

MINUTES OF THE MEETING OF THE DEVELOPMENT COUNCIL FOR AUTOMOBILE AND ALLIED INDUSTRIES (DCAAI) HELD ON 04.10.2012 AT 3:00 PM AT UDYOG BHAWAN, NEW DELHI.

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The meeting of the Development Council for Automobile and Allied Industries (DCAAI) was held on 04.10.2012 at 3:00 pm at Udyog Bhawan, New Delhi under the chairmanship of Shri S. Sundareshan, Secretary, DHI. The list of DCAAI members and special invitees who attended the meeting is placed at **Annexure**.

2. Opening remarks of Chairman:

2.1 Welcoming the Members of the Development Council for Automobile and Allied Industries (DCAAI) and other special invitees, Chairman expressed hope that despite the current economic scenario where the prices of diesel/petrol, interest rates & inflation is rising, the automobile industry, as in the past also, would soon overcome this phase of economic downturn. Chairman also assured of the full support of the Government for the industry and informed that the concerns of the automobile industry on issues like excise duty on diesel cars, India- EU FTA negotiation, fuel efficiency norms etc. have been taken up with the concerned Ministries/ Departments. It was also informed that the National Electric Mobility Mission Plan (NEMMP) 2020, has been recently approved in the meeting of National Council for Electric Mobility held under the chairmanship of Minister (HI&PE). This initiative will greatly contribute to the Nation's future energy security and provide the much needed impetus to the manufacturing sector.

2.2 The council appreciated the valuable support extended by the Department for the automobile industry.

3. Agenda Item No. 1: Adoption of the minutes of the meeting of the Development Council for Automobile and Allied Industries (DCAAI) held on 16th March, 2011.

3.1 Shri Ambuj Sharma, Joint Secretary, DHI informed that the minutes of the meeting of the Development Council for Automobile and Allied Industries (DCAAI) held on 16th March, 2011 at Udyog Bhawan, New Delhi had been circulated, 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 Action Taken on the decisions taken in the last meeting held on 16th March, 2011.**

4.1 Shri Ambuj Sharma, Joint Secretary, DHI briefed the members about the latest status of the Action Taken on the decisions of the meeting of DCAAI held on 16th March, 2011. The Council noted the 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 Sandilya, President, SIAM made a presentation on behalf of SIAM on the industry performance, Automotive Mission Plan 2006-16 and the issues faced by the automobile industry. At the outset, the members were apprised of the automotive industries performance, domestic sales export etc. as well as the main concerns of the industry. It was informed that the auto industry turnover during FY 2012 is estimated to be ₹ 2, 64,420 crore, providing about 185 lakh employment (direct/indirect) and contributing 6% to the GDP. The total investment made by the industry till FY 2011 is ₹ 1, 06,122 crore.

5.2 It was mentioned that during the current year (April 2012 to August 2012), except utility/ commercial vehicles, the performance of passenger vehicles, three wheelers and two wheelers has been down as compared to last year. The high interest rates, high inflation, increasing fuel prices, low GDP growth and other factors have contributed to sluggish growth of the automotive industry during the current year and de-growth in the current quarter.

5.3 On the issue of update on the AMP recommendation status, it was informed that during the current year the actual growth is less than 10% of the AMP targets. Further intervention and support of the Govt. was required in the following areas:

- Extension of AMP beyond 2016, to 2026 (i.e. 10 year time extension).
- Support for commercial vehicle sector performance improvement.
- Long term emission roadmap.
- Logistics/ Infrastructure provision such as freight trains connectivity to/ fro autolinks.
- Encouraging exports/ expansion of domestic demand.
- Investment- tariff policy and investment support. Rationalization of high embedded tax in automotive sector.
- Continuation of the negative list of items i.e. present customs duty rates for CBUs in all FTAs under registration.

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5.4 **Presentation by ACMA:** Shri Arvind Kapur, ACMA at the outset placed on record his appreciation to the Department for extending valuable support to the component industry. President, ACMA then made a presentation on behalf of ACMA on the performance of the Auto-Component Industry. It was informed that in the year 2011-12, the component industry has registered a turnover of US\$ 43.39 billion which translates to YoY growth of 8.7%, whereas, the export and import of Auto-components registered a growth of 32% and 25% respectively.

5.5 President, ACMA highlighted the challenges being faced by the Indian Auto-Component Industry and requested for the Govt. intervention on the following issues at the earliest:

- Raising capital to meet the projected growth.
- Infrastructure deficit and cost- energy and logistics.
- Availability of skilled man-power.
- Build R&D competence.
- Develop managerial depth across tiers.
- Raising capital to meet the growth-high interest cost issue.
- Review of the definition of Medium, Small and Micro Enterprises Industries.

5.6 President, ACMA viewed that there is a need to address the trade barriers to protect the local industry, to review the Govt. policy on restrictions on import of second hand capital goods/ machine tools and as well as to enhance rate of depreciation on capital goods.

5.7 **Presentation by ARAI:** Shri N.V. Marathe, Asstt. Director, ARAI made a presentation informing the Members about the vision, R&D activities, homologation facilities and manpower development being done in ARAI. He also apprised the members of the various services being provided by ARAI to the industry and projects which ARAI has taken up.

5.8 **Presentation by NATRIP:** Shri Vikram Gulati, Director (Ops), NATRIP apprised the members of the initiatives taken for adoption of electric mobility and manufacture of electric vehicles (including hybrid) in India. It was informed that National Mission Document in the form of National Electric Mobility Mission Plan (NEMMP) 2020 has been recently approved by NCEM. It is intended to provide a clear, time bound, future roadmap for this initiative based on which specific schemes aimed at demand creation, R&D and infrastructure development can be taken up.

5.9 In addition to the above, the members were also apprised of the physical/ financial progress of the NATRIP project. It was informed that revised cost and the estimated date of completion of the project are ₹ 2288.06 crore and 31.12.2012 respectively. A total expenditure of ₹ 1170.59 crore have been made as on September, 2012. In addition, 12

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facilities at various sites have been completed at a total cost of ₹ 144.04 crore. The other activities/ work which are under progress at the various facilities on account of various complications are not likely to be completed by scheduled timeline of 31.12.2012. As such, a proposal for revised timeline and cost revision is being firmed up for submission to Govt.

6.0 Shri R.C. Bhargava, Chairman, Maruti Suzuki India Ltd., mentioned that infrastructure for EV recharging facility, an important aspect, also needs to be taken into account while formulating the adoption of electric mobility mission in the country. He also enquired if there is sufficient demand for the R&D capacity available with the ARAI. AD/ARAI briefly replied detailing the various new R&D projects undertaken/ proposed by ARAI in close cooperation with the industry partners.

6.1 Shri Vikram Kirloskar desired to know the time line by which NATRIP will be able to provide returns on the expenses incurred on its establishment. CEO/ NATRIP informed the Council about various revenue generating activities taken up by NATRIP. He also assured that all measures are being taken to ensure early completion of balance facilities.

7.0 Shri R.C. Bhargava, also raised concerns about the enquiries made by the Competition Commission of India on the insistence of the industry for customers to only buy genuine spare parts. He expressed apprehension whether it would be difficult to impose such restriction on sale of fake auto parts in the market if it is considered against the spirit of competitiveness and viewed that adequate steps should be taken to ensure that only genuine auto spare parts come to the market. Shri Bhargava also stressed upon the need to have a correct picture on the imported micro-components of the "made in India" components, so that eventually entire component can be indigenously manufactured.

8.0 Mr. Sandilya viewed that some fundamental research work, without commercial consideration, should be done on the projects that are likely to spur the demand of automobiles in the future, as at present the demand for passenger cars is declining because of rising petrol prices and maintenance expenses etc.

9.0 Shri Arvind Kapur suggested that in view of the current down turn in the market, a re-calibration of demand would be required

10. The meeting ended with Vote of Thanks to the Chair.

List of Participants

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1. Shri S. Sundareshan, Secretary, DHI - in chair
2. Ambuj Sharma, JS, DHI & Member Secreary, DCAAI
3. Shri S. Bandopadhyaya, JS, MoRTH
4. Shri Gaurav Dave, JS, NMCC
5. Shri Sudhir Kumar, Deputy Adviser (Engg.), Planning Commission
6. Shri Niraj Kumar, Director, DHI
7. Shri Nitin R. Gokarn, CEO&PD, NATRiP
8. Shri Vikram Gulati, Dir. (Ops), NATRiP
9. Smt. Shubhra, Director, DoC
10. Shri Amitabh Kumar, Director (TRU), Department of Revenue
11. Shri V.S. Yadav, Under Secretary, DHI
12. Shri R.C. Bhargava, Chairman, MSIL
13. Shri Bijon Nag, Chairman, IFB Industries
14. Shri Vikram Kiroloskar, VC, Toyota Kirloskar Motor Ltd.
15. Shri Surinder Kanwar, President, ACMA
16. Arvind Kapur, Ex-President, ACMA
17. Shri Vinnie Mehta, ED, ACMA
18. Smt. S. Naqvi, Dy. Executive Director, ACMA
19. Shri Sushil Rajput, ACMA
20. Shri S. Sandilya, Presidnet, SIAM
21. Shri Vishnu Mathur, DG, SIAM
22. Shri Sugato Sen, Sr. Director, SIAM
23. Ms. K.K. Gandhi, SIAM