

BUDGET 2021

Auto Industry calls it pro-growth 'booster dose' for economy



The much-anticipated post-COVID Union Budget was presented by Nirmala Sitharaman, Minister for Finance and Corporate Affairs, on February 1. While the overall response has been quite positive, especially keeping in mind the positive long-term implications of some of the policies announced, let's find out what the who's who of the India auto industry had to say about Budget 2020.

Kenichi Ayukawa, SIAM President



The budget focusses on three broad themes: 1) Remedy the current challenges post-Covid through focus on human health and asset reconstruction; 2) Give a major impetus to infrastructure with a 5-year roadmap for fiscal consolidation; 3) Take bold measures for enhancing efficiency and competitiveness like privatization, competition in

power distribution companies, CGD expansion in 100 more districts and enablers like infrastructure financing.

A good macro-economic growth will translate to good demand for auto sector also. The announcement of major highway projects with sizeable increase in infrastructure outlay will help revive demand for both commercial vehicles and private vehicles. The allocation for procurement of 20,000 buses will directly benefit the industry. The addition of 100 new districts to the City Gas Distribution network for natural gas will help clean, efficient and affordable mobility for the country.

While SIAM awaits the details of the vehicle scrappage scheme, it hopes and requests that fitness testing and certi-

fication should be much earlier and at frequent intervals to ensure safety, environment friendliness and fuel saving.

The reduction in customs duty on some steel grades, and revoking of countervailing duty and anti-dumping duty on certain steel products is a welcome step. Since platinum, palladium and rhodium are not available in India and are essential for emission control, their duty could have been made nil.

The increase in customs duty on auto parts / lithium ion cell parts is of concern and is likely to increase cost of manufacturing automobiles, wherever indigenization is yet to happen.

Deepak Jain, ACMA President



The vision of an Aatmanirbhar Bharat enshrined in the Union Budget, coupled with the 'Sankalp' of 'Nation-First' will be the bedrock to propel us further as we redefine our economy in a post-pandemic world. Significant outlay for vaccination in the country will add to the confidence of a resurgent India.

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help India to achieve its objective of Aatmanirbhar Bharat and will play a lead role in shaping the global economy in the future.

R Dinesh, Jt. Managing Director, T V Sundram Iyengar & Sons



The overall budget is holistic and emphasizes the supply chain areas including the eastern and western freight corridor and the multi-modal approach for reducing logistics cost. The budget has also demonstrated the minimum government and maximum governance both in letter and spirit that will promote competitiveness as part of its focus on green budget.

Ashok Minda, Chairman & Group CEO, Minda Corporation



I am pleased to see the Budget 2021, which has been delivered by our Finance Minister Nirmala Sitharaman, who has committed Rs. 50,000 crores for Research & Development for National Research Foundation. The foundation will ensure that the research ecosystem on the Country is strengthen and focus on identified national-priority thrust areas. We feel that green economy and better air quality is a national priority and in a decade's time, when India is eyeing to electric vehicle ecosystem, the budget of R&D will further enhance its development and localization. This will benefit the auto manufacturing sector as a whole. This will additionally supplement Aatmanirbhar Bharat and Make in India.

Dr. Raghupati Singhania, VP, JK Organisation, and Chairman & MD, JK Tyre & Industries



The Finance Minister has presented a 'pro-growth' budget in these unprecedented times, which will give a boost to the Indian economy which is on path to

recovery. Rightly, there is a huge emphasis on infrastructure, which will help revive economy as well as generate employment. Finally, the much awaited scrappage policy has been announced, which is a welcome step. This will increase sale of new vehicles and in turn boost tyre demand.

The key however is faster implementation of the various important measures announced, which will have a meaningful impact on economy.

Nagesh Basavanhalli, Group CEO & MD, Greaves Cotton



Long-term progressive budget built on sound strategy for improving national health and economic recovery. The government's resolve to support manufacturing and infrastructure sector is commendable.

The emphasis on government spending in building pan-India transport and allied infrastructure should have a positive impact in reviving consumer demand for vehicles. The allocation of a sizeable sum towards the PLI scheme will help the industry create jobs and boost economic growth. The recognition of the manufacturing sector as an integral part of the global supply chain and to grow the same in double digits, will be boost to the industry. While the auto sector would have liked to see more direct measures in the budget, however the Scrappage policy is certainly a step in the right direction. This is a step in the right direction for both ecology and economy. The focus on rural and agri credit growth will also have a cascading effect on the auto sector.

Parag Satpute, MD, Bridgestone India



It is a forward-looking budget. The outlay on healthcare and covid vaccination is in the right direction in building health infrastructure and citizen confidence, both of which are very much needed at this stage. The scrappage policy for vehicles was a long-standing demand of the automotive sector and would lead to increased demand.