

Some auto cos forcing gear makers to import: Goyal

Commerce and industry minister warns of action

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A few automakers, global as well as Indian, were not letting domestic component manufacturers localise their production and were forcing them to import from suppliers they preferred, Commerce and Industry Minister Piyush Goyal said on Wednesday.

“It has been brought to my

attention that some auto ancillary companies that have collaboration with other firms around the world are also facing some stress and pressure from their joint venture partners (to import),” he said in his address at the 62nd annual session of the Automotive Component

Manufacturers Association.

The government views this matter seriously, the minister noted.

“I am sure that our Indian companies will be in a position to give them a fair and honourable exit,” he added.



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His remarks come even as the Indian auto component industry exported parts worth \$19 billion in FY22.

Also, for the first time, it shipped out more than what it imported and the trade surplus stood at \$700 million.

The industry clocked its highest ever turnover of ₹4.2 trillion in 2021-22, registering a growth rate of 23 per cent.

Goyal's remarks disconcerted automakers and their suppliers.

"Most of us have a conducive relationship with our OEMs (original equipment makers) As a matter of fact, they want us to localise and have very stringent localisation targets," said a top official at an auto component maker.

Vinnie Mehta, director general, Automotive Component Manufacturers Association, said: "The remarks should be seen in the context of trade facilitation and ease of doing business. What he has been doing for the industry is very encouraging."

An executive who serves on the boards of several auto component firms said what the minister said would have been true six to eight years ago, when localisation was not high on priority.

In the absence of local wherewithal, manufacturers would often ask the suppliers to import some parts or technology and sometimes even a certain grade of steel to meet their quality standards, the executive said. But that is no longer the case.