



**Vikram Kirloskar**

## Future Growth of Auto Industry will Benefit Steel Industry

A fourth generation member of the Kirloskar Group started in 1888, Vikram Kirloskar is credited with bringing in a major industry to the Indian State of Karnataka by setting up the automobile plant Toyota Kirloskar Motor. For this, he has been recognised by the Government and presented with the “Suvarna Karnataka” award. He is also a Director of various Kirloskar Companies and Vice Chairman of Toyota Kirloskar Motor, and has designed and developed many processes and machine tools early in his career.

He was involved in opening the import licensing for capital equipment while serving on the Government’s Development Council for Machine Tools in the late 1980’s. He has also served as the President of the Central Manufacturing Technology Institute in Bangalore. He continues to serve on the National Council of Confederation of Indian Industry and is the Chairman of Global Innovation & Technology Alliance. He also serves on the Govt. of India Development Council for Automobiles and the National Council for Electric Mobility. He is also President, Society of Indian Automobile Manufacturers.

“Mobility solutions will vary from country to country and we will have to design the best solutions for the Indian conditions rather than just copy and paste experiences from other countries”, says

**Vikram Kirloskar- President, SIAM** in an exclusive interview with **Steelworld** Excerpts

### What is the performance of Auto industry in the last few years ?

- The Auto Industry in India is a sunrise sector with huge potential for growth. Given the low vehicle penetration in the country of only 18 passenger vehicles per thousand, 5 commercial vehicles the vehicle ownership in India is perhaps one of the lowest in the vehicle producing nations of the world. Over the last decade, the automobile industry turnover has increased by three times and the exports have grown by five times making it a key driver for the entire manufacturing sector.

Today, the automotive industry turnover is estimated to be about Rs. 429,000 crores, including about Rs. 101,000 of exports.

The automotive sector also has deep horizontal and vertical linkages in the entire manufacturing sector and a host of other industries like auto-components, machine tools, steel, plastics, etc. are dependent upon the growth of this sector.

The Automotive Mission Plan 2006-16 (AMP) has envisaged that this industry would reach a turnover of USD 122 - USD 159 crores by 2016 and become a global hub for manufacturing of small cars, CVs and two wheelers. The achievements of this vision laid down by the AMP have largely been on track except for the subdued performance of the

industry over the last 2-3 years.

Two wheelers on the other hand have had a continuous growth trend registering a CAGR of 11 % from FY10 to FY15. The 2 wheeler sales have registered sales of 16 Million in FY 15, up from 9.3 Million in FY 10. The growth in the last year was 8 %. The three wheeler segment registered a growth of 11% in FY 15 over FY14. However, recently, the two wheelers segment has been seeing a decline mainly due to the lower demand from the rural markets.

The commercial Vehicle Sector saw the steepest decline over the last 2 years and is now in the process of recovering lost ground as the economy gradually improves.

The Export performance of the industry has however been encouraging and all the sectors have registered growth in exports in FY15 over FY14. Two Wheelers registered the highest growth of 18% followed by 15% in 3 Wheelers, 11% in Commercial Vehicles and 4% in Passenger Vehicles.

### How do you see the future of Auto industry in the coming years?

- The long term outlook for the auto industry is very positive. However, the challenges will be to ensure that the growth of the industry is sustainable and in tune with the needs of environment as well as safety of the consumers. The transportation needs of the Indian masses are growing exponentially as incomes grow and a higher level of economic activity demands higher mobility of people as well as goods. This would undoubtedly put an intense upward pressure on the consumption of fossil fuels leading to an environmental impact as well as the finances of the country which is dependent on imported oil. Therefore, the industry is taking steps to move over to more fuel efficient drive technologies, alternative fuels including electric and hybrid technologies etc. This process is being supported by Government who have launched the FAME Scheme in April 2015 to encourage xEV vehicle technologies in every segment of the vehicles industry. Join and sustained industry/Government focus is required to make these new green technologies viable and popular with the consumers.

At the same time, integrated intermodal mobility solutions for urban transit need to be worked out to optimise on different modes of transport to provide affordable, comfortable and safe public transport. The needs of rural transport will be a bit different from that in the urban centres and this may require different and innovative approaches.

Use of ITES is set to revolutionise transport



in the country. The Centre as well as the States together with the industry has already started a consultative process of standardising ITES solutions and protocols which could become the components of a universal IT platform for public transport in the country.

Most importantly, mobility solutions will vary from country to country and we will have to design the best solutions for the Indian conditions rather than just copy and paste experiences from other countries.

The Indian strength for frugal engineering can provide us the edge in making available these technologies at an affordable cost which could also open up large export potential to India like markets.

### What are the changes Auto industry is undergoing that will affect the steel sector?

- The auto industry is moving towards improving fuel efficiency and one of the major efforts is in light weighting of the vehicles. This has in the past lead to increased use of Aluminium in several components including engine parts etc. Likewise engineering plastics with higher strengths are replacing metal parts. There is also a trend to use composites using carbon fibres. Thus technology leading to stronger yet lighter materials is likely to replace metal parts.

While use of new material is one option to reduce weight, it is also possible to achieve light weighting using the same material, which will perhaps be the first effort of the OEM before considering a totally different material. Therefore, industry is also looking at the potential to manufacture lighter components from steel itself using different steel specifications and/or different construction. The steel industry can partner with the OEMs in finding such solutions.

Overall, the steel sector will certainly benefit

from higher demand and higher value added steels due to the future growth of the auto industry even if the per vehicle steel utilisation in terms of weight reduces over a period of time.

### What are the objectives & activities of SIAM?

- SIAM is the Apex Industry body representing India's leading vehicle and vehicular engine manufacturers. It has 48 members. It provides an Important channel of communication of the Industry with Government, National and International organisations.

SIAM Aims to enhance exchanges and communication for trade and technical co-operation with its international counterparts.

Besides the above SIAM also carries out dissemination of information through various publications, and reports, it also organises from time to time seminars and conferences that cover subjects of interest to the automotive sector.

SIAM through the above activities, acts as a catalyst in the development of a stronger Automobile Industry in India.

### What support do you expect from Government in terms of policy?

- SIAM has been working closely with the govt. in regard to policies pertaining to the Auto sector. The govt. has been supportive of a healthy growth of the sector which is a major revenue earner as well as a creator of Jobs.

The Automotive Mission Plan 2006-2016 (AMP-2006-16) has been a success and a majority of the targets have been achieved by the industry. The industry has now drawn up the next AMP to cover the period from 2016 to 2026. AMP 2016-26 is now in its final stage of launching and outlines the policy outlook expected. One of the main expectations is that the Govt Policies need remain conducive and stable without any major changes mid-course. This helps in long term planning of investments and introduction of improved vehicles.

At the same time, industry is willing to introduce higher mandatory features in the vehicles to make the vehicles safer and more environmentally friendly as long as it gets adequate time for bringing in these changes. Such lead time is required by the industry as time is required for development as well as safety testing and validation after which the entire automotive supply chain has to be tuned up for manufacturing and volume supplies of the new technology components. SIAM's role is to partner with Government in catalysing this growth and development process.