ET Auto

BUSINESS SENTIMENT

SURVEY FY18

Editor's Note

No More Bumpy Ride Ahead

Dear Readers,

I am sure most of you have been trying to eject yourself safely from the year-long turbulence caused by policy changes such as Goods & Services Tax (GST), demonetization, implementation of BS-IV fuel emission norm and land in a safe and stable terrain.
Though, both demonetization and GST have left their indelible mark on the economy in the short-term, but here is a good news too as most part of the industry paints a positive sentiment for the remaining parts of the year, expecting the impact waning out.

The second edition of the ETAuto Business Sentiment Survey 2018 fetched responses from all the three key stakeholders – Dealers, Component

Makers and Original Equipment Manufacturers (OEM).

The **ETAuto Business Sentiment Survey FY18** considers all aspects of stakeholders of the Indian automotive industry, which includes investments on R&D design, capacity enhancements, hiring, product development, and opening of new outlets.

The survey also asked the auto industry leaders to rank the current government on various parameters, like controlling inflation, job creation, economic growth, enhancing demand as well as the preparedness of the industry on moving to the next level of emission regulations, namely BS-VI and subsequently electric vehicles.

The auto dealers have also opined their preferences for OEMs to do businesses, where Maruti takes the lead. The survey also conducted personal interview of the top industry leaders to understand the direction of the industry.

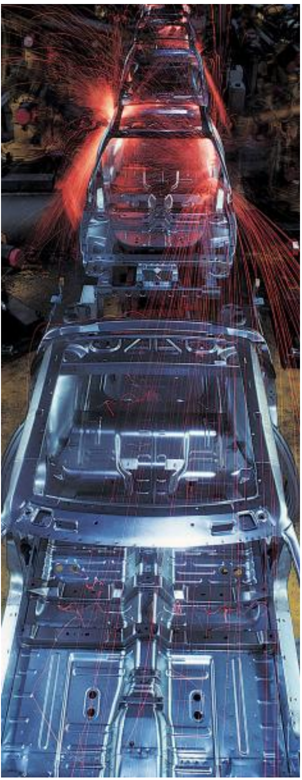
This comprehensive survey encompasses all aspects of the business, and will certainly assist the industry to take the right decision.

Wish you happy reading!

DEMONETIZATION AND GST EFFECTS KEPT THE AUTO INDUSTRY ON TOES

INTRODUCTION

The FY17 ended after witnessing big activity - demonetization. Hardly had the dust over demonetization settled down, the teething troubles of the Goods and Service Tax (GST) started.



Both demonetization and GST have left their indelible mark on the economy in the short-term, with the GDP dipping to 5.7 per cent during the April-June quarter of FY2017-18.

The ETAuto Business Sentiment Survey FY18 takes into account all aspects of stakeholders of the Indian automotive industry to gauge their responses on GST and demonetization, investments on R&D design, capacity enhancements, hiring as well as asked to rank the current government on various parameters, including controlling inflation, job creation, economic growth, enhancing demand as well as the preparedness of the industry on moving to the next level of emission regulations, namely BS-VI and subsequently electric vehicles.

METHODOLOGY

We adopted electronic mail and online methods to get the responses. The survey was uploaded on ETAuto.com. A total of around 12 questions were framed, encompassing various facets affecting the industry.

The respondents also gave their opinions and suggestions through the remarks section, which have helped in gauging the mood prevailing in the industry on various government policies and how they see the new regulations panning out.

RESPONDENTS

The ETAuto Business Sentiment Survey FY2018 attracted responses from over 800 industry readers from OEMs, auto component industry, dealerships and a few other allied segments like consultancies, machine tools makers and service providers. The respondents included professionals right from the manager level to mid management, senior management level and also industry heads.

The major number of respondents, 35.8 per cent came from the auto component manufacturers. OEMs constituting another 34.9 per cent, while dealers contributed the balance 29.3 per cent of the total responses elicited.

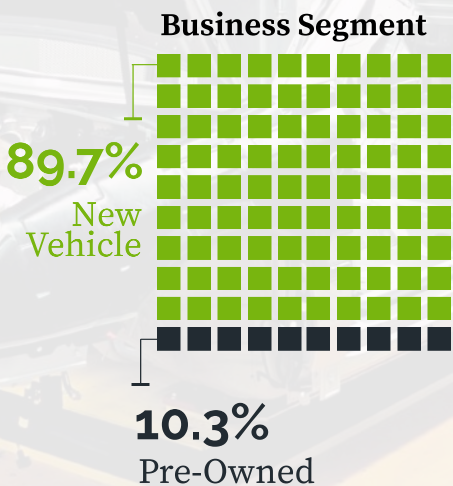
Some of the key companies that participated in the Survey included Hyundai Motor India, Bosch, Mahindra First Choice Wheels, Nissan India, Stan Auto, Denso India, Ford India, Hero MotoCorp, Maruti Suzuki India, Ashok Leyland, Subros and Hyundai Mobis.

**All figures in Percentage (%)*

25%

Nearly 25 per cent of the respondents were CXOs, directors, presidents, managing directors, founders, vice-presidents and chairmen of companies. Another 37 per cent were people in mid-level position, and higher like assistant general managers, deputy general managers, business heads. About 30 per cent were people in the manager level and rest 8 per cent were industry consultants, experts and editors.

Around 70 per cent dealers responded to various questions that the ETAuto Survey put to them relating to the passenger vehicles, two-wheelers, commercial vehicles and tractor segments. Of the 68 per cent responses received, the maximum 16.2 per cent of the dealers belonged to the country's largest passenger car manufacturer Maruti Suzuki India. The second highest 11.8 per cent were dealers of the leading two-wheeler manufacturer Hero MotoCorp, and 8.8 per cent were distributors of Mahindra & Mahindra. Tata Motor dealers constituted 7.4 per cent, Ford India 7.4 per cent and Nissan India 5.9 per cent, while Honda Motorcycle and Scooter India dealers constituted 5.9 percent of the total. About 89.7 per cent of the dealers out of the total respondents were part of the new vehicle distributorships,



while the balance 10.3 per cent were pre-owned dealers selling second-hand vehicles.

Top ten key findings:

1. OEMs spanning commercial vehicles, three-wheelers, two-wheelers and passenger vehicles are bullish of robust sales growth in the current fiscal.

2. Over 41.5 per cent auto component makers indicated the investment on R&D design would range between Rs 30-50 crore, while 9.8 per cent maintained that investment would be between Rs 50-100 crore.

3. FY2018 is also not expected to involve much of hiring on the part of OEMs with 50 per cent respondents seeing up to a maximum of 5 per cent being recruited in the R&D division.

4. Dealers and OEMs believe GST is a wonderful move and the nation needs a strong control by one strong body. The long-term impact is going to be positive and will increase ease of doing business. It is best for the economy, but implementation should be better. GST is a good reform and well enforced, but it lacks 15 per cent preparation and readiness.

5. The majority (56.1 per cent) of the auto component manufacturers, however, saw the GST positively impacting their business. About 30.5 per cent did not see any impact on their business, while 13.4 per cent expect a negative impact.

6. On new outlets to be launched in FY18, the majority of OEMs at 73.1 per cent said it would be more than last year, 21.8 per cent maintained it would be less than last year.Over 43.6 per cent

7. Over 43.6 per cent respondents rated Maruti Suzuki India as the best OEM, 10.9 per cent rated Hero MotoCorp the second best, 7.3 per cent rated M&M the third best and 1.8 per cent cited Ford India the fourth best.

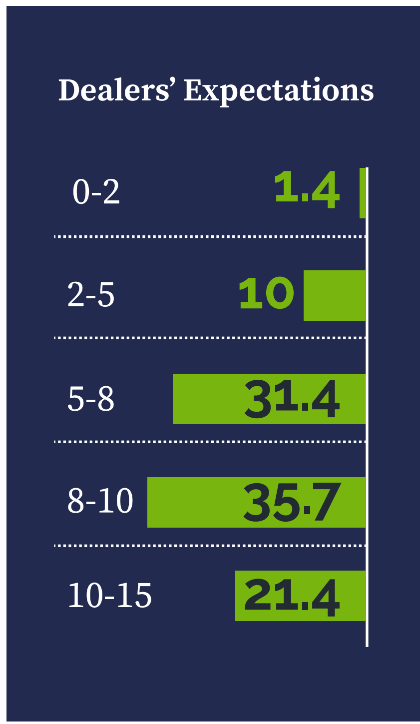
8. OEMs indicated an upper limit of Rs 1,500 crore investments was on the cards. About 37.5 per cent signalled their intent of investing up to Rs 100 crore in R&D design.

9. Maximum investments are likely in capex, acquisitions and R&D as companies adopt upcoming technologies in line with new policy changes of the government to move to BS-VI, electric drivetrain and safety norms.

10. The current government was graded on various parameters such as economic growth, where 41.2 per cent dealers rated it as 3, 14.7 per cent respondents ranked it at 1, another 14.7 per cent as 2, 17.6 per cent respondents rated it as 4, and 11.8 per cent responses ranked it as 5.

WHAT KIND OF YOY GROWTH DOES THE INDUSTRY EXPECT IN SALES IN FY2018?

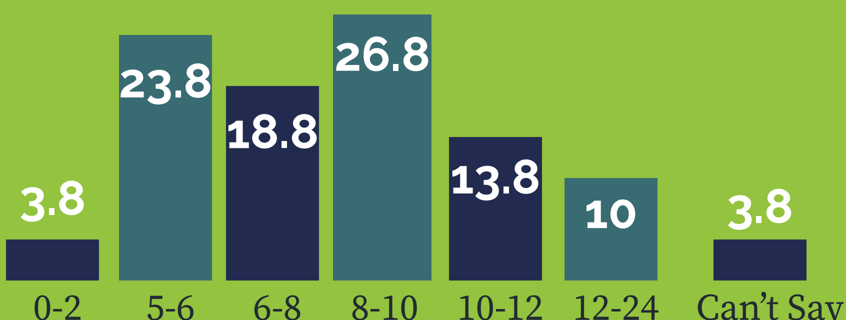
About 35.7 per cent of dealers declared that they are expecting an 8-10 per cent growth, 31.4 per cent of the dealers looking forward to a 5-8 per cent growth, 21.4 per cent respondents expect a 10-15 per cent growth, 10 per cent respondents a 2-5 per cent growth and 1.4 per cent dealers a 2 per cent growth.



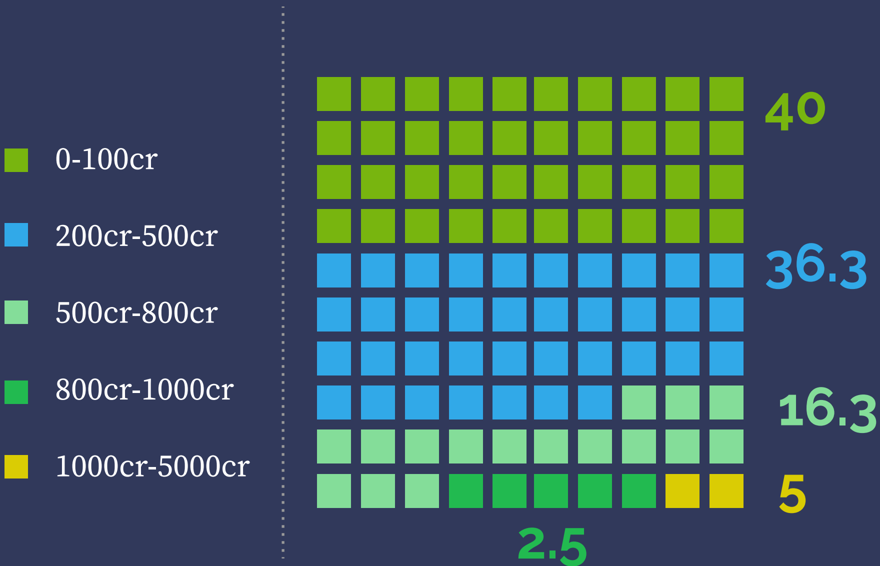
OEMs spanning commercial vehicles, three-wheelers, two-wheelers and passenger vehicles are bullish of robust sales growth in the current fiscal.

About 26.3 per cent responses spoke about expectation of an 8-10 per cent growth rate, 23.8 per cent believed 5-6 per cent, 18.8 per cent maintained a 6-8 per cent growth projection, 13.8 per cent said a 10-12 per cent growth was on the cards, while 10 per cent spoke of a 12-14 per cent growth rate. Initial problems relating to GST may diminish by FY18-end, and hence, GST may start paying off dividends. Demonetization effects too will fade away and recovery is underway.

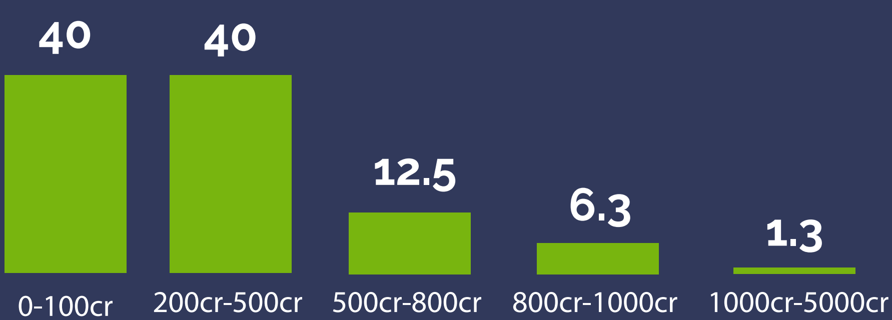
R&D/Design



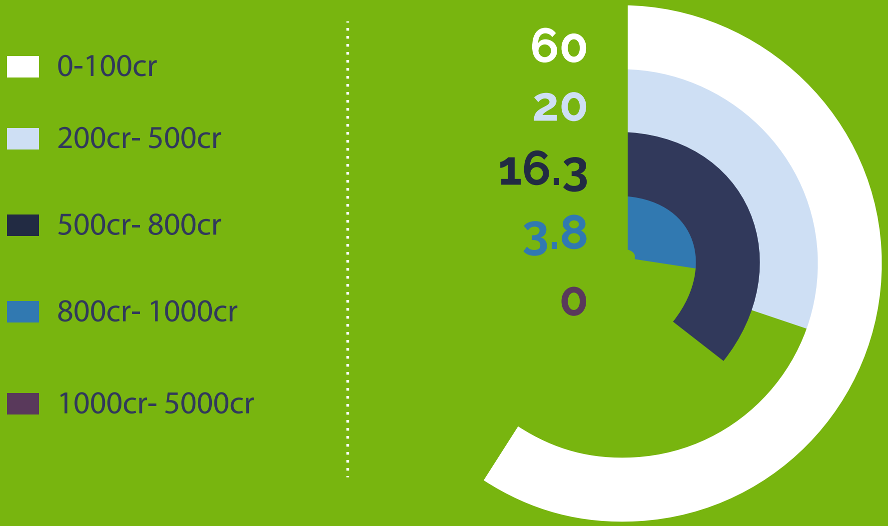
Capacity Expansion



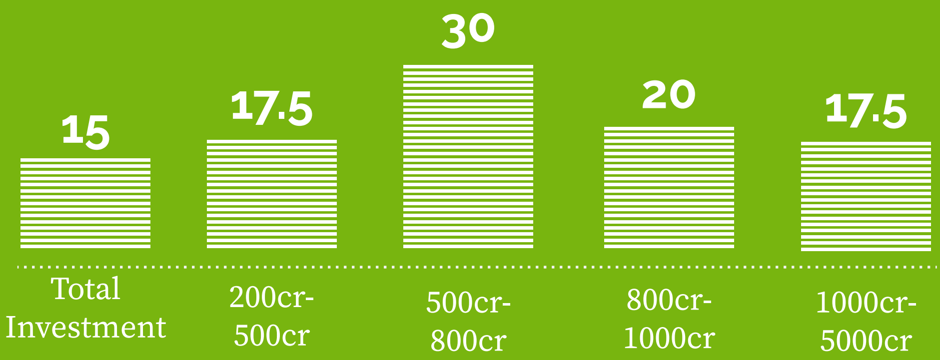
Automation



M&A



Total Investment



About 26.8 per cent of the auto component makers are expecting an 8-10 per cent growth during FY18. About 22 per cent of the respondents said the growth would be between 6-8 per cent, 17.1 per cent said it would be between 5-6 per cent, 2.4 per cent felt it would be between 0-2 per cent, 12.2 per cent said it would range between 10-12 per cent, while 4.9 per cent indicated they were uncertain.

Auto Component Makers' Expectation

THEN, HOW MUCH THEY EXPECT TO INVEST IN FY2018?

Most of the dealers did not hope for high investments during the year. About 30 per cent of the dealers said they did not know, 21.4 per cent said they would invest less than Rs 2 crore, while another 21.4 per cent maintained they would invest between Rs 5-20 crore, 11.4 per cent were optimistic of investing between Rs 2-5 crore. Only 2.9 per cent expressed hope of investing more than Rs 200 crore.

Dealers' to Invest

None	5.7
Don't Know	30
Less than 2cr	21.4
2-5cr	11.4
5-20cr	21.4
20-50cr	4.3
50-100cr	2.9
100-200cr	0
>200cr	2.9

OEMs indicated an upper limit of Rs 1,500 crore investments was on the cards. About 37.5 per cent signalled their intent of investing up to Rs 100 crore in R&D design, with about 40 per cent vehicle makers saying that they would spend up to Rs 100 crore on capacity expansion. More OEMs seemed to be focusing on automation in their plants as 40 per cent of them said they would invest up to Rs 100 crore on it, while an equal number said they would invest between Rs 200-500 crore on automating their facilities. Over 60 per cent of them are expected to unleash another Rs 100 crore spending this fiscal on mergers and acquisitions. Total investments (about 30 per cent) on these parameters for OEMs are expected to fall in the Rs 500-800 crore bracket for most.

OEMs to invest in R&D

Parts makers to invest in R&D

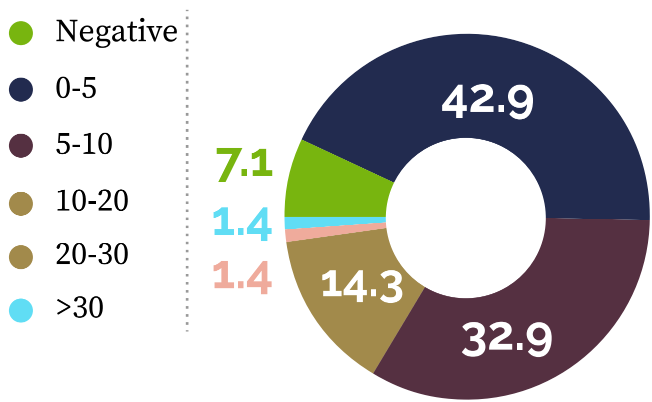
30cr-50cr	41.5
50cr-100cr	9.8
100cr-150cr	3.7
150cr-200cr	1.2
200cr-250cr	2.4
250cr-300cr	0
350cr-400cr	0
>400cr	7.3
Can't Say	34.1

Over 41.5 per cent auto component makers indicated the investment on R&D design would range between Rs 30-50 crore, while 9.8 per cent maintained that investment would be between Rs 50-100 crore. In capacity expansion, about 47.6 per cent said it would vary from Rs 30-50 crore and about 15.9 per cent responded that it would be between Rs 50-100 crore. In terms of automation, 37.8 per cent respondents said they would invest between Rs 30-50 crore in it, and 6.1 per cent replies indicated it would be between Rs 50-100 crore. Only 34.1 per cent respondents said they would invest between Rs 30-50 crore in M&As, while only 6.1 per cent respondents said they would invest Rs 50-100 crore on the same.

HOW DO YOU LOOK AT THE OVERALL INVESTMENT GROWTH IN FY18 OVER THE PREVIOUS YEAR?

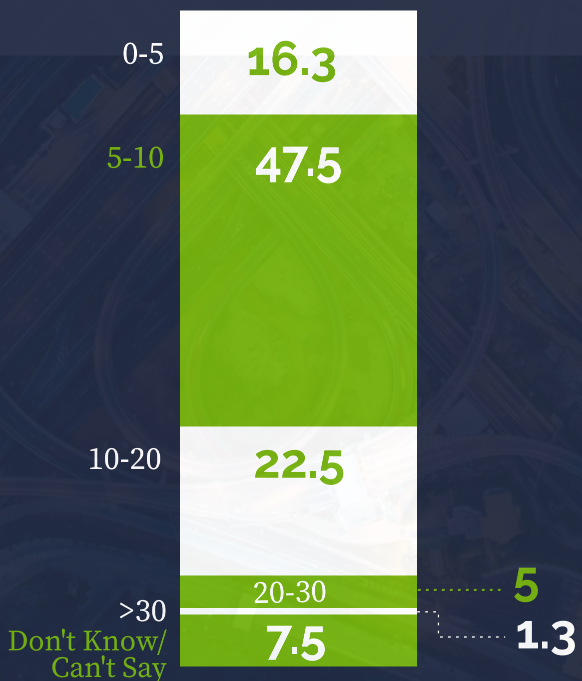
To this the major chunk of 42.9 per cent of the dealers said it would be 0-5 per cent, 32.9 per cent said 5-10 per cent, 14.3 per cent respondents said 10-20 per cent growth, 7.1 per cent said negative growth, and 1.4 per cent respondents forecast an investment growth ranging between 20-30 per cent.

Investment Growth in FY18



Maximum number of vehicle makers pegged it at 47.5 per cent and rated investments between 5-10 per cent, 22.5 per cent ranked them between 10-20 per cent, 16.3 per cent projected the industry spending up to 5 per cent, while 7.5 per cent were unclear about how much they would be investing in the current fiscal.

OEMs take on investment growth



Component manufacturers on investment growth

Negative	1.2
0-5	37.8
5-10	25.6
10-20	19.5
20-30	3.7
>30	2.4
Can't Say	9.8

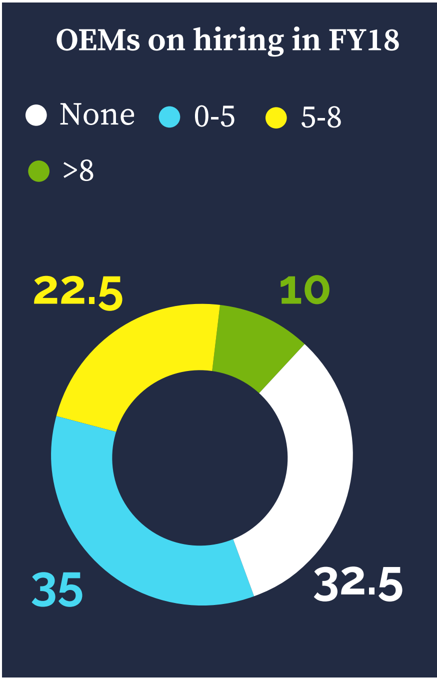
Among auto component makers, 37.8 per cent said 0-5 per cent, 25.6 per cent maintained that it would be 5-10 per cent, 19.5 per cent said 10-20 per cent. Maximum investments are likely in capex, acquisitions and R&D as companies adopt upcoming technologies in line with new policy changes of the government to move to BS-VI, electric drivetrain and safety norms.

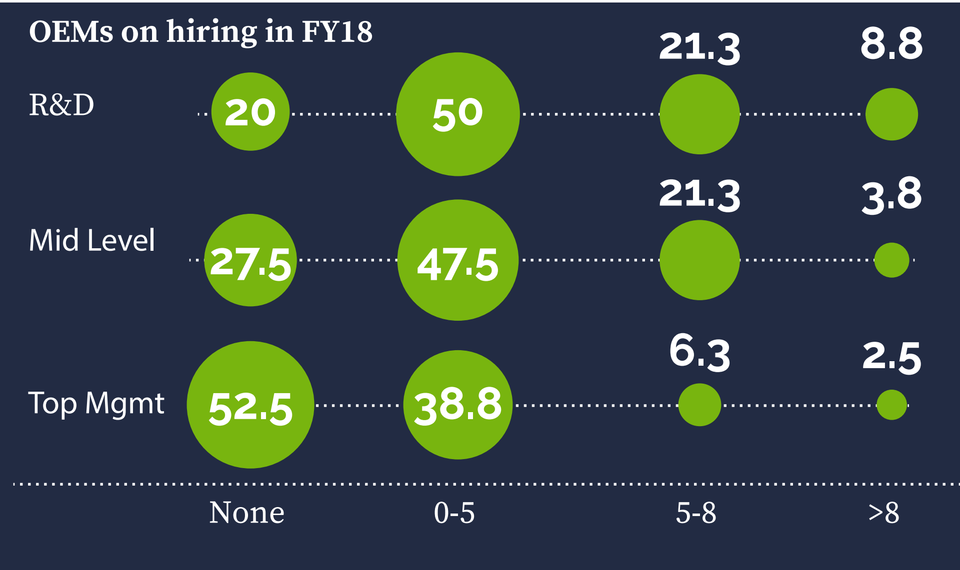
HOW DO YOU LOOK TO INCREASE YOUR HIRING IN FY18?

The maximum 31.4 per cent of dealers said hiring would rise 4-5 per cent, 15.7 per cent would not be hiring. Another 15.7 per cent maintained they would be hiring 8-10 per cent, while 12.9 per cent respondents felt they would hire 5-6 per cent and 11.4 per cent respondents said they would hire 10-12 per cent people.

Dealers on hiring

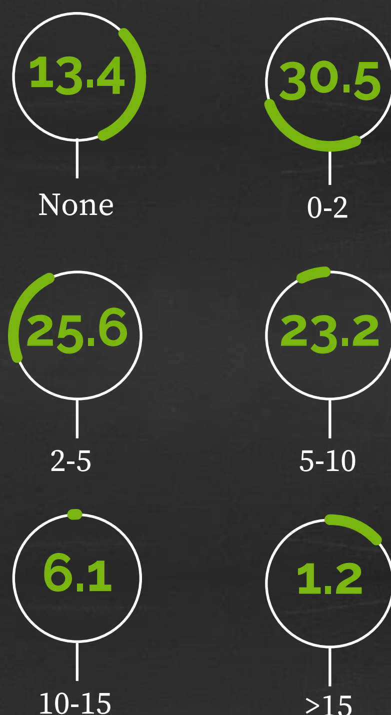
FY2018 is also not expected to involve much of hiring on the part of OEMs with 50 per cent respondents seeing up to a maximum of 5 per cent being recruited in the R&D division. At the top managerial level, 38.8 per cent see up to 5 per cent of new hiring, while 47.5 per cent respondents expect up to 5 per cent of new recruitments at the mid-level. Even at the shop floor level only 35 per cent respondents expect up to a 5 per cent hiring.





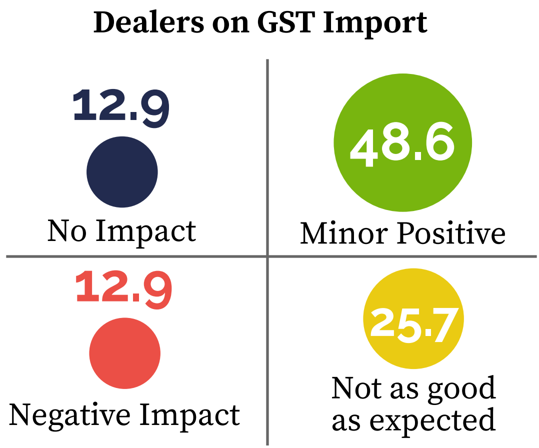
About 30.5 per cent of the auto component makers look at a nominal 2 per cent hiring in FY18, 25.6 per cent see 2-5 per cent, 23.2 per cent said they expect 5-10 per cent hiring, and 13.4 per cent none. Not much of hiring expected in FY18 because of stiff budgets, optimisation of cost and manpower with existing resources are facing financial crunch.

Parts makers on hiring



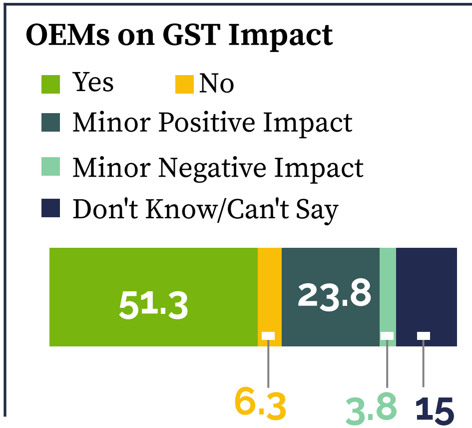
WHAT KIND OF IMPACT WILL GST HAVE ON YOUR BUSINESS?

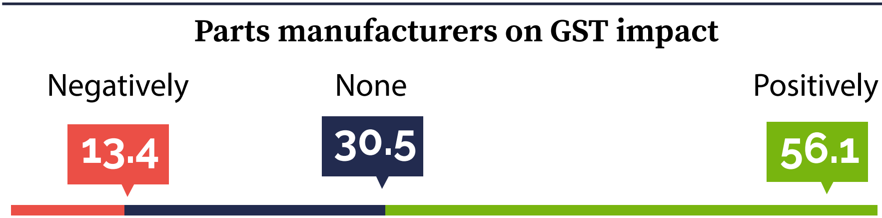
GST transition has impacted the first quarter GDP growth (5.7 per cent) of India significantly. Further slow recovery in IIP, post-GST implementation, indicates GST transitional issues are still hindering full recovery. About 48.6 per cent of the dealers said that GST would have a minor positive impact, 25.7 per cent said not as good as expected, 12.9 per cent maintained no impact, while another 12.9 per cent said negative impact. As about 50 per cent of the sales accrue from rural areas, but there is no clarity on how dealers will sell to sub-dealers and how sub-dealers will market products to customers. But sub-dealers are not given trade certificates, rural areas are set to get impacted, feel dealers. Most of dealers believe GST is a wonderful move and best for the economy, but the nation needs a strong control by one strong body. Long-term impact is going to be positive and will also increase the ease of doing business.



WILL GOVERNMENT POLICIES LIKE GST IMPACT YOUR BUSINESS?

Almost 51.3 per cent of the respondents affirmed its impact, while 23.8 per cent said it had a minor positive impact, while 15 per cent maintained they did not know.
Most of the OEMs acknowledged that the GST was a useful initiative on overhauling the tax structure, but it should have sported a uniform single rate across the country. Most felt it would boost businesses in the long-run with ease of operations.
The majority of the auto component manufacturers (56.1 per cent), however, saw the GST positively impacting their business. About 30.5 per cent did not see any impact on their business, while 13.4 per cent expect a negative impact.





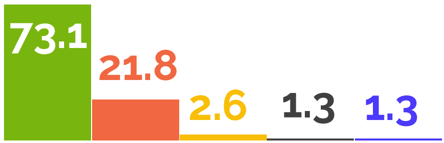
HOW MANY NEW PRODUCTS/OUTLETS DO YOU EXPECT TO LAUNCH IN FY18?

OEMs to launch new products

More than last year

Less than last year

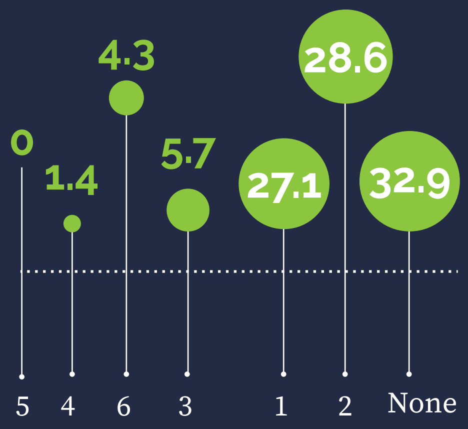
1 0 Can't Say



The majority of OEMs at 73.1 per cent said it would be more than last year and 21.8 per cent maintained it would be less than last year, leaving a question mark in the public's mind.

Dealers are not planning any major capacity expansion during FY18. About 32.9 per cent respondents said no, 28.6 per cent said 2 outlets, 27.1 per cent respondents said 1 outlet, and 4.3 per cent said they would open 6 outlets.

Dealers on new products' launch



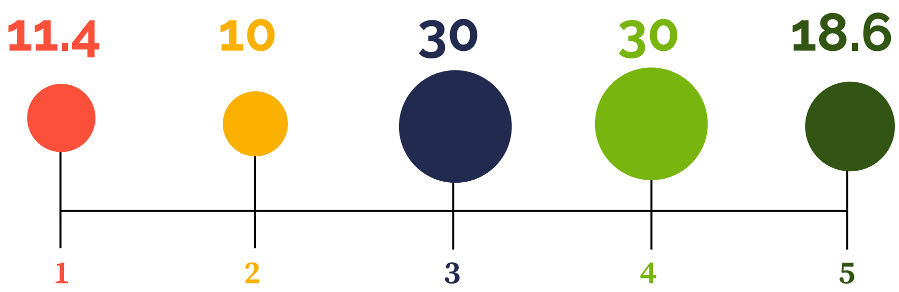
HOW DO YOU RANK **VEHICLE MANUFACTURERS** IN TERMS OF **DOING BUSINESS?**

Over 43.6 per cent respondents rated Maruti Suzuki India as the best OEM, 10.9 per cent rated Hero MotoCorp as the best, 7.3 per cent rated M&M as the best and 1.8 per cent cited Ford India as the best.

HOW DO YOU RANK **THE CURRENT GOVERNMENT'S PERFORMANCE** IN THE LAST THREE YEARS ON A 1-5 SCALE?

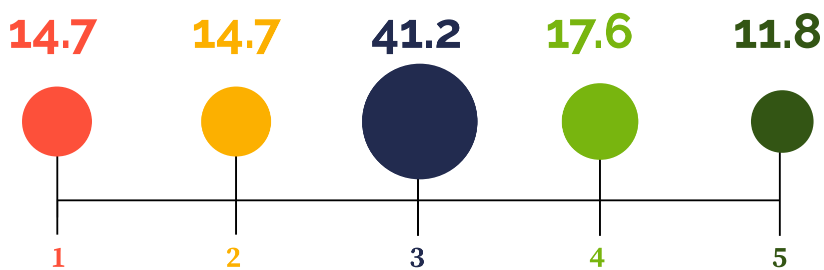
In the dealers' category, about 30 per cent rated it as 3, while another 30 per cent ranked it at 4. About 18.6 per cent ranked it as 5, while another 10 per cent gave it 2, And 11.4 per cent ranked it at 1, which is the lowest on the scale.

Dealers' take on Govt's performance



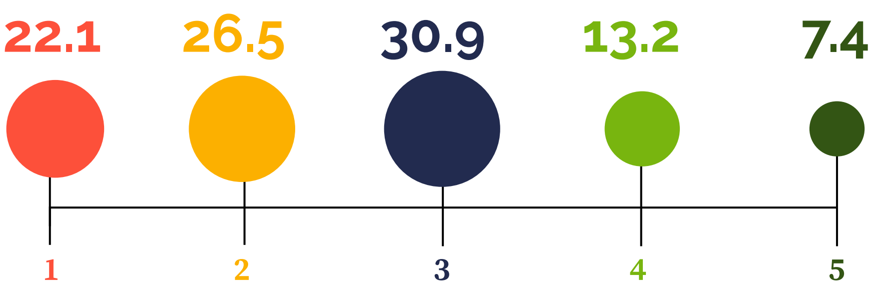
The government was graded on various parameters such as economic growth, where 41.2 per cent dealers rated it as 3, 14.7 per cent respondents ranked it at 1, another 14.7 per cent as 2, 17.6 per cent respondents rated it as 4, and 11.8 per cent responses ranked it as 5.

Economic Growth



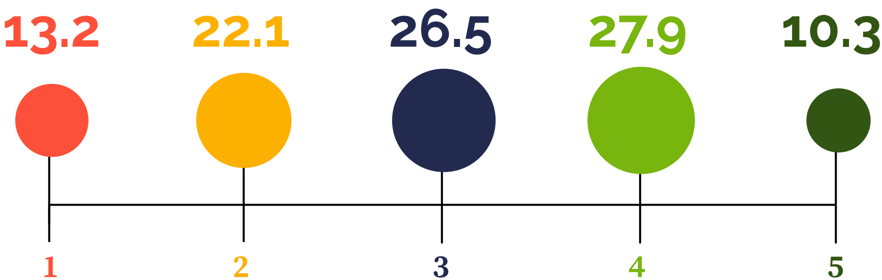
On the job creation front, 30.9 per cent respondents ranked it 3, 26.5 per cent people at 2, 22.1 per cent respondents at 1, 13.2 per cent responses at 4, and 7.4 per cent ranked it at 5.

Job Creation



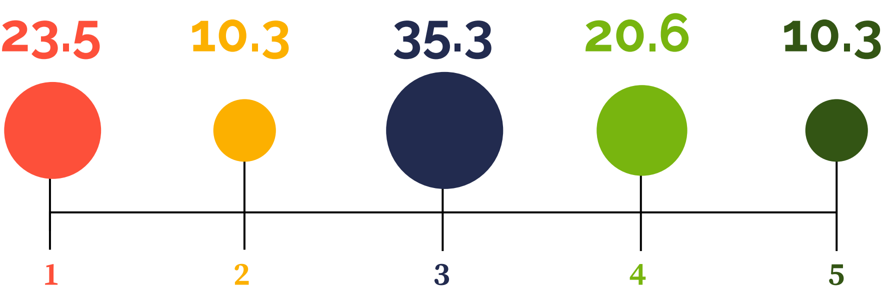
On the parameter of controlling inflation, the government was rated 4 by 27.9 per cent respondents, 3 by 26.5 per cent dealers, 2 by 22.1 per cent dealers, 1 by 13.2 per cent respondents and 5 by 10.3 per cent dealers.

Controlling Inflation



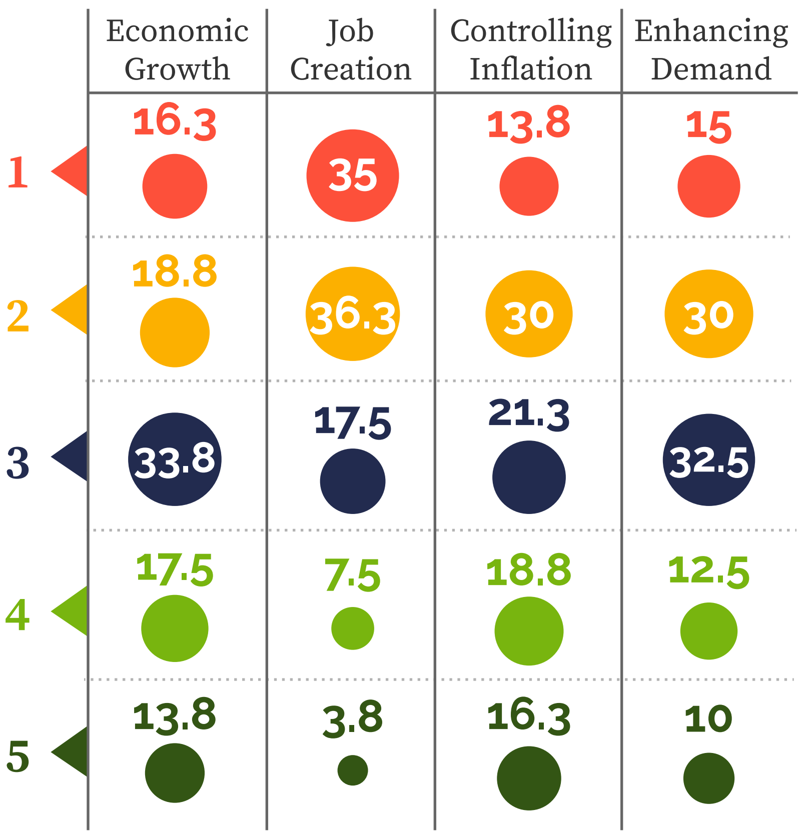
On enhancing demand, 35.3 per cent responses rated it 3, 23.5 per cent ranked it 1, 20.6 per cent rated it as 4, 10.3 per cent respondents ranked it as 5 and another 10.3 per cent rated it at 2.

Enhancing Demand



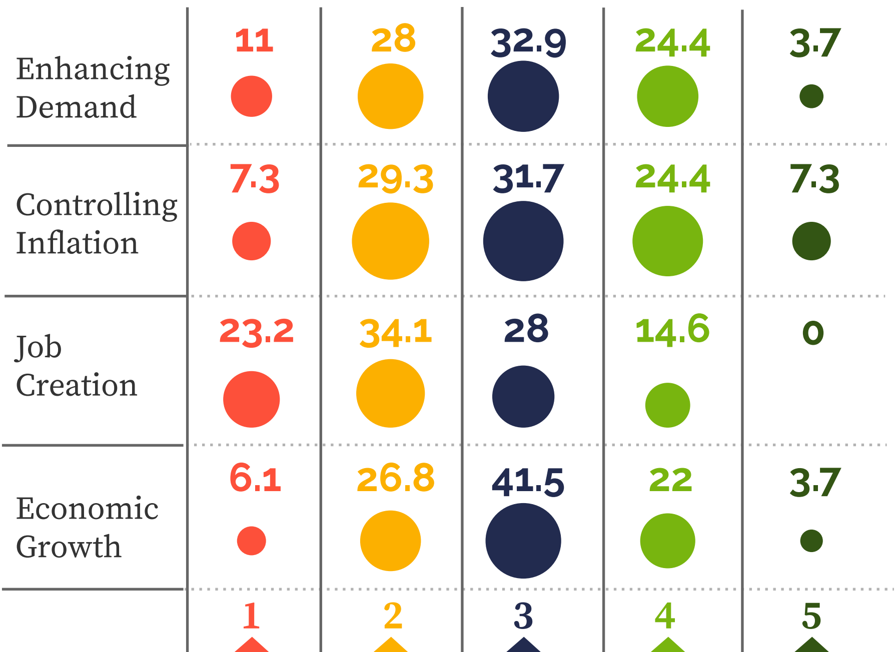
About 33.8 per cent responses from vehicle manufacturers ranked the government at 3 in terms of the economic growth. In job creation, 36.3 per cent respondents found it at the number 2 slot, leaving more work to be done at this end. In controlling the inflation, 30 per cent ranked it at 2, while on the parameter of enhancing demand, 32.5 per cent respondents rated it at 3.

Vehicle manufactures on Govt.



Some of the respondents said more infrastructure investments were required, including on roads, rivers, railways to connect every city with a population of 10,000. But overall, they were positive about the economic growth happening in 2017-18.
Among auto component makers, over 41.5 per cent respondents ranked it at 3 in terms of the economic growth. In job creation, however, the government has lagged with 34.1 per cent respondents pegging the parameter at 2. In controlling the inflation, 31.7 per cent respondents ranked it at 3, while in enhancing demand, 32.9 per cent respondents pegged it at 3.

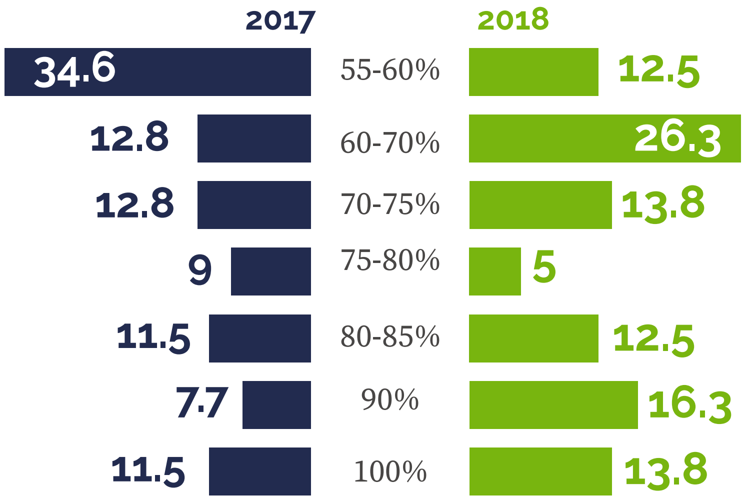
Parts makers on current Govt.



HOW MUCH CAPACITY UTILIZATION WAS UNDERTAKEN BY EACH VEHICLE MANUFACTURER DURING FY17 AND HOW MUCH WILL IT BE IN FY18?

About 34.6 per cent of the vehicle manufacturers indicated a utilization of between 55-60 per cent. Around 12.8 per cent used 60-70 per cent of their capacity, while another 12.8 per cent utilized 70-75 per cent of their capacity. Only 11.5 per cent of the respondents used full capacity, while another 11.5 per cent utilized 80-85 per cent of their capacity. About 7.7 per cent utilized 90 per cent of their capacity.

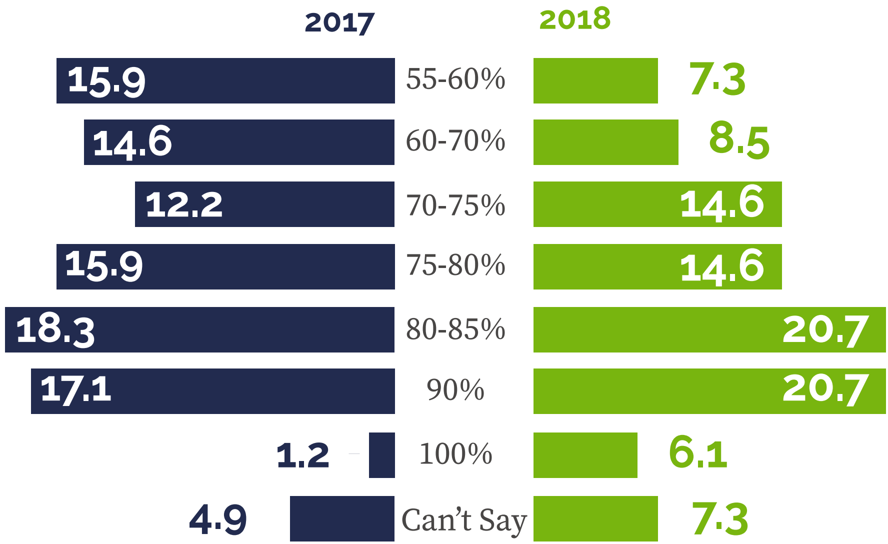
Capacity utilization by OEMs



That means existing capacities can be further utilized in FY18. In comparison of average capacity utilization for FY18, 26.3 per cent respondents said they would use 60-70 per cent of their capacity, 13.8 per cent would use 70-75 per cent of their capacity and only 13.8 per cent would utilize full capacity. About 12.5 per cent would use 80-85 per cent of capacity and another 12.5 per cent use 55-60 per cent capacity.

Most auto component manufacturers (about 18.3 per cent) said they utilized capacity to the extent of 80-85 per cent in FY17, 17.1 per cent have used 90 per cent of the capacity, while the lowest 12.2 per cent have optimized capacity at 70-75 per cent. Dealers prepare to play safe as the auto sector was on recovery path and will invest in further capacity building in a limited way prefer to optimise utilization of existing outlets, despite higher number of product launches expected in current fiscal over last year.

Capacity utilization by parts makers



So what will be the average capacity utilization in FY18?

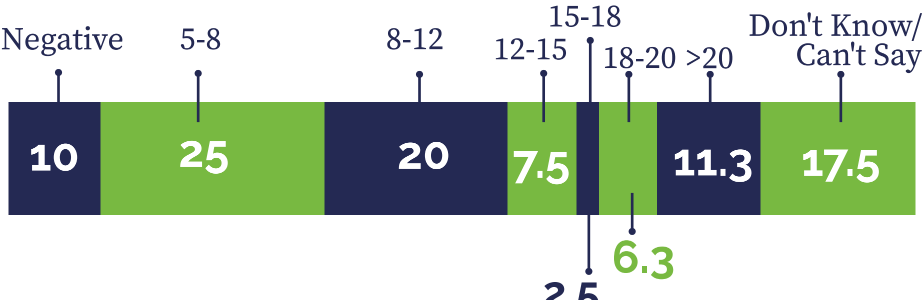
About 20.7 per cent pegged capacity utilization at 80-85 per cent in FY2018, while another 20.7 per cent ranked it at 90 per cent. About 14.6 per cent pegged it at 75-80 per cent, while the same percentage rated it at 70-75 per cent. The balance 7.3 per cent predicted it would be at 75-80 per cent and the same per cent ranked it at 55-60 per cent.

HOW WILL EXPORTS GROW DURING THE CURRENT FISCAL?

Exports have been subdued in the current fiscal and OEMs, when asked how they thought their exports would grow in the current year, gave a mixed response.

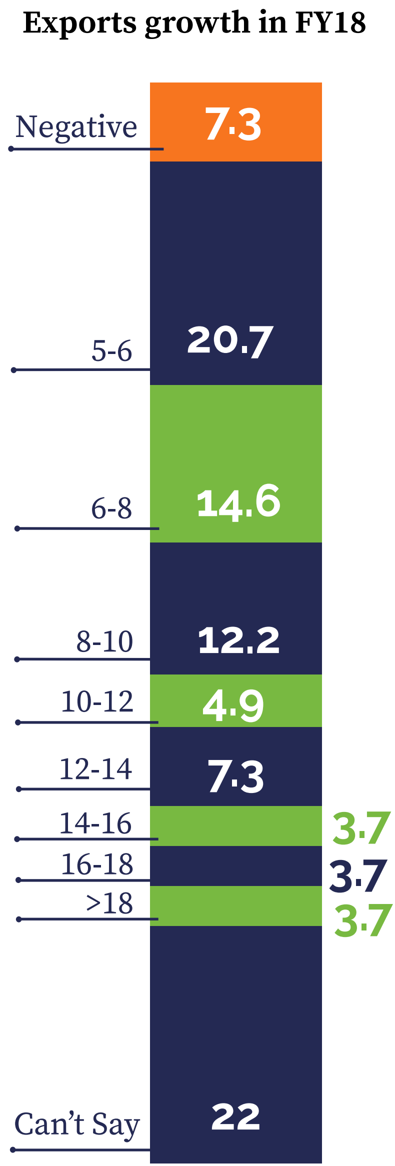
About 25 per cent respondents said 5-8 per cent, 20 per cent saw an 8-12 per cent uptick, 17.5 per cent said they did not know, while 11.3 per cent felt it would be over 20 per cent, while 10 per cent saw a negative growth.

Capacity utilization by parts makers



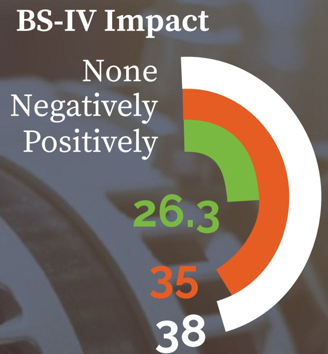
According to the Society of Indian Automobile Manufacturers (SIAM) first quarter figures, overall automotive exports grew 10.71 per cent, while passenger vehicles were in the red at 1.34 per cent, with the highest decline in the vans segment. Total commercial vehicle exports de-grew by 28.53 per cent, with the highest drop witnessed in the light commercial vehicle category at 41.72 per cent. Three-wheeler exports, however, grew by 19.42 per cent and two-wheelers by 15.22 per cent.

Auto parts makers, however, do not seem too optimistic about the growth in exports in the current fiscal as 20.7 per cent pegged it between 5-6 per cent. About 22 per cent said they can't say, while 14.6 per cent expect it to vary between 6-8 per cent. About 7.3 per cent said the growth would be negative.



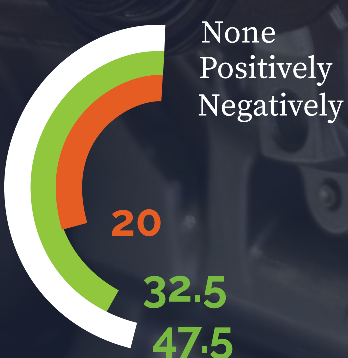
HOW DO YOU SEE THE BS-IV IMPACTING YOUR BUSINESS?

About 38.8 per cent said it had no effect, while 35 per cent said the impact was positive, while 26.3 per cent felt the impact was negative.



About half of the auto parts makers thought that the implementation of the BS-IV emission norms did not have any impact on their business, 32.5 per cent saw a positive effect and 20 per cent thought it would have a negative impact.

Implementation of the BS-IV norms in multiple states even before April 2017 resulted in comparatively lower increase in cost of ownership in the LCV segment.



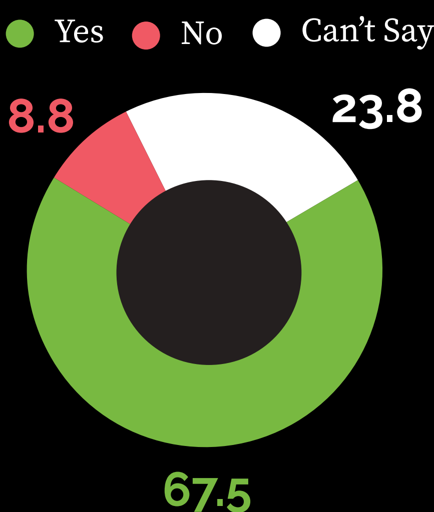
As a result of lower pre-buying in Q4 FY17 (compared to its MHCV counterparts), the segment is expected to grow in FY18.

The MHCV sales are expected to drop further during FY18, mainly due to the recent shift from BS-III to BS-IV that led to pre-buying in Q1 FY18 because of expectations of price rise, according to SIAM.

HOW READY IS THE INDUSTRY FOR THE BS-VI EMISSION IMPLEMENTATION?

About 67.5 per cent OEMs replied in the affirmative saying they were ready to move up the value chain to BS-VI. About 23.8 per cent said they were not sure, while only a handful 8.8 per cent responded in the negative.

BS-VI Implementation



More than 58.5 per cent of the auto component manufacturers indicated in the positive, while 31.7 per cent were undecided and the remaining 9.8 per cent respondents said they were not ready for the new emission regime.

WITH THE GOVERNMENT'S INTENTION TO CONVERT ALL VEHICLES TO ELECTRIC BY 2030, HOW OEMS VISUALIZED THE GROWTH OF ELECTRIC VEHICLES IN INDIA

About 57.5 per cent vehicle makers responded saying the growth of EVs would be minimal (about 20-25 per cent), 13.8 per cent said it would be good (35-40 per cent), another 13.8 per cent maintained it would be average (30-35 per cent), and 7.5 per cent said they did not know.

ARE WE READY TO MAKE THE COUNTRY AN ALL-ELECTRIC VEHICLE MARKET BY 2030?

Almost 48.8 per cent replied in the negative, 28.7 per cent said yes and 22.8 per cent indicated they were not sure.

CONCLUSION

Most of the respondents were unanimous that while the enforcement of GST is a good initiative, its implementation has not been so effective and could have been better.

As with any change the GST legislation will come with its teething problems. The traders and business community that has thrived for many decades on tax evasion will be hit. As the tax widens and government revenues improve, a reduction in income tax is expected on the salaried class. Job creation seems to be the sore thumb that stands out across the response segments and requires a harder push if the current government has to regain power in 2019 for a second term.

EXCITING FACTS THAT YOU SHOULD KNOW ABOUT THE AUTO SECTOR

ETAuto has complied few interesting stats about the auto industry based on the domestic sales and production data, which was shared by the Society of Indian Automobile Manufacturers and other notable leaders for the financial year 2016-2017

- ☐ **7 out of 10 bikes** sold in **FY17** were either Hero, Honda, or Bajaj

- ☐ One in every **two scooters sold** was Honda Activa

- ☐ The number of vehicles **Fiat sold in a year** was what Maruti sold in less than two days

- ☐ Over two of Maruti Suzuki cars were sold in **every one minute**

- **One out of every 2** three-wheeler **passenger carrier** was of **Bajaj Auto**
- The Indian auto industry recorded **highest-ever May sales** at **2.03 million** units
- **Over 6.71 lakh** two-wheelers were sold in last three days **before BS-IV implementation**.
- **More than 8,347 PVs** (cars and SUVs) and **1,957 CVs** were sold in a day in **FY17**.
- About **48 automobile** were produced **every minute in FY17** versus 46 units in FY16.
- In every **2 minutes, 3 SUVs** were **sold in FY17**, compared to 1 SUV sold in a minute in FY16.
- In **every 1 minute, 1.48 three-wheelers** were **produced**.
- Around 38 **two-wheelers** were **produced every minute** in **FY17**, compared to 34 in FY16.

- ☐ Every minute **21 motorcycles** and **10 scooters** were **sold**.
- ☐ Over **7,410 cars** were **produced** everyday in India
- ☐ Every hour **2,008 two-wheelers** were **sold** in India

BIG PREDICTIONS FOR THE AUTO INDUSTRY IN FY18

- ☐ PV to grow 7-9%, three-wheeler to 4-6%, two-wheeler to 9-11%, and CV segment to 4-6%, predicts SIAM for FY18.
- ☐ India’s PV, two-wheeler sales to be in high single digits: Fitch
- ☐ Domestic passenger vehicle sales will grow by 9-10% during the ongoing fiscal, while two-wheelers sales to grow 8-10% in FY18. Tractor sales to grow 10-11% this fiscal: ICRA.
- ☐ The Indian auto component industry grows 14.3% in FY17; bullish on a 10% growth in FY18: ACMA
- ☐ The Indian auto sales growth to moderate to 7% in 2018: Moody’s

EXPERTS' TAKE

Rattan Kapur,
former President of ACMA

"The industry grew by 14.3% over the previous year, scaling Rs 292,184 crore. Exports grew by 3.1% in FY17 to Rs 73,128 crore, registering a CAGR of 11 per cent. The aftermarket witnessed a silver lining, which grew by 25.6% to Rs 56,096 crore."

"The future is bright, though urban infrastructure could pose some problems. However, car buying will be curtailed by infrastructure challenges and the infrastructure growth may be slower than what we need to build…"

RC Bhargava,
Chairman, Maruti Suzuki

YK Koo,
MD, Hyundai Motor India

"The market growth will slow to 7-9% in fiscal 2018, due to initial impact of GST, which though will be beneficial to the industry in the long term."

Roland Folger,
MD, Mercedes Benz India

"The market conditions are stable. This was again a tough year with the impacts from demonetisation and GST… (but) if everything continues as we have planned, we will be able to do better than last year."

"GST is a good opportunity to align India to the global level, but with the higher cess imposed on the bigger cars, the price gap between small and bigger cars is pretty significant. With the tax difference, it will continue to remain a large part of the Indian market…"

Yoichiro Ueno, President & CEO, Honda Cars India

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