

Truckers raise heat over govt's AC cabin proposal

But commercial vehicle OEMs welcome the move, saying demand for AC trucks is already going up

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Truck operators are up in arms over the government's plan to make air-conditioned cabins mandatory for truck drivers by 2025. If implemented, the move will not only increase the cost of trucks by up to ₹50,000, but also lead to a spike in freight rates, they claim.

The Ministry of Road Transport and Highways (MoRTH) recently announced its decision to make air-conditioned driver's cabins mandatory for trucks by 2025.

However, operators point out that this will raise fuel costs by as much as 25 per cent and maintenance costs by about 50 per cent. Moreover, say industry insiders, in some models, original equipment manufacturers (OEMs) may have to make changes to the drive-train of vehicles to accommodate the AC cabin. This is likely to increase truck prices

by ₹30,000-₹50,000.

That's not all. The higher maintenance and fuel costs will likely result in a rise in freight rates. "If the government wants air conditioning to be mandatory in truck cabins, it should ensure free solar panels in every truck. This decision is going to increase our fuel cost by 25 per cent and maintenance cost by 50 per cent," said K Arul, secretary, Namakkal Taluk Lorry Owners Association (NTLOA).

Namakkal in Tamil Nadu is considered the transportation hub of south India, with more than 50,000 trucks in operation. Arul says that operators feel that these air-conditioned cabins will become a "halt and recreation room" for drivers even when the vehicle is not on the move, further driving up costs. "Even at current mileage, the business is not viable for us," he said.

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BIG COMMERCIAL VEHICLE PLAYERS



Note: Figures for Telangana and Lakshadweep not included; vehicle retail data collated as on June 3 in collaboration with Road ministry, and gathered from 1,350 of 1,436 RTOs; Source: FADA Research

36.38
Others

34.25
Tata
Motors

2.34
Daimler
Commercial
Vehicles

9.13
VECV

17.90
Ashok
Leyland

Market
share as of
May (%)

KEY ARGUMENTS

- Truck operators say fuel costs will shoot up by about 25% with the implementation of the proposal
- Prices of trucks are expected to rise by ₹30,000-50,000 each
- Truck drivers want better pay instead of AC cabins
- OEMs, however, say demand for AC trucks already picking up
- OEMs say productivity increase will keep total cost of operations steady

is preparing to issue show cause notices — some of the intermediaries have learned to have already issued notices.

Officials claim these entities had an agreement to pass on ineligible input tax credit under the guise of marketing services, and fraudulent invoices were raised with the connivance of each other.

The total GST evasion in the ongoing matter has not been determined. But a back-of-the-envelope calculation pegs it at over ₹2,500 crore.

The insurance sector regulator — the Insurance Regulatory and Development Authority of India — has lifted the limits on the payment of commissions to insurance intermediaries. With this, life and non-life players will have a freer hand in offering commissions. However, the policy change is not retrospective; hence, it will not impact the continuing tax probe.

Truckers...

Truck drivers, though, have a different take on the government's proposed move. Durai Swamy, a 27-year-old truck driver from Thiruvapur, said, "I am earning only around ₹20,000-25,000 per month. With this money, I have to look

after my family and my deteriorating health due to long 11-12 hour drives at a stretch. Instead of ACs, the government should do something to increase our salary."

Commercial Vehicle OEMs such as Tata Motors, VECV, and others have, however, welcomed the move and said the demand for AC trucks is already going up.

A senior executive of an OEM says that in models where they have an AC option, the demand is around 50 per cent of the total volumes. "Many fleet operators take cows from us, but we don't know what percentage converts the cabin to AC. But for fully built units (FBUs), the demand for AC trucks is picking up when there is an option," he said.

Welcoming the move, Vinod Aggarwal, managing director, and chief executive officer, at Volvo Eicher Commercial Vehicles (VECV), said, "Implementing air-conditioned cabins may result in some additional costs, with estimates ranging from ₹30,000 to ₹50,000, depending on the size of the vehicle. In some models, particularly light commercial vehicles (LCV), OEMs may need to consider drive-train changes and increased engine power to

accommodate AC cabins."

VECV believes that the government's decision reflects a progressive approach that will enhance driver ergonomics and comfort and facilitate improved road safety and efficient logistics.

A Tata Motors spokesperson also welcomed the move: "India's growing trucking industry is facing the challenge of attracting and retaining skilled truck drivers. This decision will benefit the health and safety of drivers and the long hours of driving will become more comfortable," he said. TML offers AC cabins as an option already and the company is confident of meeting the 2025 deadline. It too claims that it is witnessing a 'definite trend' towards AC-equipped vehicles.

Hemal N Thakkar, Senior Practice Leader & Director, Crisil Market Intelligence and Analytics, is of the view that the move will be beneficial overall. "The increase in truck prices may be about 1-2 per cent. Once AC is incorporated, mileage may see a drop of anywhere between 5-7 per cent. The operating costs may go up by about 3-3.5 per cent. However, the efficiency of drivers will also increase as fatigue will decrease. This may not have a major impact on

freight rates as the truck operator will have a fleet mix of AC and non-AC trucks," he said.

OEMs say that while there will be an incremental cost of purchase, the driver productivity will increase manifold. "Eicher offers one of the most advanced ranges of vehicles in the industry with a strong belief that driver comfort enhances truck productivity and thereby reduces the total cost of operation significantly," Aggarwal said.

He added that along with improvements in highway infrastructure, vehicle emissions and safety, this is another positive step towards transforming the trucking industry by addressing one of the most important stakeholders in the system—truck drivers. "It will also encourage more people to take up truck driving as a profession," he said.

Byju's...

Emails sent to Peak XV Partners (formerly Sequoia Capital India), Prosus and Deloitte remained unanswered.

These resignations complicate the troubles the company is facing. It is in a legal battle with lenders in the US. The

