

BS VI norms: 'Govt must ensure homologation is not a bottleneck'

The Centre has planned to directly move to more stringent Bharat Stage (BS)-VI emission norms, from the prevailing BS-IV standards, by April 2020, four years ahead of the earlier schedule. The proposed move provides opportunities for auto makers amid some major technological challenges. Srivats Ram, Managing Director, Wheels India, and former president of Automotive Component Manufacturers Association of India (ACMA), spoke to BusinessLine on new regulations and challenges. Excerpts:

How does the auto parts industry view the upcoming regulations such as new emission and fuel norms?

Globally, emission standards were implemented with adequate time gap between one level and another. Europe took significant amount of time to move to Euro 6 norms. This was done over phases due to the challenges in adopting the technologies to new standards. The exercise involved manufacturing innovation, testing and validation of technologies. While the government has planned to leapfrog BS-V norms with some foresight, Indian conditions – be it road, driving habits, availability of compliant fuel, are different when compared with the West. The move towards BS-VI norms calls for a strong innovation and involves a lot of technological challenge.

Are the new regulations an opportunity for growth for the auto component players?

There are opportunities for the auto component sector in so far as the technologies that needs to be brought into the country. The challenges for the auto component sector will be to adapt to the new requirements and norms and to develop parts for the newer regulation. The bigger concern is that we make investments for them. As it is, we have to hope that when we win a business that the customer will sell the vehicle well. Earlier, you could take it for granted that the customer has placed an order and that he will sell so much. But now barring the top players, none of the others are able to hold on to the forecast.

What are the key challenges in moving to BS-VI norms?

There is a system in India that all the vehicles should be homologated by the Government. There are 400 plus vehicles and if you apply it across the board - that is a huge number to be homologated. There are about 60 vehicles that are homologated in a given year. And that is a bottleneck for launching new vehicles in India. So the government's apparatus to test and validate the huge number of vehicles in a given year will be a constraint.

There is an existing technology. How do you adapt to overcome the issues relating to specific Indian road conditions, driving habits and so on. They have to see how to adapt the technology to make it affordable for the Indian market.

This is probably the most significant challenge that the Indian automotive industry has had from inception.

Should manufacturers wait for the government to legislate or should they do it voluntarily?

India is a price-sensitive market. In so much as some of these features that we talk about have come about even in the West only after the regulations have been announced. For example, if you take the euro norms, only after the implementation of euro norms have the vehicles been manufactured to that standard. If you take the crash test, for instance, only after the insertion of the crash test norms did the vehicles start following that. The difference between India and the other markets is that the other markets have had time to actually develop the technology and implement it. India seems to be on a fast path judging by the current road map that has been laid out. But it would be a significant challenge practically for the industry to be able to meet the timeline.

What kind of support from the government could get the new norms implemented on time?

The government needs to ensure that regulation and validation and homologation is not a bottleneck. Secondly, if technologies have to be developed specifically to meet very strict guidelines from the government, there should be some kind of technology funding towards meeting this because this requires the industry to develop technologies not per say to meet customer requirement but to meet government requirement. And the investment in R&D involved in that could be significant.