

Auto parts sector may ride out recession with domestic vol

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Chennai: The auto component industry is looking to ride out the ongoing slowdown in European and US markets by focusing on domestic market growth, Automotive Component Manufacturers Association (ACMA) president Sunjay J Kapur, chairman, Sona Comstar, has said. The industry, he added, had factored in the demand disruption on account of the geo-political situation in Europe.

“Europe will see schedule changes as no immediate resolution to the ongoing conflict is in sight,” he said. “This will obviously impact sales in those markets.” As for the slump in demand from the US, those “volumes should be back in a couple of quarters,” he added. But domestic growth has been very robust and the industry’s current growth is almost entirely driven by domestic sales, he said, adding that this trend should continue.

The Indian auto component industry clocked a turnover of nearly \$34 billion in the first half of fiscal 2022-23, up nearly 35% over the same period last year riding on top gear domestic sales. Europe and US together comprise more than 60% of India’s auto component exports with North America accounting for 33% and Europe for 30%.



LOOKING AHEAD: Sanjay Kapur (Centre), president of Automotive Component Manufacturers Association

Domestic growth has been very robust, & industry’s current growth is almost entirely driven by domestic sales, says ACMA chief

But the industry is helped by steady raw material prices and a more predictable supply schedule globally. “Raw material prices are no longer a major constraint and the supply chain disruptions have also been largely resolved including the issue with semiconductor chips,” said Kapur. As for the Covid scenario in China, though the signals are mixed between business as usual and dangerous disruption in production, India’s earlier experience with the pandemic will help the industry tide over, he said.

The auto component in-

dustry, he added, is upping the capex cycle now with a focus on new technologies including electric mobility. ACMA’s 2022 survey showed 60% of its executive committee member companies were EV ready and as many as 67 auto component companies have been selected for the PLI scheme totalling over Rs 18,000 crore investments in future technology. “India has just hit the one million unit mark in EV and component companies are already looking at this opportunity and are also ready to supply globally,” he added.

The auto components sector will feature in the Auto Expo 2023 with more than 800 companies and will showcase trends in electric mobility, ADAS, biofuel & flex-fuel based engine technologies, vehicular safety technologies, digitisation, automotive start-ups etc.