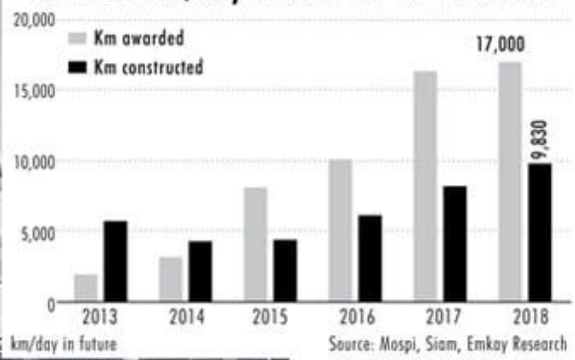
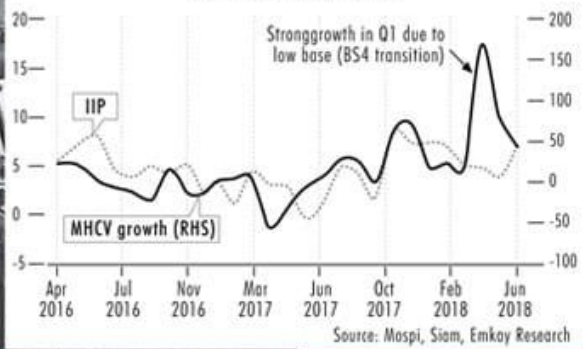


Govt aspires to increase road construction from 27 km/day in FY18 to 40 in future



Strong momentum in IIP to support MHCV volume



Bus and coach industry stare at uncertain future

MINI TEJASWI
Bangalore

The global bus and coach industry is facing severe headwinds from multiple external and internal pressures. The global concern over emissions and the consequent cry for electric vehicles is a significant challenge before the industry.

The industry's efforts to develop next generation engine and fuel technologies to cut down pollution is yet to see any breakthrough. The replacement market is also slowing for the industry. Authorities globally are slow in replacing old fleet despite the replacement cycle coming down to 10 years from the earlier 15 to 20 years, said Didier Ramoudt, president of Busworld International, a global platform that brings bus and coach makers under one umbrella.

Other factors holding back the industry are poor roads and infrastructure and shortage of street furniture like bus shelters and seating.

"Most of these issues are common in all large bus markets, be it China, India, Brazil, Colombia, Russia, Turkey, Indonesia, South Africa or Kazakhstan," Ramoudt said.

Many industry players are working on alternate fuels, but the one that fits all scenarios is unlikely to emerge in the near future. Some players are also work-

ing on chassis less mass commuting solutions.

Ramoudt said, "Pollution is the biggest concern for governments, industry and people in Paris, New Delhi, Beijing or anywhere in the world. Industry is busy working on new technology evolutions. New engines are coming to the market...but in my opinion, hydrogen engines are the future (not necessarily electric.)"

Chinese bus and coach maker Yutong is the lead player in buses with annual production of over 70,000 units, followed by its local rival King Long that makes 65,000 buses a year. The third largest player in the bus and coach market is the Volkswagen Group followed by Daimler and Chrysler. Toyota and Marco Polo of Brazil too are dominant players while Volvo and Scania have only a limited presence in the market. Some 480,000 units of buses/coaches are sold every year globally, he said.

Earlier speaking at the opening ceremony of Busworld International, Karnataka deputy chief minister G Parameshwara said, "Over 70 lakh vehicles run on Bangalore roads everyday and our roads were not built to take so much of traffic load. We require efficient public transport system, including buses. There is a proposal with our government to replace all buses with electric buses in about five year's time."

difference).

The vehicle industry demand is being aided by rising road freight availability for segments such as infrastructure, fast moving consumer goods, export-import, agriculture, automobiles and e-commerce.

Moreover, GST implementation has supported proliferation of the hub & spoke model in terms of consolidation of warehouses, as is being seen with online sellers and logistics providers, resulting in better demand for higher tonnage vehicles-like 31T trucks or higher.

The report says no major down-trading has been witnessed by dealers due to increase in axle load norms, and organised fleet operators are purchasing own trucks instead of using sub-contracted trucks, on the request of regular customers.

"The government is working towards the implementation of scrappage

policy from April 2020. Initially, this policy is expected to be voluntary, and eventually it is expected to be made mandatory. This policy aims to reduce emissions and improve operating costs for trucks," the report said.

Another notable development is that freight rates have recovered by 5 per cent this month after a 7 per cent decline in the previous month.

The report says Tata Motors has been gaining market share due to product launches and increased marketing efforts. Ashok Leyland may gain share going ahead, led by the launch of new vehicles (BS4 vehicles with in-line pumps), which are expected to offer lower cost of ownership. In comparison, Eicher Motors is expected to lose share.

The brokerage has set a price target of Rs 440 on Tata Motors and Rs 151 on Ashok Leyland.