, Partner and Leader – Automotive, PwC, and a keynote by Dr. Pawan Goenka, Chairman, SCALE Committee, and Former MD & CEO, Mahindra and Mahindra. The Annual Session also had a panel discussion with eminent



industry leaders including Vipin Sondhi, Vice President, SIAM, and MD & CEO, Ashok Leyland, Hemant Sikka,

President, Farm & Equipment Sector, Mahindra & Mahindra, Sunil Kakkar, Chairperson, SIAM, and many other digni-

taries. The session culminated with an address by Arun Goel, Secretary, Ministry of Heavy Industries.

Sunjay Kapur appointed new ACMA President, Shradha Suri Marwah is VP



ACMA has announced the appointment of Sunjay J Kapur, Chairman, SONA Comstar Ltd. as President and Shradha Suri Marwah, Chairperson & Managing Director, Subros Ltd. as Vice President, ACMA for the 2021-22 session.

Announcing the appointments, Director General, ACMA, Vinnie Mehta, said, “We are delighted to have Mr. Kapur, and Ms. Marwah as President and Vice President, ACMA. I would like to extend a warm welcome to both on behalf of the entire fraternity. Kapur, being an industry expert, and one of the leading auto components manufacturers comes

with a deep understanding of the auto industry particularly components segment. We are sure that his rich experience and expertise in the field will help us in taking the industry’s agenda forward. We look forward to his guidance and leadership in these difficult times.”

Humbly accepting the responsibility, the new ACMA President said, “It is an honour to be appointed as the President, ACMA, an apex body of the Indian auto component industry. The times ahead are challenging yet exciting as the industry is witnessing a transition to the next generation of mobility. It is indeed an imperative for ACMA to drive change through entire component manufacturing ecosystem and help members to stay relevant with increased focus on localisation and indigenous technology development. I am confident that with concerted efforts and support from the government and all stakeholders, we will embrace changes and steer the industry towards a brighter future and an ‘Atmanirbhar’ one.” ♦



“Indian auto comp industry needs to be financially prudent and keep enhancing competitiveness to explore growth opportunities”

Aptly themed 'Living with Volatility – Survival, Revival & Growth', the 61st annual session of ACMA witnessed the auto component fraternity warming up to positive trends in the market. In an exclusive chat post the session with Deepak Jain, Outgoing President, ACMA, *N. Balasubramanian* gathers that the industry, though cautiously optimistic, is working furiously towards acing the positive trends steadily showing post-COVID pandemic, especially since being aided by the positive thrusts coming from the central government.

Excerpts from the interview:

What do you feel is the mood currently in the auto fraternity, considering since June there have been some green shoots?

The industry is cautiously optimistic because the nature of this industry and the ecosystem being so volatile. We are actually surviving the volatile situation, yet looking at opportunities to grow, and also reviving. In the immediate future, these aspects will continue to hold true. There is much optimism also, for the component sector specifically. The positive messaging by the policymakers and the concerned Minister is helpful. Although we are aware of the current challenges being faced by the industry, there is much optimism in the future. We are bracing for more disruptive times because with disruption come multiple opportunities for growth.

How does the rest of the current financial year look like to you with the assumption that there will be no 3rd wave of COVID?

Considering certain macro parameters at play for the overall industry, we have good monsoons, besides, there is the assumption that another wave of COVID may not really happen. We are also looking forward to a good festive season. There is infrastructure spending being announced. The downside is the shortage of semiconductors globally. There are escalations in



XENON HID BULB



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commodity prices. In all, it feels like a mixed bag, and hence difficult to answer on how much potential we are looking at. In my opinion, if we inch towards a double-digit growth – between 10 and 15% - it would be healthy.

What do you think have been the major learnings post the 1st and the 2nd wave of COVID? How effectively do you think the learnings have been translated into action by the suppliers?

The learnings have been truly about how to become more resilient. Business continuity, and the risk enterprise model have changed completely. One of the biggest learnings also has been that people safety is most crucial – not that of the product, or of the company. The pandemic has revealed the vulnerabilities of the nation, and of the industry, and definitely of the supply chain at a global level. And that is where we have to reconstitute ourselves with a different mindset to understand how with risk, business continuity can happen. That is where we must compliment the whole ecosystem which has proven itself to be resilient and remarkable, including the government support to supply chain, especially. There was successful collaboration between the OEMs and the supply chain partners in making COVID protocols, in making sure the workforce and the shopfloor were safe, besides ensuring the vaccination drives, and we continue to do so.

We must also mention the whole digital transformation. As a manufacturing sector, we all have digital plans, but I think COVID gave us the wakeup call and digitization truly impacted the whole nation, as well as the industry. Going forward, the learnings should basically sustain, specifically on the collaborative model. We concurrently have the 'survival, revival and growth' motto play in this whole era of disruption.

How are the export trends, especially after BS-VI which has opened up many new opportunities?

Industry heads agree that we should not remain satisfied with 20-30% incremental exports. Fact is that India's stand is miniscule when it comes to the global value chain. And that is where the opportunity for the component sector lies which I think is committed to make us a net exporter as against how India has traditionally been a net importer. We need to have a two-pronged strategy to keep seeing the bigger picture to ensure that we are doing exports. Roughly 65% of exports is actually to the US and Europe. And the quality challenge is definitely put to rest because we have established that our auto component sector offers world class quality. We need to move up the value chain and to ensure that as brand India, as a component sector, we are able to add value to our customers globally.

How do you think COVID has impacted the trade war between China and India? Do you think there is an increased trust in India versus China?

Both economies have their own roles to play and also in the global value chain. It will not be a fair comparison between China and India going by the scale where China plays at. The global supply chains will always go to the region which offers maximum competitiveness. And that is why India must opt for a single-minded focus to enhance the competitiveness – be it through quality, cost, or through technology. The world over OEMs, and supply chains have realized during the pandemic is that how overdependent we are on one region. And that is what is leading to efforts towards risk mitigation which enables opportunities being spread to other regions – India included – where India has to compete with other regions to



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grab this opportunity. I think there is definitely export enhancement yet we need to do much more to focus on promoting them.

What is your outlook on the growth of the mobility space in India in the short to medium term?

Our policymakers know that EV is inevitable and that as an industry, we must embrace it so that we can lead in the EV revolution. ACMA firmly believes that India as a market is technology-agnostic. There are different technologies, especially future technologies, which will play in India concurrently. But affordability is a crucial aspect. Our auto component competitiveness is primarily driven with a single-minded agenda on how to meet customer needs and expectations. It is the customer who defines the quality, delivery, sustainability, and the technology parameters. As an auto component fraternity, we welcome all technologies – including EVs – while we create more value addition in India. But we must ensure that the industry is given adequate time to localize these technologies in India, through various routes. If we are able to do it, we will have a flourishing ecosystem.

What about EV components? How self-sufficient is our supply chain locally to actually cater to EVs made in India?

If we are talking about the minerals or the raw material that goes into battery making then we know that India is not self-sufficient. As for the components, there are 3-4 types such as the mechanical, electrical and electronic components. And I think there is definitely competence which is building within the framework of the Indian supply chain partners to actually invest in these. Now, the conundrum is that there is low scale, and hence investment is an issue and this is where the start-ups and the risk takers may lay more bets. There has to be a collaborative model to incentivize the industry to take these risks, so that we have a solid demand and a stable technology roadmap. This can ensure that whatever investments are done for localization, especially on new technologies, there is also proper return on investment which is coming through. Also, the component suppliers need to reinvent themselves because EVs will most certainly disrupt some of our businesses.

ACMA is in the process of redefining itself for the future.



ACMA has a structured way to engage with new age mobility players - be they EV players, those deal in telematics and data management, or even the start-ups. We are looking at an inclusiveness because the component supply chain will be now restructured and redefined given the incoming advanced technologies.

Looking into the future, what do you see as the key growth driver for the component industry in the next couple of financial years? And how do you think suppliers should be preparing for this growth?

The component industry is multi-dimensional. There is the domestic industry, export opportunity, and also the aftermarket and all three are concurrently changing. The domestic industry, in the future, will see a stable and a sustainable growth even on the current platforms such as the IC engines, and there is also whole new technology which is coming in. This offers a growth opportunity for us to reinvent ourselves.

And talking about new technologies, the area of localization will also need heavy investments. It means that this is an opportunity to move beyond the value chain. Then, regarding exports we have an agenda and potential wherein the industry must focus on building its export competitiveness. And lastly, the aftermarket. With the scrappage policy coming in, it takes shape in the future, when basically there will be new mobility solutions, the car park will expand. I think there are enough different ways to grow. The industry needs to be careful about being financially prudent and continue on a single-agenda to keep enhancing the competitiveness so that it can explore all growth opportunities.



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