

Minutes of the 1st meeting of the Newly Re-constituted Development Council for Automobile and Allied Industries (DCAAI) held on 16.03.2011 in Room No. 47, Udyog Bhawan, New Delhi

The 1st meeting of the Newly Re-constituted Development Council for Automobile and Allied Industries (DCAAI) was held on 16.03.2011 in Room No. 47, Udyog Bhawan, New Delhi under the Chairmanship of Shri Ambuj Sharma, JS, DHI and Member Secretary, DCAAI. The list of DCAAI members and special invitees who attended the meeting is placed at **Annex- A**.

2. Opening Remarks of Chairman.

2.1 Welcoming the members of the Development Council on Automobile and Allied Industries (DCAAI) and other special invitees, Chairman expressed satisfaction on the performance of auto sector in the recent past and the significant announcement by GoI in the union budget 2011-12 especially on the setting up of National Mission for Electric/Hybrid vehicles. It was informed that setting up of National Council for Electric Mobility and National Board is under consideration of the Government as the initial step for encouraging electric mobility and manufacture of electric vehicle in India. This is an outcome of the recommendations of the Prime Minister's Group on Technology and subsequent deliberations with all the stakeholders.

3. Agenda Item No: 1 - Adoption of the minutes of the meeting of the Development Council for Automobile and Allied Industries held on 28th August, 2010.

3.1 Shri Vikram Gulati, Director, DHI welcomed the members and informed that the minutes of the meeting of the Development Council for Automobile and Allied Industries held on 28th August, 2010 at Udyog Bhawan, New Delhi, had been circulated and that no comments have been received thereon and accordingly requested for confirmation of the minutes.

3.2 The council confirmed the minutes without any modification.

4. Agenda Item No: 2 - Review of the Action taken on the decisions taken in the last meeting held on 28th August, 2010.

4.1 Shri Vikram Gulati, Director, DHI briefed the members about the latest status of the action taken on the decisions of the meeting of DCAAI held on 28th August, 2010. The council appreciated the prompt action taken in respect of all the items discussed in the last meeting.

5. Agenda Item No: 3 - Presentation by SIAM, ACMA and ARAI on the achievements so far and issues, if any.

5.1 **Presentation by SIAM:** Shri Vishnu Mathur, Director General, SIAM made a brief presentation on behalf of SIAM on the industry performance, automotive mission plan 2006-16 and union budget announcements. At the outset, members were apprised of the automotive industry's performance, domestic sales, major driving factors etc. It was mentioned that all the segments of vehicles have shown good growth and correspondingly, Rs. 70,000 crore investments being made by OEMs over five years, as a result, more than 3 million new employments generated in last 4 years.

5.2 On the issue of update on the AMP recommendation status, it was informed that in the following areas, further intervention of the government is required:

- Investment - Tariff Policy & Investment Support
- Infrastructure
- Expansion of Domestic Demand
- Encouraging Exports
- Long Term Emission Roadmap
- Incentivizing Modernization of Vehicle Fleet
- Inspection & Certification Systems
- Computerization of RTOs & Driver Licensing System
- Ensuring Availability of Human Resource

5.3 Members were then apprised of the union budget 2011-12 announcements for auto industry and appreciated the announcement for setting up of National Mission for Hybrid & Electric Vehicles. SIAM expressed their concern relating to proposed revision in definition of CKD and the changes introduced to excise duties on taxies and requested the Department to kindly intervene in the matter.

5.4 **Presentation by ACMA:** Shri Srivats Ram, President, ACMA at the outset placed on his record his appreciation to Shri B.S. Meena, Secretary, DHI for extending valuable support to the component industry since the last Development Council meeting held under his Chairmanship. President, ACMA then made a presentation on behalf of ACMA on the performance of Auto Component Industry. It was informed that in the year 2010-11, the component industry has registered a turnover of USD 15.5 billion which translates to a YoY growth of 35%, whereas, the export and import of auto components registered a growth of 51% and 24% respectively.

5.5 President, ACMA highlighted the challenges that are being faced by Indian auto component industry and requested for the Government intervention at the earliest:

- Raising Capital to meet the growth trajectory
- Scaling Capacities ahead of the demand
- Infrastructure Deficit & Cost – Energy & Logistics
- Maintain productivity gains ahead of inflation
- Availability of Skilled Manpower
- Build R&D Competence
- Develop Managerial Depth across Tiers of the Industry
- Combating the problem of counterfeit parts

5.6 On the counterfeiting of components, President, ACMA stressed that there is a need for the introduction of some legislative norms and for this purpose they have come with a white paper on legislative improvements to combat counterfeit auto components. It was informed that ACMA would be soon taking up this issue with the road transport ministry also.

5.7 Chairman, emphasized that these counterfeiting activities should be rooted out from the source itself and should not be allowed to enter into the market. Further, it was highlighted that bringing legislation in this respect would involve a lot preliminary exercise which would necessitate separate task force to be set up, state police to be strengthened, RTO officials to be trained, quantification of funds to be identified for this exercise etc.

5.8 **Presentation by ARAI:** Shri S.R. Marathe, Director, ARAI made a brief presentation informing the members about the vision, R&D activities, Homologation facilities and manpower development being done by ARAI. He also apprised the members of the various services being provided by ARAI to the industry and the unique projects which ARAI has taken up in-use as well as from industries and on behalf of the government.

6. In the aftermath of the recent natural disaster in Japan and due to the shutdown of several nuclear reactors after the earthquake which lead to a shortfall in electricity supply etc., Shri Vikram Kirloskar, Toyota Kirloskar Motors suggested that auto component manufacturers may send a delegation to explore the possibilities of partnering with Japanese component manufacturers in setting up facilities to India. The Chairman advised ACMA to set up a focused group in this respect at the earliest and also advised to take the assistance of Japanese manufacturers' in India to take forward this activity in the long run.

7. The meeting ended with vote of thanks to Chair.

List of Participants

1. Shri Ambuj Sharma, JS, DHI & Member Secreary, DCAAI - in Chair
2. Shri L.N. Gupta, JS, MoPNG
3. Shri Gaurav Dave, JS, NMCC
4. Smt. Renu Parmar, Adviser, Planning Commission
5. Shri Vikram Gulati, Director, DHI
6. Shri Ashok Kumar Arora, Deputy Secretary, DoC
7. Shri V.S. Yadav, Under Secretary, DHI
8. Shri Sunil Kumar, Section Officer, DHI
9. Shri Raghu Modi, Chairman, Rasoi Group
10. Shri Bijon Nag, Chairman, IFB Industries
11. Shri Deep Kapuria, Chairman, Hitech Gears Ltd.
12. Shri Vikram Kirolskar, VC, Toyota Kirloskar Motor Ltd.
13. Shri Pawan Munjal, MD&CEO, Hero Honda Motors Ltd.
14. Shri Srivats Ram, President, ACMA
15. Shri Arvind Kapur, Vice President, ACMA
16. Shri Vinnie Mehta, ED, ACMA
17. Smt. S. Naqvi, Dy. Executive Director, ACMA
18. Shri Vishnu Mathur, DG, SIAM
19. Shri Sugato Sen, Sr. Director, SIAM
20. Ms. Rinki Verma, Manager, SIAM
21. Shri Shrikant Marathe, Director, ARAI
22. Shri S.M. Haragapurkar, Sr. Deputy Director, ARAI
23. Shri Dinesh Tyagi, Director, iCAT
24. Shri V.P.Singh, Director (Infra), NATRiP