

'Another robust run expected for auto components sector in FY23'

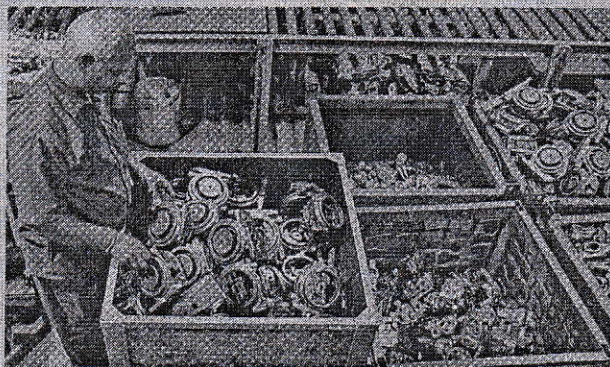
Our Bureau
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The auto component industry is cautiously looking at global events including Covid-19 situation in China, the Russia-Ukraine war and the impending recession in the US/ Europe, Auto Component Manufacturers Association of India (ACMA), said on Wednesday.

"For the medium to long term outlook, we need to be wary of the impending recession in Europe and the US, as also the supply chain issues, which are not fully behind us. I am optimistic that the current fiscal year will witness good performance from the auto components sector again," Sunjay Kapur, President, ACMA told reporters in a virtual conference.

IMPORTS GREW

Further, with growth in consumption of electric vehicles (EVs), the industry is witnessing a fast transformation of the auto components sector to be an integral part of the EV manufacturing supply chain, he said.



RUNNING HOT. Being an integral part of the EV manufacturing supply chain, the industry is undergoing fast transformation.

Sharing the half yearly performance of the components industry, Kapur also noted that the imports (mainly from China) also grew by 17.2 per cent to ₹79,815 crore (\$10.1 billion) in the first half of this fiscal from ₹64,310 crore (\$8.7 billion) in H2-FY22.

Asia accounted for 65 per cent of imports, followed by Europe and North America, with 26 per cent and 8 per cent, respectively. Imports from Asia grew by 21 per cent, from Europe by 6 per cent and North America by 29 per cent, the Association

noted. Export-import imbalance has come on the back of several developments such as the ongoing Russia-Ukraine war that caused a huge spike in global oil and commodity prices, depreciation of the Rupee, supply chain bottlenecks due to the slow easing of Covid restrictions in China, and pent-up demand for imports (especially of semiconductor chips), as the manufacturing sector recovered from the pandemic's shadow, the industry body explained.

Exports from India grew by 8.6 per cent to \$10.1 bil-

lion in the first half of this year as compared with \$9.3 billion in H1-Fy22, it said.

FINE BALANCE

Meanwhile, Vinnie Mehta, Director General of ACMA, said that while the components industry closed the last fiscal with a trade surplus of \$700 million, in the current fiscal it has become neutral with exports and imports finely balanced.

"The sharper growth in import has been due to the uptick in the domestic market, very much correlated to growth in the domestic market for the OEM segment," he added.

Overall, the industry body in its latest data said that India witnessed a 34.8 per cent growth to ₹2.65 lakh crore in H1-FY23, riding on domestic demand, particularly from the passenger vehicles segment.

"We've seen great growth from passenger cars and commercial vehicles. The festive season was very positive for two-wheelers, which we hope will be back on the growth track, like they have been in the past," Kapur said.