Grant Thornton

#GTBharat
SHAPING A VIBRANT INDIA

Auto Track

Q3 FY 21

Contents

Foreword

The government has adopted a visionary approach in Union Budget 2021 with a stance towards infrastructure building. India is eyeing electric vehicle ecosystem, where the budget of R&D would further enhance its development and localisation towards efficiency improvement and increasing competitiveness. Overall, a macroeconomic growth is expected to translate into induced demand in the auto sector.

With a targeted fiscal deficit of 6.8% of GDP, the revival of the economy is entrusted with a high spending push to infrastructure with expected positive long-term effects on economic growth. Announcements with regard to increased spend on road infrastructure, voluntary scrappage policy, research and development (R&D), production linked incentive (PLI) scheme among others, augur well for the automotive sector. As compared with other industries, tax is on the higher side on the auto industry and this could be looked at for reductions.

With committed allocation for R&D for National Research Foundation, the economy would focus on identified national priority thrust areas. The government's plan for strengthening the public transport sector under public private partnership (PPP) model with a huge outlay and for operating buses is encouraging for the electric vehicles (EVs) industry along with huge impetus to micro, small and medium enterprises (MSMEs) with doubled expenditure allocation.

As most of the new vehicles would be smart and connected vehicles, this will indirectly lead to accelerated transition to smart and green mobility. Further, continued focus on building rural and agricultural infrastructure and prioritising agriculture credit growth would have long-term positive impact on rural demand for vehicles. Also, some credible efforts are being made towards road user's and vehicle safety in the country.

Though, overall the initiatives towards the automobile sector are with a good intent, there is a high need to regain the confidence of the consumer in the market and make key announcements to speed up the adoption of EVs towards a robust e-mobility ecosystem. The automobile sector would be keen to work with the government on suggestions for maximising benefits to environment and society.

Saket Mehra
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Overview

Union Budget 2021 highlights

The Union Budget 2021 has mainly focused on economic recovery after the pandemic. The vision of an Aatmanirbhar Bharat or self-reliant India was clearly enshrined in this year's budget. Several key announcements were made for the automotive sector.

Curbing air pollution, increasing custom duties of auto components to promote domestic manufacturing in the country were some of the main themes of the budget.

An amount of INR 2,217 crore was set aside for 42 urban centres with a million-plus population for clean air. Customs duty on steel products was reduced to 7.5%. This would benefit the original equipment manufacturers (OEMs) and trickle down to end customers, thus helping boost demand.

However, a few direct announcements towards the automotive sector's tax structure to make vehicles and bikes more affordable for the end consumer could have been beneficial.

Announcement	Impact
Vehicle scrappage policy	Help phase out old and unfit vehicles; encourage demand for new vehicles
R&D spending enhanced to of INR 50,000 crore	Position India as a potential R&D hub with almost 40% of the global R&D spend across different sectors
Proposal to set up a development finance institute	Encourage public and private participation in setting up institutional structures; monetise assets and inclusion of states with potential for commercial vehicles and equipment manufacturing
Capital investment of INR 5.54 trillion in developing infrastructure around the country	Give a strong push to infrastructure, including roads, economic corridors and railways; help raise the demand for heavy and medium commercial vehicles; to help in employment generation
Increase in import duty for specific auto components from 7.5-10% to 15%	Improve domestic competitiveness as the move is in line with governments focus on production linked incentive scheme; create immense potential for manufacturing of heavy capital equipment
Allocation of INR 2,217 crore for 42 urban centres with a million-plus population for clean air	Spread awareness about the benefits of using EVs a push to clean mobility - EVs and charging infrastructure
Proposal to build 8,500-km of highways by March 2022 1,300 km in Assam 3,500 km corridor in Tamil Nadu 1,100 km in Kerala at investment of INR 65,000 crore 675 km in West Bengal	Increase preference for personal mode of transportation by end users
Allocation of INR 18,000 crore to improve public transport in Indian cities and procure 20,000 buses. Deployment through PPP model	Augment public transport system by inducting more buses; boost sales and manufacturing of commercial vehicles and provide employment opportunities with an enhanced infrastructure

Road safety

With an urgent need to make our roads safer, the Indian Road Safety Campaign is leading a youth engagement initiative across the nation.

This year, instead of a Road Safety Week, a month-long campaign – National Road Safety Month – was observed from 18 January 2021 to 17 February 2021. The theme for this year is Sadak Suraksha, Jeevan Raksha. The OEMs have pledged their support to the initiative.

Budget move

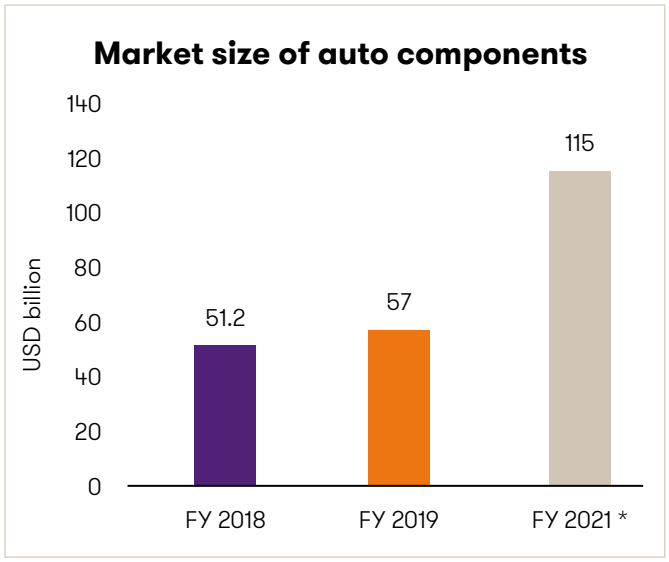
The budget announced the highest-ever capital expenditure of **INR 1.08 trillion** to the Ministry of Road Transport and Highways (MoRTH). The focus is on building safe, quality and clean transportation system through a slew of measures.
The voluntary vehicle scrapping policy will bring in a fitness test as a criterion for scrapping old vehicles, enabling a shift to new vehicles, which is expected to reduce road accidents to a certain extent. Alternative models of mass transit in the form of Metrolite and Metro Neo will appeal to cities with high population density as an attractive and comfortable mode of transportation. Further, the scheme to support public buses with an investment of **INR 18,000 crore** will enhance the quality of public transport in cities.

Auto components

The market size for auto components in the country was approximately USD 57 billion in 2019. The industry expects it to reach around USD 115 billion by 2021.

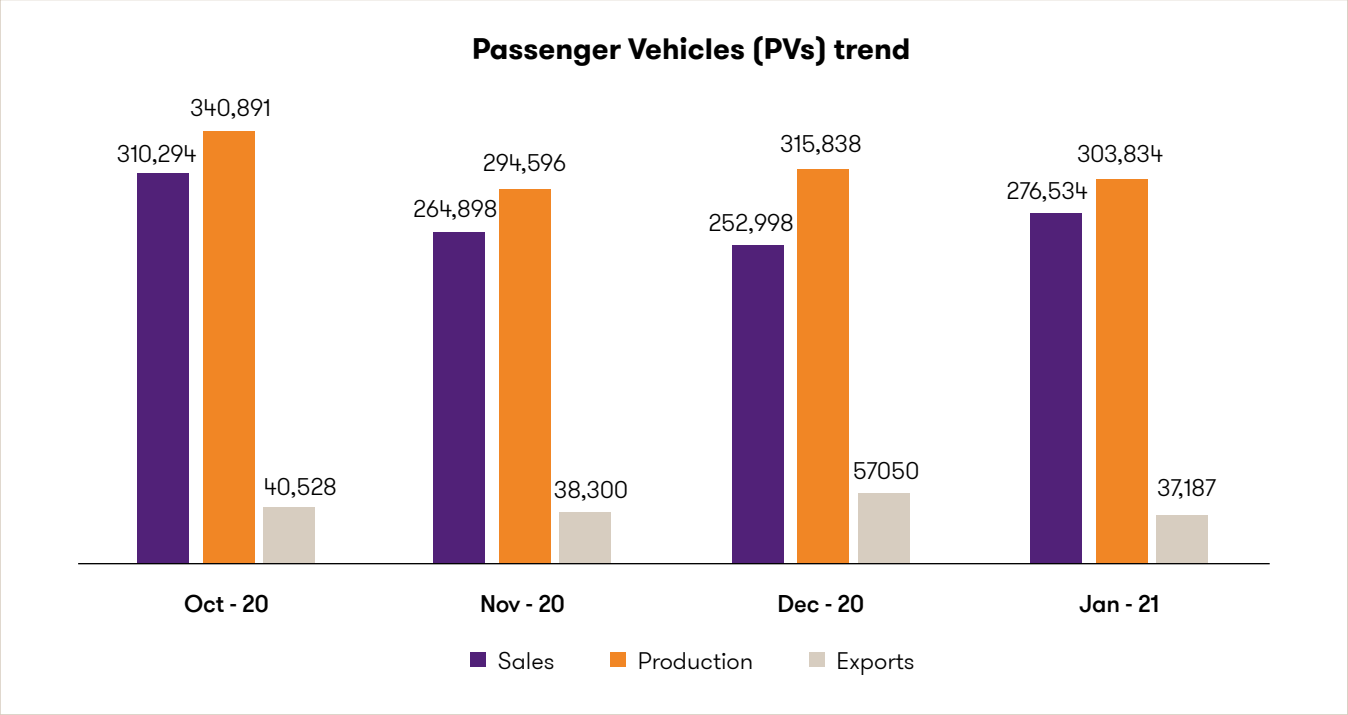
Budget move

Increase in basic customs duty to 15% on select auto components would encourage local manufacturing of such items.



Trend of sales, production and exports

The demand has picked up after the lockdown. However, there is a concern about rising vehicle prices with the introduction of new safety technologies.



Domestic sales trend

	October			November			December			January		
	2019	2020	y-o-y %	2019	2020	y-o-y %	2019	2020	y-o-y %	2020	2021	y-o-y %
PVs	271,737	310,294	14.19 ↑	253,139	264,898	4.65 ↑	222,728	252,998	13.59 ↑	248,840	276,554	11.14 ↑
2Ws	1,757,180	2,053,814	16.88 ↑	1,410,939	1,600,379	13.43 ↑	1,050,038	1,127,917	7.42 ↑	1,341,005	1,429,928	6.63 ↑
3Ws	66,985	26,187	-60.91 ↓	55,778	23,626	-57.64 ↓	53,795	22,126	-58.87 ↓	60,903	26,335	-56.76 ↓

Source: SIAM Report

October 2020

The automobile industry revved up with strong demand and better sales. The stocks were seen to be pushed up at dealerships on account of stable supply chains, increased demand of personal mobility, new launches by OEMs along with labour availability.

As many as 3,10,294 units of the PVs and 20,53,814 units of the 2Ws were sold in the domestic market.

A 19.18% decline was witnessed in the total export of the PVs to 40,528 units from 50,144 units in October 2019.

November 2020

PVs sales grew 4.65% with 264,898 units sold in November 2020 as compared to 253,139 units in November 2019 and 2Ws grew by 13.43%. The uptick was attributed to the festive season by the industry bodies. As OEMs engaged better with dealers, the retail sales of 2Ws were observed lagging behind the wholesale sales numbers.

December 2020

In December 2020, 2,52,998 units of PVs were sold, which was 13.59% more than 2,22,728 units sold in December 2019. The total production of PVs rose 24.17% to 3,15,838 units in December 2020 from 2,54,359 units in same month in 2019. The total domestic sales of 2Ws were 11,27,917 units, which was 7.42% higher than 10,50,038 units sold a year ago.

January 2021

Total sales in the month witnessed a growth of 4.97% y-o-y. Sustained preference for personal mobility and pent-up demand are majorly considered as the factors for such increase in sales consecutively for sixth month.

PV sales saw a market growth of 11.14% higher than January 2020 owing to a low base and higher demand from first-time buyers. 2Ws segment witnessed a strong expansion in exports volume. But the demand for 3Ws fell to 25,335 units, marking a decrease by (-) 56.76%, with the drastic fall in mobility requirements wherein recovery seems unlikely until at least H2 FY22.

Scaling up the EV adoption in India

Scaling up the EV adoption in India

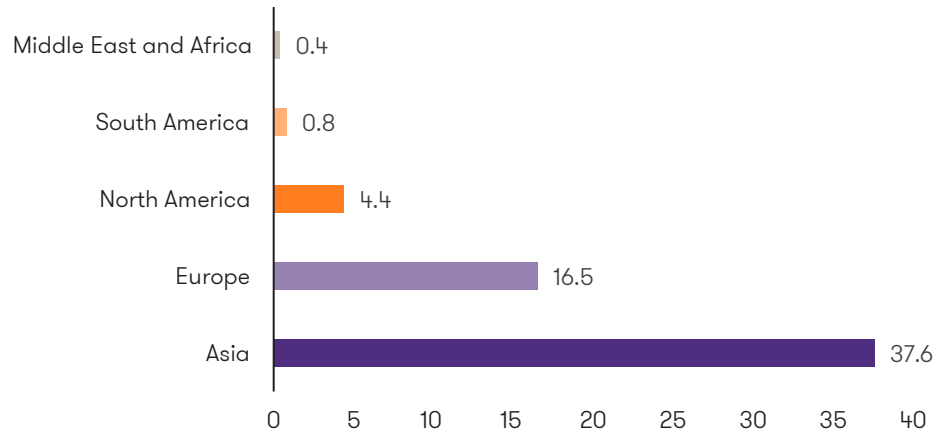
The Indian automobile market is at the nascent stage of adopting EVs. The stage also creates numerous opportunities for the industry players, providing them a strong base for future growth. Many global players are looking to enter the market in the coming years, but there is a need to establish a network of vendors, build infrastructure, research and development (R&D) facilities to enable their smooth entry into the market.

Energy independence and reduction of carbon emissions are the underlying drivers for a shift to EVs. The industry is focusing on refining consumer adaptability and the manufacturers are gearing up for ultra-modern production lines augmented with highly advanced research.

The global EV market could be worth nearly USD 206 billion in the coming decade if it achieves its 2030 EV ambitions. To meet this target, a cumulative investment of more than USD 180 billion would be required in vehicle production and charging infrastructure by then.

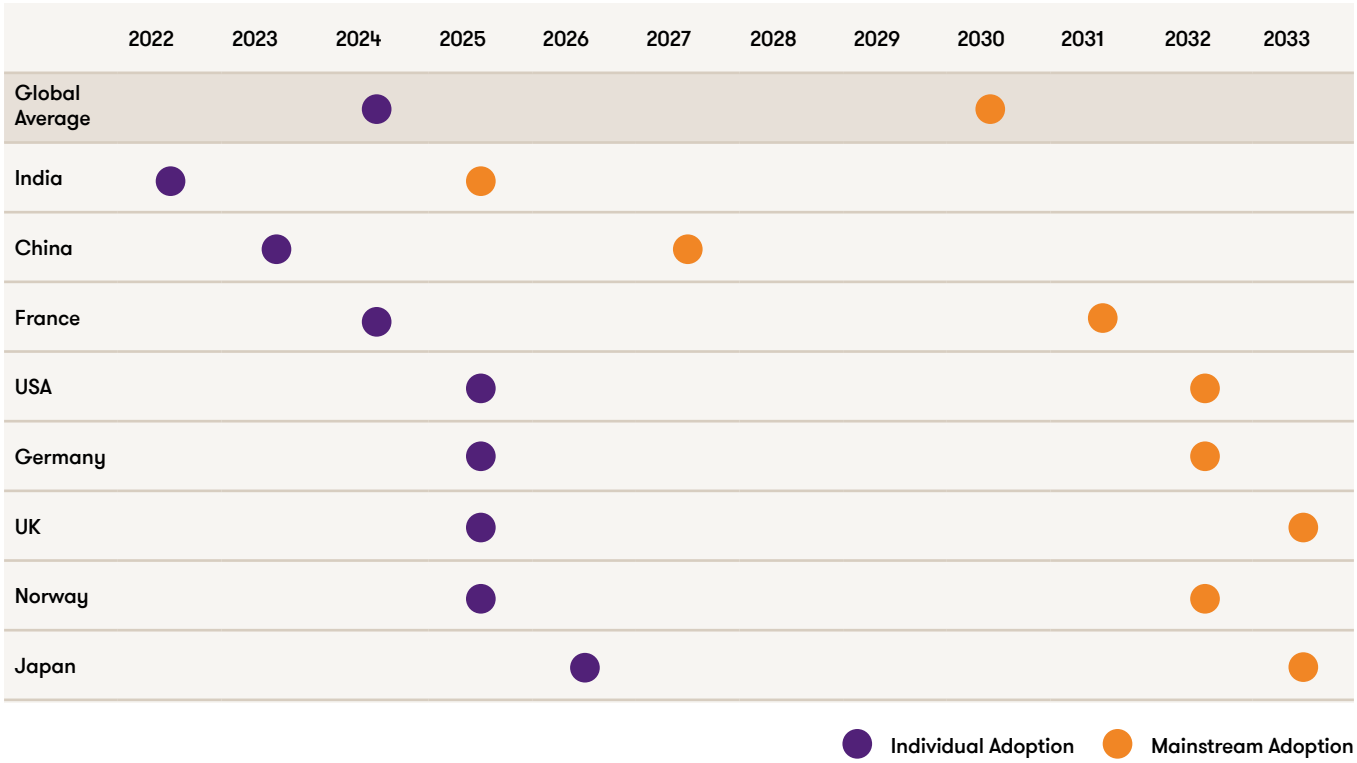
Source: CEEW Centre for Energy Finance (CEEW-CEF).

Projected EV production in 2030 (in million units)



Globally, 2.1 million units of EVs were sold in 2019, of which plug-ins accounted for 68%. The experts expect this category to become more popular by 2026, with a compound annual growth rate (CAGR) of 15.6%.

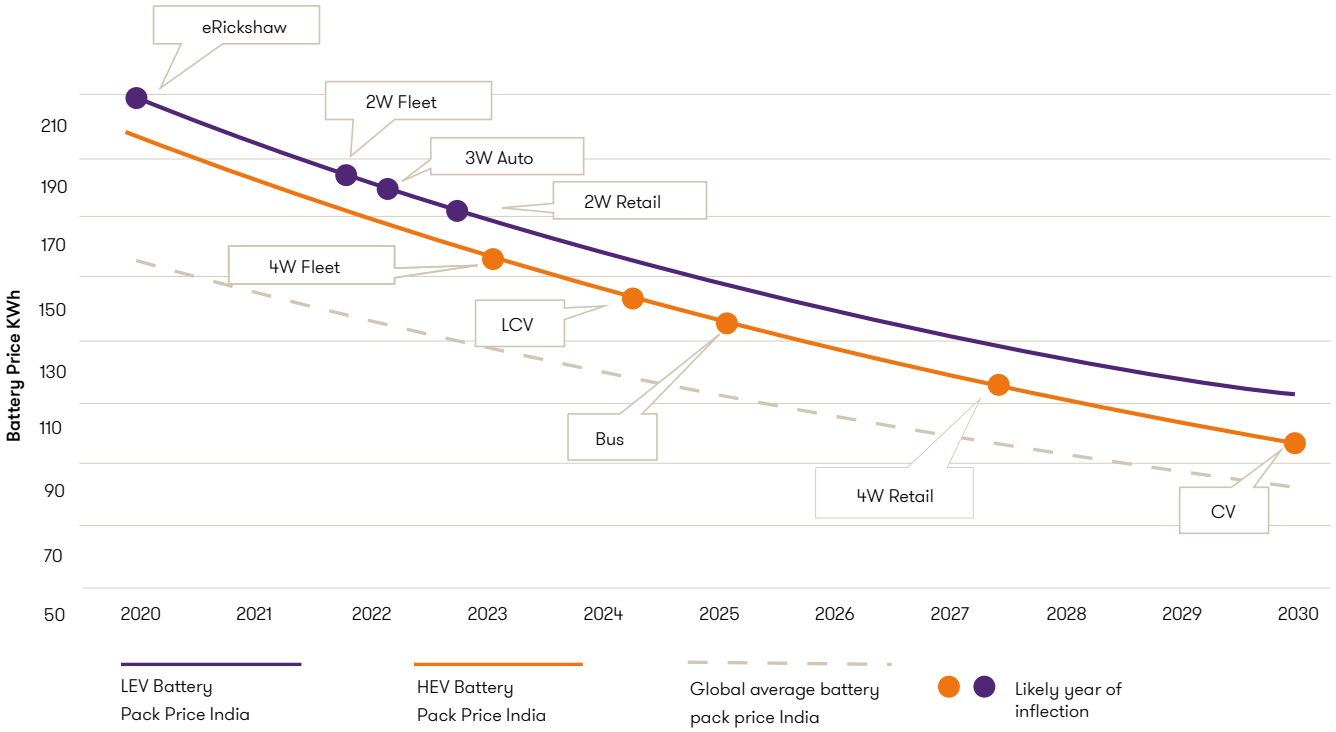
The year of the EV: Individual and mainstream EV adoption



The segment's growth momentum slowed in India due to the COVID-19 pandemic. However, the consumers and fleet owners are gradually realising their economic and ecological benefits. To address the issues of vehicular emissions, the government's strategy to push EVs has been quite intensive with the Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles (FAME) scheme 2015. But the segment needs substantive groundwork.

Amazon commits 10,000 EVs to its delivery fleet in India by 2025

The customs duty hike to 15% was announced in the budget to make EVs more cost-effective and encourage their local manufacturing. But India also needs a new approach to import duty while keeping Make in India as a goal.



As the scale of demand increases and pack manufacturers get localised, cost differential vs global pack prices would reduce
Smaller LEV battery packs have higher per pack cost as non-cell components do not decrease linearly with pack size

One key barrier in the adoption of EVs in India is a high upfront cost. The biggest driver of this cost is the battery. If the manufacturers succeed in reducing the battery's cost, the total cost of ownership (TCO) of EVs could come down to the level of the internal combustion engine models.

India would also need a network of over 2.9 million public charging points by FY30, beyond the in-home charging points. This could create another massive market opportunity requiring cumulative investments of up to USD 2.9 billion.

India's 2030 EV ambition

- 30% **Private cars**
- 40% **Buses**
- 70% **Commercial cars**
- 80% **2Ws and 3Ws**

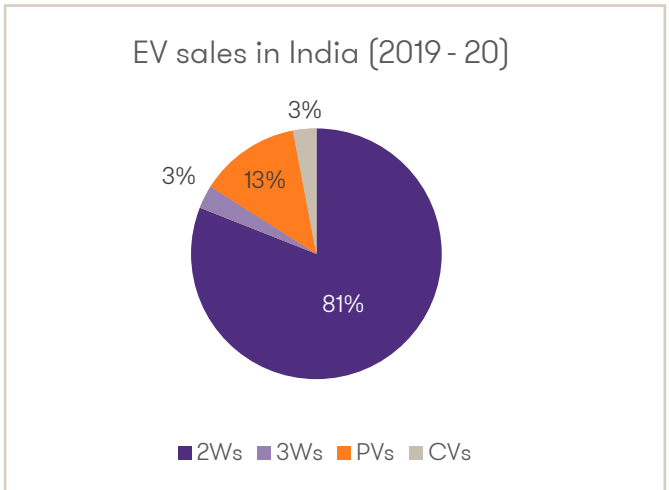
Source: MoRTH

Financing for EVs

In the case of EVs, banks and financial institutions are not only looking at the buyer's paying capacity but also additional factors like vehicle longevity, battery life, resale value. At the current stage, these factors are likely to result in higher interest rates, down-payments, and shorter repayment periods. The banks and other financial institutions are not willing to support competitive financing for most EV segments due to various reasons, but the main rationale is a lack of substantive demand.

One of the ways to tackle the issue is to include the segment in the government's list of priority sectors for lending. This will facilitate easy financing. The government also needs to direct banks to provide loans at lower interest rates to e-mobility service providers for the procurement of EVs in bulk to expand their fleets. The subsidies need to be extended to low-speed electric vehicles as well as they form a major part of the segment.

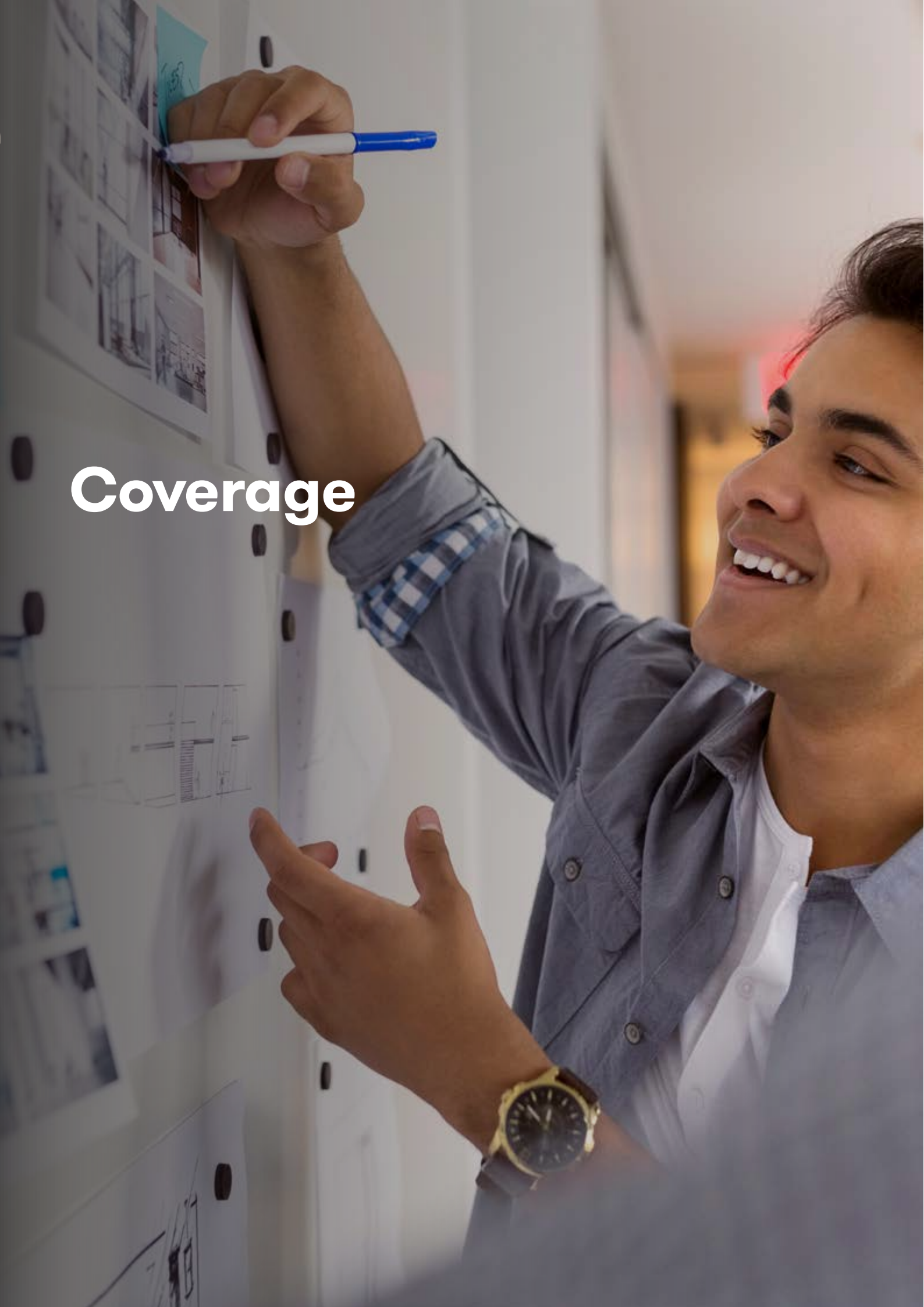
Further, a consistent policy support would also be critical to foster EV demand. For instance, Delhi government's EV policy has taken a holistic approach to promote EVs. It aims to have 25% electric vehicles among the total new vehicle registrations by 2024. As an innovative approach, the policy provides a 5% interest rate subvention for a selected segment of vehicles. Thus, the right implementation of the scheme may well be the catalyst for a zero-emission vehicle future.



Contrarily, the Ministry of Road Transport and Highway (MORTH) has allowed Indian states to register and sell EVs without pre-fitted batteries and the move is expected to lead to broader adoption of EVs in the country. The announcements to set up EV kiosks in petrol stations are also likely to give a boost to the sector and support the country, which emerging as a potential investment destination for the segment.

Budget move

With vehicle scrapping policy, the mindset of people is being pushed towards the adoption to newer and cleaner vehicles and has opened the market for brand new vehicle infusions, which could be the EVs. This would further help the manufacturing industry to grow and promote fuel-efficient vehicles with reduction in overall pollution in cities.
For auto/EV start-ups, the tax incentives, with extension of tax holiday for start-ups for one more year are attractive. However, though the budget was optimistic and has the potential of unfolding immense growth opportunities for the EVs, the government could have also looked at raising the domestic demand by further incentivising individual and commercial use of EVs.



Coverage

Auto component aftermarket potential in India - the route ahead

The time has come for the industry to develop a framework that allows automotive companies to best prepare for the upcoming challenges in the aftermarket business. In conjunction with Aatmanirbhar Bharat, extensive localisation of supply chain would prospectively support the Indian aftermarket industry to emerge as a strong and independent segment. Overall, the digitalisation of conventional aftermarket activities would lead to wider product adoption across the industry.

The automotive aftermarket is considered a major source of revenue for the OEMs besides selling vehicles. There is a growing importance of the aftermarket segment specifically in specific micro-market clusters, which includes not only new vehicle sales, but also the aftermarket. Similarly, collaboration will be vital for auto component manufacturers who are looking to deepen their aftermarket presence across growth clusters in micro-markets.

The aftermarket in FY20 remained stable despite a downturn in the industry. The turnover of the aftermarket stood at INR 69.381 crore with a marginal growth of 2.8% over the previous year. The auto component suppliers need to assess the impact of the disruptive trends on the auto aftermarket business, wherein the broad scope of the segment's operations consists of manufacturing, distribution, retailing and installation of all the vehicle parts, chemicals, equipment and accessories.

Automotive aftermarket segment in India is expected to reach USD 32 billion by 2026

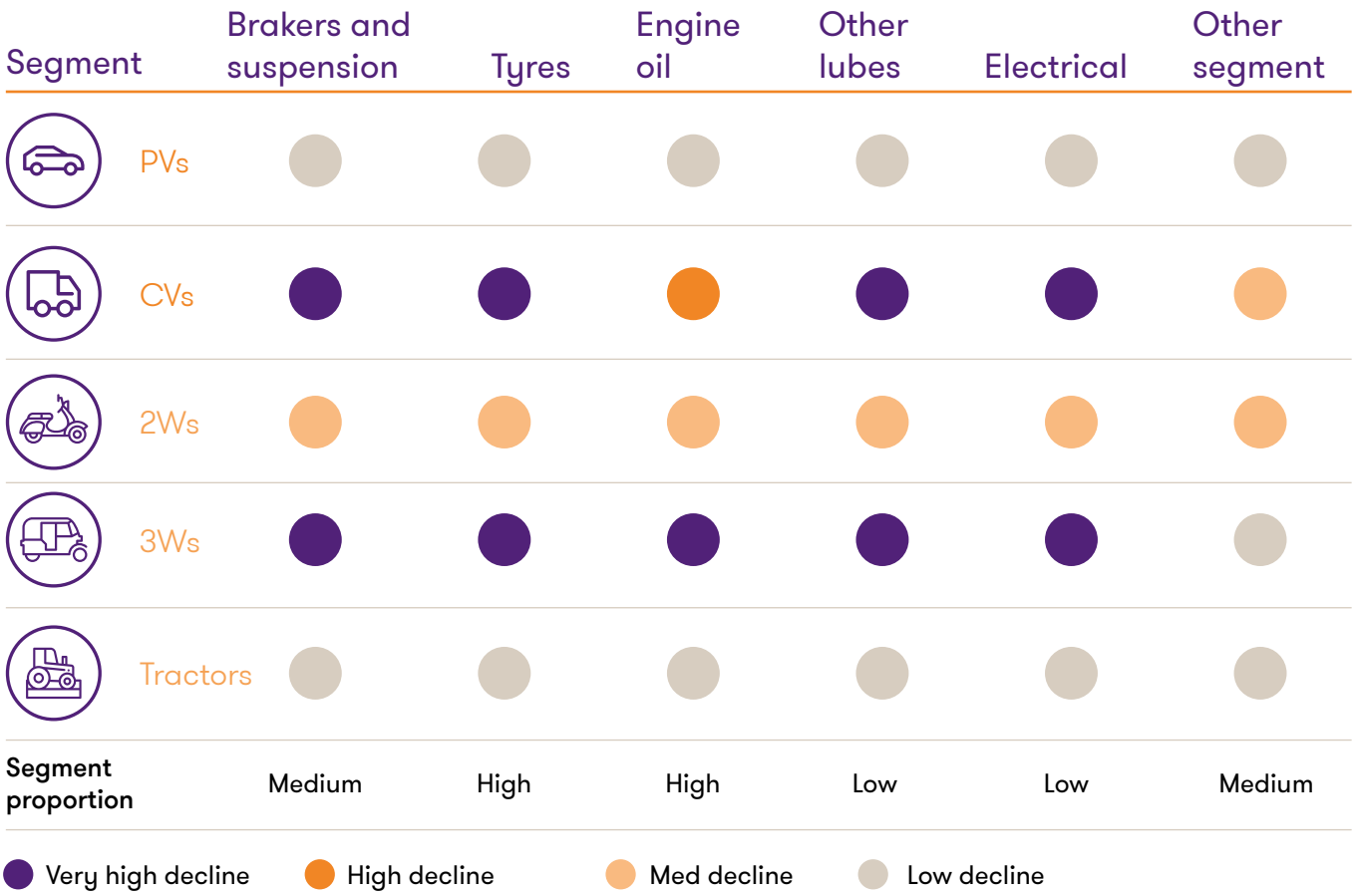
Auto components industry exports to grow 5 times in next 10 years

As aftermarket automotive spends are typically driven by annual running and replacement frequency. In the future, the consumers are likely to opt for relatively cheaper options.

In the pandemic scenario with negative demand sentiment, it is likely that consumers would prefer Indian aftermarket brands (IAM) over original equipment supply (OES), especially in areas of medium criticality such as other lubes (apart from engine oil) and other parts.

In the diagram, a part-level decline represents the contraction at vehicle segment level based on running and wear and tear of its parts.

Consumers will prefer relatively cheaper options



Note: Other segments include all mechanical and electrical parts and body panels barring brakes, suspensions, alternators and starter motor parts. Replacements of such parts is incidental in nature.

The aftermarket has always been the focus of OEMs as it offers stable revenues and higher margins than new vehicle sales. Given the uncertainties of new vehicles sales, this trend is expected to continue. Thus, the automotive aftermarket is expected to witness an increase in the online sale of products. As the automobile industry witnesses persistently increased demand for vehicles (both new and used), the need for auto repairs and servicing would likely increase towards a corresponding growth in the automotive aftermarket segment.

Overall, the aftermarket has been a significant contributor to the OEMs business. Moreover, given the tremendous opportunities that the connectivity and digitalisation of vehicles is likely to offer, the aftermarket is expected to become even more important as innovations such as predictive maintenance would mature and move to an altogether next level. In addition, India sees a huge potential in the component industry specifically in power electronics with the EV value chain expected to reach **USD 4.8 billion** in 2025.

The global demand-supply imbalance and rising commodity prices, especially that of steel, copper and rubber since early Q3 FY2021, are set to trigger a price hike across most OEMs

Market size of EV component Industry by 2021

Batteries
USD 1.86 billion

Power electronics
USD 1.47 billion

Charging stations
USD 0.230 billion

Electric motors
USD 1.23 billion

Key India trends in 2025

- **One-third** of the EV motor market to emerge from demand in EV buses
- **15.6 million Kwh** total demand for Li-ion Battery pack
- **61%** 2W vehicle segment's share in power electronics market
- **67%** the passenger car segment's share in Battery market

Additionally, a detailed analysis of the penetration of different parts and their rising relevance in different markets would provide direction to both OEMs and suppliers in developing their go-to-market strategy. Although, efforts are being made to keep the market competitiveness intact with the imposition of tariffs and taxes to protect local businesses, the governments worldwide need to make endeavours to create a regulatory environment to safeguard the interest of customers in data privacy and security.

Enforcement of best practices towards road safety

Buying a vehicle is a dream for everyone but with an increase in number of vehicles, number of road casualties have been on the rise too.

According to the World Health Organization (WHO) report, the highest number of road accidents occur in India worldwide.

As per annual road accident report of the Ministry of Road Transport and Highways (MoRTH), over-speeding led to the maximum number of road crashes and deaths in 2019. The year accounted for 67.3% or 1,01,699 deaths, 71% crashes and 72.4% injuries with a 6.2% increase in road crash deaths due to potholes. The Accidental Deaths and Suicides in India (ADSI) reported 1.3% increase in road accident deaths from 2018 to 2019.

In a bid to ensure, safety of roads, vehicles and road users, there is a need to involve sectors such as transport, police, health, education to action this together. Effective enforcement includes establishing, regularly updating and enforcing laws at the national, municipal and local levels and define appropriate penalties to mitigate risk.

India expects massive reduction in road traffic fatalities and injuries related to specific behaviours due to the added features in the Motor Vehicle (MV) Act.

In 2020, the government developed incentive-based mechanisms to ensure all states work on the ground level. The ministry had set a target of reducing fatalities by 30% in a four-year programme for strengthening road safety in India. To achieve set targets, key stakeholders should collaborate and focus on coordinated management of interventions. The government has adopted diverse strategies towards rectification of black spots on National Highways, with a target to reduce road accidents by half by 2025 and adopted zero tolerance towards road accident reduction as per the National Road Safety Council (NRSC). Few states have also focused on post-crash responses and established emergency care centers as well as accident relief centers on high crash-prone road stretches in national and state highways.

- Design safer infrastructure incorporating road safety features
- Improve medical assistance or care for victims of road accidents
- Set and enforce stringent laws
- Improve road user compliance
- Increase public awareness

The procedure ensures 80% or more of the cases get attributed to 'human error' and there is no place for understanding crashes because of a host of factors, including vehicle, road and infrastructure design. Thus, such issues are not resolved satisfactorily as the recording of traffic crashes is majorly done in a manner open to public scrutiny.

Hence, in relation to enforcing road user compliance, the purpose is to yield impressive results on behaviour change. States' have embarked on using automated speed enforcement systems and modernised equipment and tools to gauge driving behaviours.

Our view

The existing road safety situation may be further improved by MoRTH with a complete revamp of data collection systems in collaboration with the Ministry of Home Affairs and establishment of a professional data and analysis department. Besides, there is also a requirement to establish robust mechanisms to audit quality of official statistics of road traffic deaths on a regular basis. These are concerted efforts towards road safety management, post-crash care, infrastructure safety and digital enforcement with implementation of best practices.

Applicable provisions

Indian Penal Code

- **Section 279:** Rash driving or riding on a public way
- **Section 304A:** Causing death by negligence
- **Section 336:** Act endangering life or personal safety of others
- **Section 337:** Causing hurt by act endangering life or personal safety of others
- **Section 33:** Causing grievous hurt by act endangering life or personal safety of others

Motor Vehicle Act

- **Section 185:** Driving by a drunken person or by a person under the influence of drugs
- **Section 184:** Driving dangerously

M&A in the industry

M&A in the industry

Mergers, acquisitions and joint ventures with other partnerships and alliances by various stakeholders in the automotive ecosystem would be the strategic option adopted by OEMs to keep pace with the fast-evolving automotive landscape.

Remsons Industries Ltd. acquired UK-based Magal Cables Ltd., a part of Arlington Group Engineering systems worth **INR 33 crore** (USD 4.45 million).

Ride hailing giant Ola has partnered with Siemens for its upcoming electric vehicles manufacturing facility deemed to be the largest in the world. The company will be investing about **INR 2,400** crore in the same unit with an initial capacity of two million units a year and generate over 10,000 jobs.

Japan Bank for International Cooperation (JBIC) agreed to provide **USD 1 billion** to State Bank of India for funding the manufacturing and sales business of suppliers and dealers of Japanese automobile manufacturers and providing auto loans for the purchase of Japanese automobiles in India.

Auto components maker Endurance Technologies Ltd acquired **99% stake** in Adler SpA through its subsidiary and special purpose vehicle for strategic overseas investments, Endurance Overseas Srl, Italy.

South Korean giant Hyundai Motor Group made acquisition of the US-based robot maker Boston Dynamics. In a **USD 1.1 billion** deal, Hyundai would contribute in robotics and automation and would hold 80% stake in Boston Dynamics while SoftBank would retain the remaining 20%

Tata Motors would purchase **49%** interest in all cash deal held by its Brazilian partner Marcopolo in its bus-making joint venture Tata Marcopolo Motors Ltd. (TMML) for **INR 100 crore** (USD 13.59 million). TMML would become a wholly owned subsidiary of Tata Motors following the takeover, the automotive major stated in a regulatory filing.

Regulatory updates

E-charging kiosks across country

With an aim to accelerate EV purchase and consumption, e-charging kiosks to be set up by the government at around 69,000 petrol pumps across the country

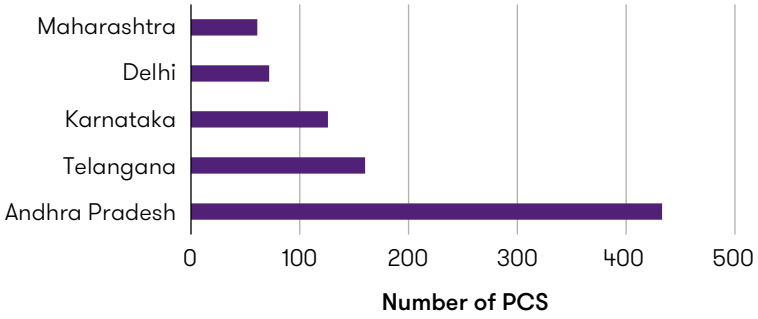
Department of Heavy Industry had floated an expression of interest (EoI), inviting proposals from government organisations, public sector undertakings (PSUs), state-owned distribution companies and other public and private entities to build and operate charging infrastructure for EVs. Moreover, the charging infrastructure market in India is expected to grow at a compound annual growth rate (CAGR) of 40% in the next five to six years. This move by the government has further showcased the importance of battery charging ecosystem to promote EV adoption.

India needs about four lakh charging stations by 2026 to meet the charging requirement for 20 lakh EVs.

The public charging database maintained by the Central Electricity Authority (CEA) shows that as of June 2020, there were a total of 933 public charging stations across the country wherein Andhra Pradesh, Telangana, and Karnataka had the highest numbers – 433, 160, and 126, respectively.

Overall, the entire automobile industry is beginning to have new partnerships to bring unimagined opportunities to the market. At the moment, there are attempts to develop open platforms, which at the end of the day form the link between the user, the manufacturer, and the solution provider.

Top 5 states with highest number of public charging stations (PCS)



Our view

An electric mobility future must have the right charging infrastructure required to support it. While India's EV policies are providing the right signals, they need to do much more to realise the envisioned transition.

The step would do away with acquisition of more land space in setting up EV charging stations and would make better use of the existing area.

Thus, the initial thrust of creating public EV charging stations funded by the government would further be supported by the much-needed private investment into the charging infrastructure creation and would help in establishing a robust infrastructure. The charging facility should be set up at parking lots and even malls as it would encourage consumers to switch to EVs.

While it is anticipated that a large number of companies may be interested in setting up EV charging stations in India, the pace at which the acceleration would happen is uncertain.

Production-linked incentive scheme to boost manufacturing and exports

Under the PLI scheme, cash subsidies would be provided to companies as a percentage of incremental sales from the base year. The base year would be when the scheme comes into effect. Moreover, the percentage of incentives would depend on the disadvantages faced by the specific sector in domestic manufacturing and thus shall vary amongst sectors. The plans in the scheme are for enhancing india's manufacturing capabilities and enhancing exports towards an Aatmanirbhar Bharat.

Incentives worth USD 19.7 billion have been announced to attract companies to set up manufacturing plants in the country. The scheme has been offered to multiple sectors.

The manufacturing sector in India posted strong growth over the past few years. The sector's Gross Value Added (GVA) at current prices was estimated at

USD 397.14 billion
in FY20, which is a 0.3% y-o-y growth.

Segment	Approved financial outlays (USD)	Implementing ministry/department
Automobiles & automobile components	7.7 billion	Department of Heavy Industries
High efficiency solar PV modules	607.5 million	Ministry of New and Renewable Energy
Specialty steel	853.4 million	Ministry of Steel
Electronics/technology products	674.9 million	Ministry of Electronics and Information technology
Advanced chemistry cell batteries	2.4 billion	Niti Aayog and Department of Heavy Industry

Note: PLI scheme announced in November 2020 with approved outlays of over a five-year period

Our view

The PLI scheme would enable manufacturers to come into India, which clearly illustrates the vision to build our strengths and simultaneously link with the global value chains. Opportunities to youth, improving competitiveness and making the country a preferred destination for investment is the bigger picture of the scheme. Presently, the PLI scheme seems well-equipped to foster investments, generate employment, add to domestic value, build capacities and innovate to make self-sufficiency in manufacturing. However, the future years would display the challenges in scheme implementation.

Key headlines of the quarter

India's first indigenously developed driverless metro car

18 January 2021

Defence minister released the first indigenous driverless metro car built at the BEML manufacturing facility in India. The minister said he was proud of the good work being done by the team of engineers and technicians. He called them the actual warriors of Aatmanirbhar Bharat bringing India forward."

Hero Electric partners start-up Earth Ride to lease e-bikes

12 January 2021

Hero Electric has teamed up with Earth Ride, a Delhi-based company, to rent e-bikes to users, exploring new business opportunities in the last-mile delivery model. The alliance seeks to provide an avenue of livelihood for this country's youth. The lease-earn-own model helps an individual who may not have the money to purchase a new electric scooter to begin working immediately with either of the distribution companies or for their entrepreneurial business as a delivery partner.

Tesla coming to India in 'early 2021'

29 December 2020

The US clean energy and electric vehicle company, will launch operations' in India in early 2021 wherein the fully built units will be imported stated by Ministry for Road Transport and Highways and the Minister of Micro, Small and Medium Enterprises

Mercedes-Benz aims to boost Make-In-India programme

9 November 2020

To benefit from lower tax rates and improve sales, the country's biggest luxury car producer, aims to assemble more cars in India. The company rolled out its first AMG vehicle from its Pune factory making India one of the brand's group of countries to manufacture.

Energy Efficiency Services Ltd. to invest in Thailand's e-mobility player SWAG

23 October 2020

The total motorbikes in Thailand are estimated around 21 million and as per the EESL statement these swappable batteries can drive the transformation to healthier cities while fighting climate changes. These batteries are also expected to increase the power grid capacity to incorporate a higher share of renewable energy in its energy mix and trigger decarbonisation in Thailand.

Conclusion

For an industry that has seen a prolonged economic slowdown, devastated by the COVID-19 pandemic and hard-pressed by job losses, there is a need for multiple demand boosters for the industry to witness stronger growth in 2021-22.

The revival of the automotive ecosystem would sustain the auto sales momentum and the sector is quite hopeful from the V-shaped recovery of the economy. Improvement in consumer sentiment towards positive sales trend and normalcy in the automotive businesses are being expected by the automotive sector.

For EVs, 2021-22 is expected to observe positive movements. The two-wheeler EV segment will see new players enter the market with new and improved products. In terms of emission technology, we are at par with Euro-VI norms, with BS-VI introduction. Further reforms, incentives and infrastructure are required to drive EV consumption in India where banking institutions need to come up with innovative financial products for EV purchases.

Moreover, with the Union Budget 2021-22, the automotive sector is poised for growth with announcement of right policies and support. With focus on the vehicle scrappage policy and with more clarity on proposed schemes, the automotive sector would create a significant impact in boosting the investor's confidence and the manufacturing sector in the country in line with the Aatmanirbhar Bharat initiative.

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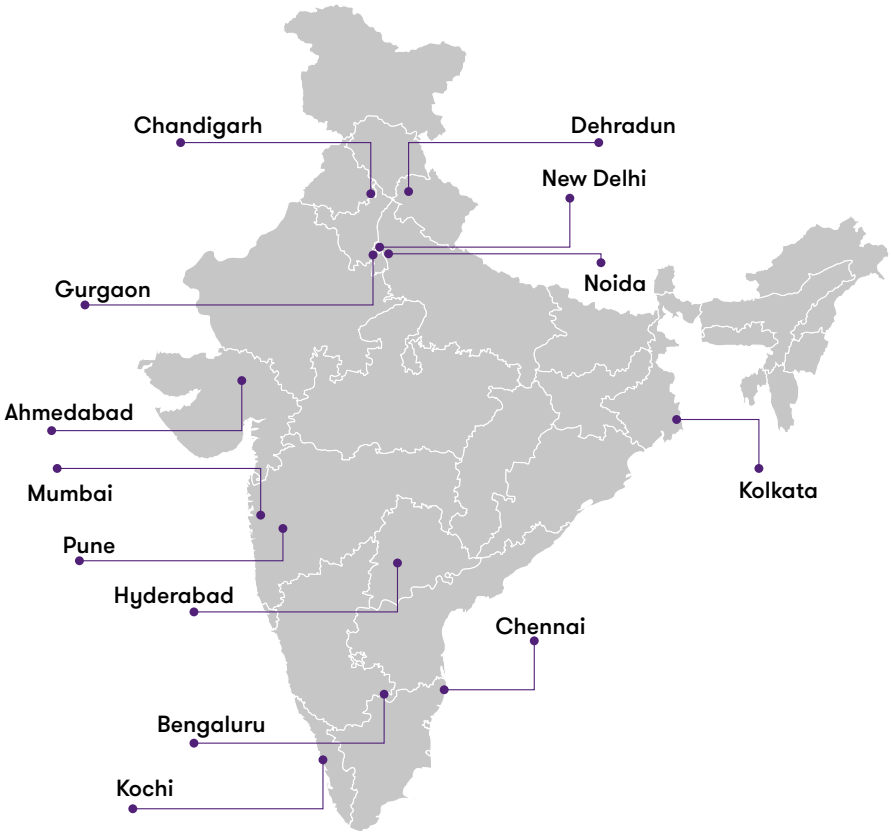

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