Acma flags export delays, LPG supply risk to MHI

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New Delhi, 10 March

India's automotive (auto) component industry has sent an SOS to the Ministry of Heavy Industries (MHI), warning that the escalating conflict in West Asia and disruptions to Red Sea shipping routes are pushing up export logistics costs, delaying shipments, and disrupting imports of critical raw materials. The industry has also raised concerns about the availability of liquefied petroleum gas (LPG) and piped natural gas (PNG) needed for manufacturing.

In a letter dated March 9 to MHI Secretary Kamran Rizvi, Automotive Component Manufacturers Association of India (Acma) President Vikrampati Singhania said several member companies have reported growing operational and cost pressures affecting both exports and imports of key inputs linked to export production. *Business Standard* has reviewed the letter.

Singhania said that shipments to key markets such as Europe, the US, and parts of West Asia are already being affected due to vessel rerouting, port congestion, and rising freight costs linked to the Red Sea shipping disruptions.

One of the most immediate challenges flagged by the industry is a sharp increase in logistics costs. According to Singhania, export logistics expenses have risen by 20-40 per cent due to vessel rerouting around the Cape of Good Hope, higher freight rates, container shortages, and increased insurance premiums. The industry is also recording major shipment delays. "Export lead times have increased by two to four weeks or more, leading to delayed deliveries, order deferments, and inventory buildup at warehouses and ports," he said.

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Exports of auto components from India rose 9.3 per cent year-on-year (Y-o-Y) to about ₹1.05 trillion during the first half (H1) of 2025–26 (FY26). Imports, however, increased at a faster pace of around 12.5 per cent Y-o-Y to about ₹1.07 trillion in the same period.

Apart from logistics challenges due to the West Asia conflict, Singhania raised concerns regarding the availability of industrial fuels such as LPG and PNG, which are widely used in foundry, forging, and machining operations across the auto supply chain. Acma's member companies have highlighted "emerging concerns regarding the availability of LPG and PNG for industrial use".

"Any disruption or uncertainty in the availability of LPG/PNG could impact production schedules of critical auto components, particularly for micro, small, and medium enterprise (MSME) units, which have limited flexibility to transition to alternative energy sources in the short term," Singhania warned. He also noted that different states are applying varying regulatory norms for the supply of these gases.

Singhania also said the import of key raw materials such as chemicals, synthetic rubber, aluminium scrap, and petrochemical-based inputs like polypropylene is "experiencing delays and cost escalation" due to shipping disruptions in the Red Sea region. Many of these materials are imported, and he urged the government to facilitate their continued availability to prevent disruptions in production.

In view of the situation, Acma has urged the government to consider a set of immediate measures to support the industry during what it described as an "extraordinary" global situation.

Among the key suggestions, the association has sought assurances on the continued availability of LPG and PNG for industrial users, particularly MSME foundry and forging units, or a "reasonable transition window" to enable companies to shift to alternative fuels.

"Ensuring at least one month of continued LPG supply would allow these units to undertake necessary technical and operational adjustments in an orderly manner," Singhania said.

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