Corona Virus Hammers Forging and Auto Component Manufacturing Industries in India

The disruption caused by the Corona Virus has hit the Automotive industry and thus also affected the automotive component and forging industries. China accounts for 27 percent of India’s automotive component imports and this year, vehicle demand in the country is projected to decline by 8.3 percent.

Speaking on the issue Mr. S Muralishankar, President- AIFI said, “The Corona Virus is expected to have an impact on the Indian automotive industry and hence also on the automobile component and forging industries, who had already reduced their production rate due to the market conditions and on account of the impending change over to BS-VI emission norms from BS-IV from the 1st of April 2020.”

China is one of the leading suppliers of automotive components in India, the slowing supply of components manufactured in China would cause shortage.

In the recent report it has been stated that the impact on commercial vehicle (CV), passenger vehicle (PV) and the two-wheeler (2W) segments will be more profound. Currently, the OEMs have reduced their production plan for February and March due to the non-receipt of components.

He further added, “The problem is further aggravated by the Chinese government's suspension of shipments by sea until further notice and allowing air-only shipments that are not suitable for Auto Components and forging industries, therefore the Indian OEMs are unable to plan production beyond the inventory as currently available to them.

Further, the International customers have asked for shipments to be delayed till further advice, as their supply lines to are facing the adverse impacts of the disruption caused due to the shutting down of manufacturing facilities temporarily in China.

The Indian Government has also issued a notification mandating the decontamination of containers at the port prior to release to the Indian Customs. However, the guidelines/procedures to be followed for decontamination have not been notified, therefore it is not possible for the Indian importers to clear consignments that have already reached Indian Shores on time.
ABOUT AIFI:
Association of Indian Forging Industry (AIFI) is the apex body of the Indian Forging Industry. At present, it consists of over 250 members, who command a large market share of the total production of the Indian forging industry. The role of AIFI is to promote and develop the Indian Forging Industry to meet the demands and expectations of forging customers and end-users, both domestic and global) by improving the business environment for its members and contribute in increasing their competitiveness through mutual co-operation and understanding of all parties concerned and constant updating of information and technology.

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