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# Do not need stimulus or govt support: Pankaj Munjal

Nirbhay Kumar May 2, 2020

## Highlights

Hero Motors and Hero Cycles are not looking for government support

Pankaj Munjal among few big businesses tycoon not seeking government support

Hero Motors is leading auto component manufacturer with customers like BMW, Ducati, Harley Davidson

Hero Cycles, however, demanded cut in GST on cycles to 5% from 12% to spur sales volume

While a vast majority of Indian businesses hanker for incentives, government support and economic stimulus, cycle giant Hero Cycles plans to tide over the coronavirus-induced crisis without any financial aid from the government.

"We are not looking at any support. We are a net debt free company," Hero Cycles Chairman and Managing Director Pankaj Munjal told BusinessToday.In.

"Hero Cycles and Hero Motors do not require support. We need to execute well. We have shortages in our international markets. BMW line, Ducati line, Harley line, so many other lines are starved because of this (lockdown and supply disruptions). So we have to really ramp up," he adds.

Hero Motors is among the country's leading auto component manufacturer and has some of the marquee brands like BMW, Ducati, Harley Davidson, Arctic Cat as its customers.

Munjal is in minority among businessmen ready to take on the coronavirus challenge without government support and restart after 40-days' lockdown.

Munjal, however, expects the government to lower goods and services tax (GST) on cycles to 5% from 12% now. He argues that e-bikes attract a GST of 5% but cycles are levied higher tax even though they are used by nearly 500 million common people across the country.

"GST should come down to 5%. If the rate is reduced and volumes go up, SMEs (small and medium enterprises) will fly. This (lower GST) should come for 500 million common people. That is what is required at this stage. SMEs are backbone of this country," Munjal said.

He added that micro, small and medium enterprises (MSMEs) needed helping hand from the government as they were under tremendous stress due to lockdown. Hero Cycles and Hero Motors are extending support to vendors and suppliers, he said.

The two group companies are in touch with as many as 160 SMEs which supply to them and have offered to provide advance for re-starting production. Small suppliers typically supply to the original equipment manufacturers (OEMs) without advance payment.

While Munjal maintained that his group firms could do without government support, he pointed out the delay in relief to the industry as a whole.

"In Germany and England we have already got support. Here, people are still talking about giving support (stimulus). There (UK and Germany) we have got cheques of the salaries of the people. So, Europe and all will bounce back better, in more organised fashion," he said.

On the three-month moratorium provided by banks following the RBI directive, Munjal said it would be very helpful. The move would provide liquidity support to companies which needed to pay their debt, he said.

Hero Cycles made its foray into the premium cycles market in 2015 by acquiring a majority stake in UK-based Avocet. The company's recent acquisition of HNF gave it entry into the specialised electric cycles in Germany.

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