

Captains of auto comp industry share insights on market outlook and recipe for growth

Following the deliberations that were held during the 60th SIAM and ACMA Annual Conventions, MOTORINDIA had reached out to an elite set of experts from the auto component industry to know their views on how the auto and auto component industry would perform during the rest of the current financial year and the next year and what they think the government and vehicle manufacturers could do to put the industry back on the growth path.

Ashok Minda, GCEO & Chairman, Spark Minda Group

Market Outlook

As we noticed, the entire economy and different vehicle segments were severely affected in Q1 due to COVID-19 impact and the lockdown. This resulted in a very difficult time faced by the entire manufacturing sector, automotive ecosystem including the ancillary industry.

Following various safety guidelines, we are servicing our customer requirements currently, which has consistently grown since May'20. Our production volumes have recovered well in the last 2 months; however, we still are facing challenges in manpower and SCM areas.

With the gradual lifting of lockdown, Q2 which just ended, saw revival of 2W and tractor in a V-shape recovery. The PV segment has also recovered well. We are confident of a good festival season-based demand and volume achievement in the next 2 quarters.

In line with the founding principle of our company, we will continue to provide solutions to our customers and remain customer-centric at all times. We are revamping our business and product strategy to ensure we are ready with relevant



products for the dynamic Indian automotive industry.

Expectations

We anticipate that a reduced GST rate for auto sector will help to improve the buying interest and support the economy. Another plan on which government is actively working on is the rollout of old vehicle scrapping policy. This will create significant opportunity and will help in recovery of the commercial vehicle segment sale especially in these uncertain times.

The recent pandemic has seen a huge shift in business dynamics with global companies looking at alternative setup to China. This opportunity is available to other growing economies like India who can offer required infrastructure, human skillset, cost competitiveness and ecosystem for a viable business proposition. We learned that our government is considering various offers and special packages that will attract these global companies to consider India as a preferred destination, thus benefitting various sectors especially in the manufacturing sector. This will generate employment, grow focus on technology and improve infrastructure rapidly.

Ashwath Ram, MD, Cummins India

Market Outlook

The COVID pandemic has had a major impact on all sectors of the industry, including the automotive industry. Even before the pandemic, demand creation was a matter of concern. However, demand in the commercial vehicle sector is very closely related to GDP and, as GDP and the economy recovers, the industry will also bounce back. With easing restrictions on business activities, the Indian economy is showing signs of recovery and is expected to pick.

As per RBI, the Indian economy is expected to rebound and