**Minutes of the 4th Meeting of Indo-German Joint Working Group on Automotive Sector held on 30th May, 2011 at 1030 Hrs, Silver Oak-II, Indian Habitat Center, New Delhi, India**

The fourth meeting of the Joint Working Group on Automotive Sector was held on 30th May, 2011 at 1030 Hrs, Silver Oak-II, Indian Habitat Center, New Delhi, India under the Co-chairmanship of Mr Ambuj Sharma, Joint Secretary, Department of Heavy Industry, Govt. of India and Dr. Veit Steinle, Director General, Department of Policy Issues, Infrastructure and Environment Policy, Govt. of Germany. The list of participants is at **Annex-I**.

2. Mr Ambuj Sharma in his opening remarks extended a warm welcome to the Co-chair-German side, Dr. Steinle and his delegation as well as the officials and the delegates, from the Indian side. Mr. Sharma emphasized that one of the prime focus area for deliberation would be on e-mobility which was also deliberated in the last round of meeting held in April 2011. Further, Mr. Sharma recalled that, in the last meeting, there was also a discussion on continuation or otherwise of the three working sub-groups under the JWG and the view emerging from the German delegation was that instead of having three sub-groups, thematic-focused sub-groups could be explored for the coming two years, to achieve greater cooperation by way of effective sharing of information and also by way of taking up certain concrete projects.

3. Dr. Veit Steinle at the outset thanked the Indian Government for organizing the 4th meeting of the Joint Working Group on automobile sector.

4. The agenda of the meeting was then taken up for deliberation. The record of deliberation and discussion of each agenda item is as under.

**Agenda item no. 1: Adoption of the Minutes of the 2nd Bilateral Meeting of Indo-German Joint Working Group on Automotive Sector held on 22nd September, 2009 at Frankfurt, Germany**

5. Mr Vikram Gulati, Director, DHI informed that the minutes of the 3rd Bilateral Meeting of Indo-German Joint Working Group on Automotive Sector held on 18th April, 2011 at New Delhi were circulated upon which certain observations were received from the German side. The modifications were deliberated and the final minutes were approved. A copy of the minutes is placed at **Annex II**.

**Agenda item no. 2: Adoption of the 4th Meeting of the JWG**

6. The agenda for the meeting was mutually agreed by the two sides.

**Agenda item no. 3: Discussion on Working Group I: Technology**

**a) E-mobility**

7. Mr Gulati, Director, DHI made a brief presentation on e-mobility initiative started by the Indian Government (**Annex-III**). It was informed that Govt. of India has recently approved the National Mission for Electric Mobility alongwith the setting up of the National Council of Electric Mobility (NCEM) and the National Board on Electric Mobility (NBEM) with the objective to expand electric mobility and the manufacture of electric vehicles (including hybrids) and their components in

India. It was informed that the NBEM will support the apex body i.e., the National Council and consists of 25 members headed by Secretary, DHI. NBEM includes representatives of all stake holders including representatives from academia, industry and research institutes. The Board and the Council will be serviced by NATRiP, at present, and the National Automotive Board, subsequently, which is going to be set up soon. It was informed that this enabling mechanism would provide a common platform, high level ownership, ensure synergy and sustained support and, most importantly, one vision and target for the country. Mr. Gulati informed that the basic aim of the initiative is to promote manufacturing of electric vehicles (including hybrids) and value-addition in the country, propagate early adoption of environmentally-friendly mobility solutions to give momentum and impetus to government-industry-academia collaboration in the area of R&D, propagate efficient drive-trains, to develop the competencies and help improve competitiveness of the Indian industry in this new area. In addition, it was informed that this initiative will help promote local solutions and also develop new business models that would be required. It was also informed that the National targets for the NCEM would be finalized towards the last quarter of 2011.

8. **Mr Dirk Inger**, Federal Transport Ministry (Germany) made a presentation (**Annex-IV**) on the Innovations for Sustainable Electric Mobility. It was informed that, in order to reduce dependency on fossil fuels, efforts have been initiated for the electrification of the drive-train and to prepare a road map and strategy in this respect. It was mentioned that electrification of the drive-trains and development of second generation of the bio-fuels is very important. It was informed that a 10 year programme for the electrification, hydrogen and fuel-cells has been initiated, with funding by the government. Further, it was stated that discussions with industries are ongoing to get additional funds for market preparation, R&D and product demonstration. It was informed that they are also running an international process on the fuel-cells, and that India being a member of the IPHE process, it was observed that the fuel-cells might be important for road transport in a longer term perspective.

9. **Mr Heiko Mertens** from M/s Volkswagen made a detailed presentation (**Annex-V**) on the e-mobility. Mr. Martens highlighted the issue of climate change and informed about long term Co2 emission reduction program until 2050. It was also viewed that, in India, where CNG vehicles are widely running on road, there is a need to include different kinds of hybrid vehicle.

10. He also deliberated on the issue of battery technology; power circuits, including the electric motor and stressed that one of the main targets of the industry is to be cost effective as much as possible. He informed that under the National Platform of Electric Mobility in Germany issues relating to technology, education and training, environment, research & development etc. have been addressed.

11. **Mr Sharma**, Co-chair India side, mentioned that in the last meeting German side informed that they conducted the stakeholder analysis for creating the national level body with different specialist groups within the body to arrive at the final policy and final mission plan. It was informed that similar process has started in India and a study is underway to collect the primary data from all stakeholders viz. industry, academia, public, scientists, R&D institutes etc. He mentioned that in the last meeting it was agreed that the initial document on national e-mobility initiative prepared by the German side could be shared, as this is in the public domain. The second document which is likely to come out in July or August 2011 may also be made available in public domain soon. Mr. Sharma also

expressed the view that a focal agency and inputs from German side may be associated with the primary study being carried out in India, which would be quite helpful in framing the future roadmap for electric mobility.

12. **Mr Inger** responded that the report as available on the National Platform on Electric Mobility is not the final report, but is a substantial document covering all the items and all different fields. Secondly, the government program being taken up with the stakeholder industries to decide on the framework till 2020 included the funding of 1 billion Euros. It was also felt that as the automotive industry is international and since both the countries are looking for better technology solutions, the discussion may be beneficial not only for national market but at the international level as well.

**b) End of life**

13. **Dr. H.-R. Lotz** made a detailed presentation (**Annex-VI**) on the Recycling Technologies, Technologies used by OEMs and Technologies in the Context of ELV-Legislation. It was proposed in this direction that the working group of both sides could share knowledge on fluid recycling, safety issues for airbag treatment; and on the need of having a flexible ELV legislation with a view to avoid any export restrictions.

14. Dr. Lotz also felt the need to compare various technologies in practice for dismantling of parts of vehicles for assessing suitable technology requirement for India. A need for an open feasible legislation for recycling technologies was felt taking into account the changes that are taking place worldwide.

15. **Mr Sharma**, Co-chair India side informed that end-of-life is an important item on the agenda of Indian side. It was mentioned that Govt. of India has set up a demo model plant for end-of-life in Chennai under NATRiP. It was viewed that there was a need to have a suitable legislation as well as creation of facilities in place for the success of this initiative. It was also proposed for having meaningful interaction with German side so as to gain knowledge in this area. It was observed that NATRiP would be the lead agency from Indian side in this respect. It was suggested that a workshop on this initiative could be held in India in partnership with specialists from German industry already stationed in India for setting up the policies and model system, probably on PPP mode, also enabling legislation and standards.

**c) Alternative Fuels**

16. **Mr Weigand**, Daimler Germany, made a brief presentation (**Annex-VII**) on the alternative fuels and highlighted that in order to reduce the dependence on oil, they have a 3 pronged strategy i.e., to reduce dependence on crude oil, addition i.e., to have bio-fuels as a step towards post fossil mobility and substitution i.e., fuel substitution such as fuel cell and electric drive. He also mentioned about the issue of ethanol blending and quality monitoring of bio-diesel. He also suggested for uniform standards for sulphur content in the fuel. He informed that German manufacturers in India have noticed some challenges in India with regard to fuel, as damages has been noticed in the pressure pump due to the degraded fuel. Therefore, it was suggested to have a common approach towards implementation of a fuel standard with appropriate control and test mechanism.

17. **Mr G.K. Acharya**, IOCL from Indian side informed that all companies in India are working very closely with the auto industry and most of the bio-fuel programmes are being taken up with the government support. He informed that in India, ethanol is produced from a by-product of sugar industry i.e., molasses and the availability of molasses is an issue. Due to non availability of molasses throughout the country, 5% blending of ethanol in gasoline is prevailing in the country. It was also informed that considering the importance of the bio-fuels, the petroleum ministry feels to replace something like 10% blending of gasoline by ethanol provided availability of molasses is stabilised.

**d) CO2**

18. **Dr. Thomas Becker**, BMW Group made a brief presentation (**Annex-VIII**) on the alternative fuels and informed that worldwide harmonization of different bases for CO2 standards is required to strengthen the competitiveness of manufacturers. It was explained that the regulatory framework under which Germany operates, is in conjunction with the overall global framework.

20. He suggested that, in order to meet short and mid-term strategic issues, a federal comprehensive approach needs to be adopted which includes, adoption of consistent and clear incentives scheme, changing car tax regime, and addressing climate impact of road transportation. It was informed in this direction that Diesel will contribute significantly to GHG emission reduction, as well as help manufacturers to reach CO2-target values and is more cost-efficient compared to many other vehicle technologies.

21. He informed that the German automotive industry would propose to discuss the following topics in the light of the CO2 reduction and better energy efficiency:

- Integrated approach to reduce CO2
- Market based support measures
- Implementation of CO2 standards and labelling system.

**Agenda item no. 4: Discussion on Working Group II: Commercialization and Framework Development**

22. **Mr. Schubert**, Federal Ministry of Economics and Technology(Germany) reported on the Indo-EU free trade agreement and commercialization. He informed that Germany welcomes the growing importance of India in the context of international trade policy and stated that Germany supports the negotiations for early conclusion of the free trade agreement. An ambitious and comprehensive free trade agreement would deepen the economic relationship between the two regions and will open a new trade and investment opportunities for the industry in both countries. He further informed that the European parliament favours the free trade agreement that includes automotive sector. He stated that early finalisation of FTA is important for Germany.

23. **Mr Kitin Dhoti**, Mahindra & Mahindra appreciated the understanding of the German side on the free trade agreement. It was informed that in India, they have an open market compared to other markets in the world. It was mentioned that in India the cost of power and cost of infrastructure is very high and that these need to be compensated here for the industry to be competitive enough. For an imported product, if free-flow of inputs happens, it would have an adverse impact on the industry in India. He mentioned that German and Japanese manufacturers have already invested in India and

Indian companies, too have invested in India, and, from that perspective, all of them are acquiring strong capabilities – looking at some of the benefits that Indian economy offers – to be able to take advantage of it on a global scale.

24. **Mrs. Angela Mans**, VDA briefed the forum on the opportunity to discuss about market access issues and the problems that are being faced by both sides in this regard. It was informed that taxation being a very sensitive issue, SIAM and VDA together with the government could work towards making firm proposals in this regard. It was emphasized that Germany would appreciate if India signs the 1958 agreement, as India is active in UNECE Geneva and both the countries could come closer with this initiative by India. It was highlighted that there are different test requirements in India than Europe, and in case they have to sell a car to India it has to be changed according to the requirements of India, whereas their VDA members are of the view that some of the testing requirements are redundant and second testing is very costly. It was advised that if both the countries follow UNECE standards, it would not only ease the possibility of more exports from both the sides but would also help avoid double testing.

25. **Mr. S.R. Marathe,** Director, ARAI clarified that a lot of rationalization on testing methodology has already been done and as far as the Indian standards are concerned, they are already getting increasingly aligned with the European standards. The modified standards called AIS viz, 'Automotive Industry Standard' is applicable in India. It was confirmed that all these standards are already rationalized and many of them are already notified or are under notification by Ministry of Road Transport.

26. Secondly, on the conducting of tests, it was clarified that testing agencies in India, normally apply their judgment to conclude whether the particular test is required or to be dispensed with. It was further informed that ARAI is conducting tests for most of the German manufactures like Volkswagen and BMW and AUDI and Skoda, and they have confirmed that over the past few years there has been a substantial streamlining of the testing procedure, substantial reduction in the testing time and substantial improvement in the testing procedure. It was further informed that about 80% of the EC standards/regulations have already been harmonized with AIS standards.

27. **Mr Sugato Sen,** SIAM stated that since most of European countries including India & Germany are already signatories to the 1998 agreement it was suggested for some improvements in 1998 agreement rather than going back to 1958 agreement. It was advised to support one uniform agreement i.e., 1998 agreement which had been adopted by almost all the countries of the world and therefore could be considered as the focal point for benchmarking.

28. **Mr Mertens**, Volkswagen clarified that the 1998 agreement was prepared based upon understandings of the United States and Europe and on a few technical points harmonizations could be done. In China & Japan, for instance, the technical standard varies with the European standards and therefore the difference between those agreements is the mutual recognition of the approvals. It was emphasized that from the administrative point of view, signing the 1958 agreement seems to be a step forward, because then the inference range could be extended much more than today. However, generally, it was agreed that both the agreements are very important and clarified that the 1958 agreement is the larger agreement as it has around 50 countries, whereas 1998 agreements covers

only 25 countries, and therefore, 1958 agreement is considered as an important part of the technical process.

**Agenda item no. 5: Discussion on Working Group III: Institutional Cooperation, Training and Skill Development**

29. **Mr Frischkorn**, German Association of Automotive Industry explained that education and training topic is probably one of the most important and complex topics in all the working groups as it not only involves many layers but also covers a large number of people. It was desired to make the best use of available skills including developing new skills. It was informed that vocational training programme is already going on between Germany and India under Indo-German Chamber of Commerce.

30. **Ms Monika** from German Side also briefed about the initiative of the Federal Ministry of Education and Research. It was explained that there is a Joint Working Group (JWG) on vocational, educational and training between the two countries. The Indian side is chaired by the Ministry of Labour and Employment and the German side by the Ministry of Education and Research. It was mentioned that four meetings of this working group have already been held. It was informed that in German system, training is provided mainly by private training providers. It is not a state-governed process and is rather a close co-operation between industry and government.

31. It was further informed that they are also in the process of signing a joint venture on the vocational training and skill development with National Skill Development Corporation soon.

32. **Mr Vikram Gulati**, Director, DHI made a brief presentation (**Annex-IX**) on the Automotive Skills Development Council. He informed that an assessment has been made jointly with industry to ascertain the kind of skill gap and the growth projections for the sector in the years to come. As a result, it was found that the assessment translates into additional employment of 25 million by 2022 from the present 13 million, that means not only they have to fill the gap that is prevailing right now; but there will be 25 million additional people who need to get into the entire value chain, and who will have to be trained properly.

33. He further informed that in India at the national level, a National Policy on Skill Development has been announced by the Government, and it is projected to create a pool of 500 million skilled workforce by 2022. National Skill Development Council has been recently created which is providing the back-end support to various initiatives that have taken off in the various areas towards skill development. He informed that the Automotive Skill Development Council (ASDC) has been registered as a society, which will basically look at various issues, like skill gap in auto sector, kind of competencies that are required implementation strategy and programe to address the gap etc.

34. Further, it was clarified that ASDC is not going to directly deliver the training rather it is going to be done by a series of ITIs or it could be the initiatives for the private sector where people come forth, set up training set ups and these trainings set ups are going to be certified that they follow the standards that have been set. So, this is essentially again a catalyzing mechanism by way of standardized training module, training curriculum, training methodology and delivery and ensure that the end product reach the auto industry is up to the desired level.

35. The Forum was informed that Auto Skill Development Council is a society comprising all the industry associations in the entire value chain. The government is an equal partner to this and NSDC has already sanctioned amount for pilot study which is being taken. The governing council for this body has been set up. The recruitment of the start off team for carrying on the activities is currently under way, and the body would be signing MoUs with the industry to ensure commitment and support that are expected from them but also in terms of giving the ownership for picking up people who graduate out of programmes that are certified by ASDC.

**Agenda item no. 6: Discussion and exchange of views of the Indo-German JWG on Automotive Sector and decision on the next meeting of the JWG.**

36. **Dr. Steinle**, Co-chairman (Germany) thanked the participants of both sides and expressed the hope for good results in the future. Regarding holding the next meeting, he proposed to have a meeting of the Joint Working Group during IAA Show, Frankfurt in September or during the technical congress forum for public life safety, which will be scheduled in Germany in March, 2011.

37. **Mr. Sharma**, Co-Chairman (India) expressed happiness as they had very active discussions and hoped for fruitful and result oriented approached, which will work for the benefit of both the countries.

38. Finally, both the Co-chairs expressed a joint wish to further expand the mutual contacts and in particular, the intention of extending the cooperation in the automotive sector which was established in 2009 under the aegis of Indo-German Joint Commissions on Industrial and Economic Co-operation for a further period of two years.

39. The meeting ended with thanks to the two Co-chairs.

---

(151)

## List of participants

**Annexure-I**

### Indian side

1. Mr. Ambuj Sharma, Joint Secretary ------ **Co-chairman JWG**
2. Mr. Vikram Gulati, Director, DHI
3. Mr. V.S Yadav, Under Secretary, DHI
4. Mr. Vivek Ashis, Under Secretary, MoRTH
5. Mr. G.K Acharya, DGM, IOC(R&D)
6. Mr. S.R Marathe, Director, ARAI
7. Mr. V.P Singh, Director(Infra), Natrip
8. Mrs. Pamela Tikku, ICAT
9. Mr. K.K Gandhi, Director(T), SIAM
10. Mr Sugato Sen, SIAM
11. Mr. A.S Puri, Vice President, Tata Motors
12. Mr. Ketal Doshi, Mahindra & Mahindra
13. Mr. Vinnie Mehta, Executive Director, ACMA
14. Mrs. Subhag Naqvi, ACMA
15. Mr. Sushil Rajput, ACMA
16. Mrs. Nehika Mathur, ACMA

### German Side

1. Dr. Veit Steinle, Director General,
   Federal M/o Transport, Building and Urban Development – **Co-chairman JWG**
2. Dirk Inger, Deputy Director General (Environment and Innovation)
3. Dr. Manfred Schubert, Deputy Director General(Industry)
4. Dr. (Mrs) Anna-Luise Stille, Desk Officer,
5. Dr. Wolfram Spelten, Desk Officer, Federal Ministry of Economics and Technology
6. Hans-Georg Frischkorn, Managing Director, VDA
7. Dr. Martin Koers, Head of Economic Policy and Climate Protection, VDA
8. Mrs. Angela Mans, Head of Foreign Trade and International Relations, VDA
9. Mr. Bernhard Steinruecke, Director-General, Indo-German Chamber of Commerce, Mumbai
10. Mr. Karsten Lamers, Director-General, Rhein-Main Chamber of Trade and Commerce
11. Dr. Thomas Becker, Vice President Governmental Affairs, BMW Group
12. Mr. Dirk Weigand, Director, Daimler Group, Germany
13. Dr. Hans-Rainer Lotz, Volkswagen Group, Germany
14. Mr. Heiko Mertens, Volkswagen Group, Germany
15. Mr. Pankaj Gupta, General Manager Volkswagen Group India
16. Mr. Jürgen Männicke, Senior Consultant to iMOVE (Vocational Training Network of the Federal Ministry of Education and Research)
17. Mr. Jan-Axel Voss, Counsellor (Transport), German Embassy New Delhi
18. Mr. Ulrich Meinecke, Counsellor (Social & Labour Affairs), German Embassy