

Auto sector seeks restoration of LPG/PNG supply for production

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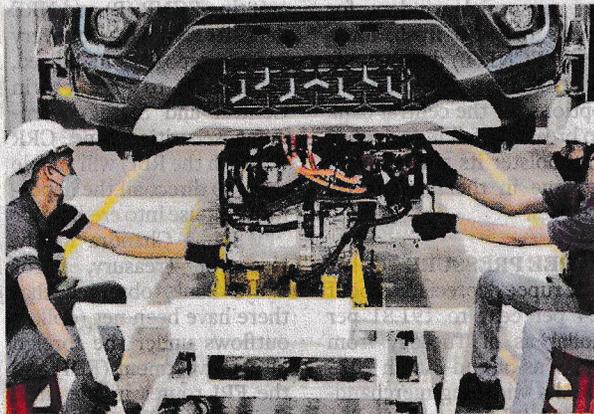
New Delhi

The automotive industry has sought the restoration of the allocation of LPG/PNG/Propane to the extent possible, and has requested the government to provide visibility on the availability of supplies for industrial consumers in the automobile sector through a dedicated interface. Any interruption would mean stalling the production of vehicles or the final components.

Auto industry bodies, including Society of Indian Automobile Manufacturers (SIAM) and Automotive Component Manufacturers Association of India (ACMA), wrote to (dated March 9) the Ministry of Petroleum and Natural Gas (MoPNG), Ministry of Heavy Industries (MHI), and the Department of Commerce expressing concerns over the availability of LPG and PNG for industrial use — particularly for foundry, forging and machining units, as well as other applications — within the automotive supply chain.

“While SIAM fully understands that the recent developments in West Asia have resulted in disruptions affecting India, any restrictions in the supply of LPG/PNG/Propane to the automobile sector and its ancillary industries may adversely impact the supply chains of vehicle manufacturers, potentially leading to disruptions in vehicle production across the country, triggering reduced manufacturing and allied employment challenges,” industry sources told *businessline*, quoting the SIAM letter.

Similarly, ACMA said that



TAKING A HIT. Any disruption, say industry bodies, could impact the production schedules of critical automotive components, particularly for MSME units. REUTERS

Sources said factories located in Gujarat are most vulnerable as the State government has imposed a 50 per cent cut on industrial uses of gas amid West Asia conflict

any disruption or uncertainty in the availability of LPG/PNG could impact production schedules of critical automotive components, particularly for MSME units, which have limited flexibility to transition to alternative energy sources in the short term.

REGIONAL CHALLENGES

For instance, sources said that factories located in Gujarat are the most vulnerable as the government has imposed a 50 per cent cut on industrial uses of gas amid West Asia conflict.

Meanwhile, MoPNG has formed a three-member panel to review the LPG sup-

ply to sectors like restaurants, hotels, among others.

According to ACMA Director General Vinnie Mehta, the sector is concerned about the overall environment, since India has a huge exposure to exports.

“While West Asia accounts for around \$1 billion of our exports, the European Union is another \$7 billion. The Red Sea is impacted right now, so the exports have to be routed through Cape of Good Hope, and that is going to increase the logistics cost, insurance, and the availability of containers at this juncture is also a challenge. So, there is a lot of things happening around sourcing of raw materials, especially the derivatives of petrochemicals like polypropylene for plastics (for auto parts),” he said.

Mehta added that the industry needs a few more days to actually come to terms with what’s happening, and what’s going to be impacted now because some of the industries like the forging or casting largely use LPG and LNG, which would be definitely impacted if supplies are constrained.