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## 1. What is AMP 2026?

1.1 The Automotive Mission Plan 2016-26 (AMP 2026) is the collective vision of Government of India (Government) and the Indian Automotive Industry on where the Vehicles, Auto-components, and Tractor industries should reach over the next ten years in terms of size, contribution to India's development, global footprint, technological maturity, competitiveness, and institutional structure and capabilities. AMP 2026 also seeks to define the trajectory of evolution of the automotive ecosystem in India including the glide path of specific regulations and policies that govern research, design, technology, testing, manufacturing, import/export, sale, use, repair, and recycling of automotive vehicles, components and services. AMP 2026 is a document that is aimed at multiple stakeholders in India and overseas, and seeks to communicate the Government and industry's intent and objectives pertaining to the Indian Automotive industry, comprising the automotive vehicle manufacturers, the auto-component manufacturers and tractor manufacturers who operate in India.

1.2 The comprehensive list of stakeholders indicates the ubiquitous and fast expanding footprint of automobiles in our society and the diverse manner in which automotive products and services interact with different kinds of persons, groups, institutions, and organisations. Each stakeholder has a different perspective (read advantage, cost, benefit, and expectation) of the Automotive sector, and therefore AMP 2026 is an attempt to provide a "same page" view to all of them in a coherent and cogent manner of Government & Industry's vision and policy goals for the Automotive sector.

## 2. Objectives of AMP 2026

2.1 The core objectives of AMP2026 can be summarised under five themes as follows:

a) AMP 2026 aims to propel the **Indian Automotive industry to be the engine of the "Make in India" programme**, as it is amongst the foremost drivers of the Manufacturing sector: Over the next decade, the Indian Automotive sector is likely to contribute in excess of 12% of the country's GDP and comprise more than 40% of

its manufacturing sector. Around 13% of the excise duty collection of the Government can be attributed to the Indian Automotive industry. The Automotive industry can be termed as the mother of the manufacturing sector in an economy, as its fortunes directly impact the fortunes of several related manufacturing industries (e.g. Iron & Steel, Aluminium, Lead, Rubber, Plastics, Glass, Machine tools, Moulds & dies, Chemicals, and Capital Goods) and several in the Services sector (e.g. Logistics, Banking, Insurance, Sales & distribution, Service & repair, and Fuels). The rapid growth of the Indian Automotive industry will provide a strong fillip to the Micro & Small and Medium industries of the country across multiple sectors, the development of which is one of Government's principal objectives.

b) AMP 2026 aims to make the **Indian Automotive Industry a significant contributor to the "Skill India" programme** and make it one of the largest job creating engines in the Indian economy: The potential for incremental number of both direct and indirect jobs to be created by the Indian Automotive industry over the next decade is nearly 65 million. This is over and above the additional 25 million jobs created in the previous decade. The automotive industry has numerous backward and forward linkages with over two dozen industries across manufacturing and service sectors, across rural and urban India, and across the formal and informal sectors of the economy. Most of the jobs in the Indian Automotive industry involve acquiring specialist skills, and confer to the person sufficient technical and soft skills to progress professionally within and outside the automotive sector. In addition to creating high skilled jobs, the industry also provides employment opportunity to a large number of semi-skilled and low skilled workers.

c) **AMP 2026 seeks enhancing universal mobility:** The focus of AMP 2026 is to promote safe, efficient and comfortable mobility for every person in the country, with an eye on environmental protection and affordability through both public and personal transport options. The objective is to provide a choice to the consumer to access multiple options for mobility. AMP 2026 aims to enhance mobility of all people while also addressing the need to minimize the negative externalities arising from the use of automobiles, such as, congestion, air pollution, global

warming, and road accidents. AMP 2026 seeks to achieve a healthy balance between the human aspiration of personal transport and efficiency of public transport in India. Over the years, public transport in India has been of relatively poor quality and reliability and has, by and large, become the refuge of persons who cannot afford personal transport. Given the massive increase in congestion (and the negative consequences thereof) that will likely result in urban India if there is unbridled, widespread growth in the usage of personal transport vehicles on a scale similar to that in developed nations, it is imperative that adequate attention is devoted to policy formulation, planning, and development of quality public transportation uniformly across India.

- d) **AMP 2026 seeks to increase net exports of the Indian Automotive industry several fold:** AMP 2026 recognises that the Indian Automotive industry (both vehicles and auto components) has the potential to scale up exports to the extent of 35-40% of its overall output over the next ten years and become one of the major automotive export hubs of the world. In line with this, AMP 2026 makes several prescriptions to improve competitiveness, technological advancement, infrastructure investment, and branding. On the flip side, the import intensity of automobiles is likely to increase in the coming years on account of the increasing use of electronics and the enhancement in the value of design and engineering in making of vehicles and components. At present, India is deficient in skills and capabilities in both these areas, namely auto-electronics and design/engineering. AMP 2026 seeks to increase the share of local manufacture of vehicles and components, in particular, automotive electronics, light-weighting materials, moulds & dies, and machinery, which will save the country substantial foreign exchange and be a shot in the arm for the "Make in India" programme as well. AMP 2026 also aims to increase the quantum of indigenously carried out research, design, engineering and manufacturing in both automotive vehicles and components.
- e) **Comprehensive and stable policy dispensation required:** Given the distinctive contribution of the Indian Automotive Industry to the socio-economic development of the country, it is imperative that the industry is subjected to a comprehensive and

predictable policy regime that governs it in a stable and sustainable manner. World over, no large and economically advanced nation has succeeded in attaining its developed status without nurturing its automotive industry. Given the widespread and differential impact of the Auto sector on different stakeholders, and the vibrancy of India's democracy, regulations and policies that govern the Auto sector are subject to pulls and pressures of several interest groups. Therefore, to ensure a fair and predictable governing environment for the Indian Automotive industry, AMP 2026 spells out the Government's views on the path of evolution of key policies for the Auto sector, so that all regulations impacting the industry are formulated comprehensively in scope and scale to be implemented harmoniously across the nation, including at the Centre and the States.

### 3. Achievements and Learnings of Automotive Mission Plan 2006-16

- 3.1 As we come to the end of the first Automotive Mission Plan (AMP 2006-2016, or AMP 2016 in short), many of its objectives have been met or will come close to being fulfilled by the end of its period. Some of the key achievements are:
- i) The Automotive industry has achieved the target of incremental employment creation of 25 million jobs over the past decade.
  - ii) India has attracted significant quantum of investments from global and local OEMs as well as component manufacturers, exceeding the target of ₹ 1,57,500 crore.
  - iii) While, the cumulative domestic sales volume targets of commercial vehicles, passenger vehicles, and tractors have been achieved, components, two and three wheelers have fallen short of their targets. In comparison to the base case scenario of ₹ 5,49,000 crore, the industry is on course to achieve this target by the end of FY16. In the case of exports, by end of FY16, automobiles will have exceeded the target of ₹ 54,000 crore while auto component segment would witness a major shortfall from the ₹ 1,20,000 crore targeted. Considering that almost five years during the past decade had recessionary characteristics, including the global financial crisis of 2008, the performance of the Indian Automotive industry over AMP2016 has been quite commendable.

iv) The emergence of India as a global hub for small cars is a significant accomplishment that AMP 2016 had envisaged. As of FY15, around 31% of the global sale of small cars are those manufactured in India. Besides small cars, India has also emerged as a world leader in the manufacture of: (i) diesel and petrol engines of small capacity; (ii) commuter two wheelers and three wheelers; (iii) low powered tractors; (iv) engine and transmission related auto components, especially those that require complex machining, grinding, forging etc., and possibly assembly operations; and (v) components that require relatively lower scale and complexities in manufacture.

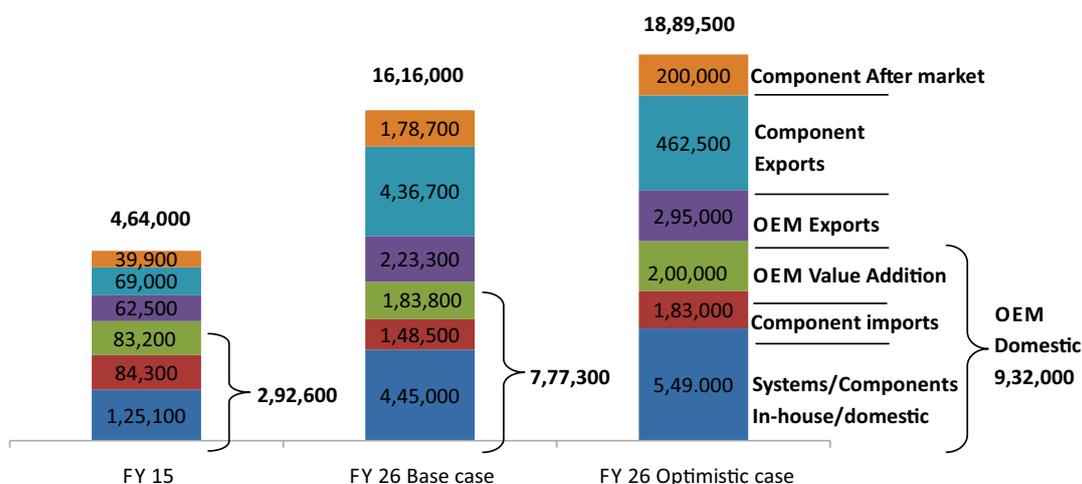
3.2 There are two lessons from the first Mission Document (AMP 2016) that AMP 2026 seeks to incorporate. The first pertains to including more arms of the Government (central, state, and local levels) in implementing the AMP, and in a more coordinated manner. For instance, several policies and regulations for use of automobiles in India are enacted by other central Ministries, such as, Ministry of Urban Development, Ministry of Road Transport & Highways, Ministry of Petroleum & Natural Gas, Ministry of Environment and Forests, and Ministry of Finance, besides various institutions and arms of the state and local governments all over the country. To the extent possible, the central government will seek the participation of various arms of the government and other institutions in implementing the AMP 2026. Second, the AMP 2026<sup>1</sup> is positioned as a guiding document for all institutions that frame

policies impacting the manufacture and use of automotive products in India. The intention here is to avoid conflicting policies or knee-jerk regulatory responses to unforeseen situations that could have a deleterious impact on the smooth development of the Indian automotive industry.

#### 4. Vision and targets

4.1 **Vision statement AMP 2026: "Vision 3/12/65"**: "By 2026, the Indian automotive industry will be among the **top three** of the world in **engineering, manufacture and export** of vehicles and auto components, and will encompass **safe, efficient and environment friendly** conditions for **affordable mobility of people and transportation of goods** in India comparable with global standards, growing in value to **over 12% of India's GDP<sup>2</sup>**, and generating an **additional 65 million jobs**".

4.2 **Growth targets**: AMP 2026 envisages that the Indian Automotive Industry will grow 3.5 - 4 times in value from its current output of around ₹ 4,64,000 crore (circa 2015, which is one year before the end of the Mission Plan period) to about ₹ 16,16,000 - 18,89,500 crore by 2026, based on a base case with average GDP growth of 5.8% and an optimistic case with an average GDP growth of 7.5% during the period. The following chart provides current and projected composition of the industry over the next decade.



Note: All values in the above chart are in ₹ crore and at current year (2015) prices.

<sup>1</sup> Implicitly, AMP 2016 was positioned as a document mainly meant for the manufacturers of automotive vehicles and automotive components, and not so much positioned keeping in view other stakeholders. AMP 2026 seeks to be much more inclusive by design.

<sup>2</sup> Estimated GDP at constant prices (2004-05 base)

## 5. Interventions

- 5.1 **Auto fuels and Emission norms:** This is one of the most critical policy pronouncements that impact several stakeholders of the automotive industry. There is a general perception that bulk of the atmospheric pollution in many Indian cities today is contributed by automobiles, which does not appear to be borne out by facts. In some cases, legislation and policies impacting automotive industry are announced in response to judicial decisions which arise due to efforts made by one or more interest groups in society. Such policy formulation imposes an unreasonably heavy burden on several stakeholders in the automotive industry, but does not deliver the intended benefits. Therefore, AMP 2026 advocates the need for a scientific and transparently conducted study of the causes of air pollution in Indian cities. It also proposes the introduction of emission standards, as in the developed countries to be implemented all over the country in a transparent and coordinated manner, allowing all stakeholders to make the necessary adjustments required and to ensure a harmonious implementation. AMP 2026 pronounces a glide path for fuel usage by automobiles in India and the norms for emissions control as follows:
- i) Bharat Stage V (BS V) emission norms may be adopted by India by the year 2019 for new models and Bharat Stage VI (BS VI) emission norms may be adopted by 2023 for four wheelers. While there will be a gap of about four years between successive stages of emission standards BS V and BS VI; by 2026, the lag between global norms and the mandatory norms in India should be brought down from the present 7-8 years.
  - ii) Introduction of fuel and emission norms may be done all over India simultaneously and not in a phased manner or in select regional areas only. Unfettered availability of the right grade(s) of fuel should also be ensured across the country, as and when such norms are introduced.
  - iii) Emission policies should clearly specify outcomes required and be technology agnostic. Similarly, the Government agencies may ensure cognisance of internationally established methodologies and suitability to local conditions while examining future fuel efficiency norms.
- iv) DHI shall coordinate amongst concerned central ministries and state governments to ensure a consistent policy environment for universal availability of fuels, stable relative pricing amongst competing fuels, subsidies accorded to various fuels, and taxes for automotive fuels (e.g. CNG, Diesel, LPG, Petrol, EV, and Hybrid). Conventional power trains are expected to hold sway over the next decade also, while Hybrids and Electric vehicles are expected to increase their share significantly from the current levels.
  - v) The FAME<sup>3</sup> India policy lays down the roadmap to support the development of electric and hybrid vehicles market and its manufacturing ecosystem with a view to achieve self-sustenance as early as 2020. Technology development, demand creation, pilot projects and charging infrastructure are the focus areas of the scheme. While the policy and funding is clear for the initial two years, the roadmap for the rest of the AMP period needs to be formulated in advance. Adequate incentives should be given for the speedy development of an indigenous component design and manufacturing base for the electric and hybrid vehicle industry to take off in India.
- 5.2 **Safety Regulations:** AMP 2026 recognises the need for articulating a clear roadmap over the next decade that will make Indian vehicles comply with global standards of safety (in line with the UNECE World Forum for Harmonization of Vehicle Regulations [WP.29]). Standards will be adopted and implemented in a manner that ensures that they are relevant in the Indian context and, equally importantly, do not render the vehicles or components unaffordable for Indian consumers. Another area where greater vigil and stronger regulation is called for is in the aftermarket where the menace of spurious and sub-standard automotive components and insufficiently trained or governed workshops compromise vehicle safety, taking advantage of consumers' ignorance and ineffective administrative controls. AMP 2026 advocates the formulation of appropriate regulations along with appropriate monitoring and enforcement agency to check proliferation of spurious components, including setting of appropriate standards, testing procedures, labelling, and punitive measures for ensuring conformance. Procedure for Type Approval and Establishing Conformity

<sup>3</sup> Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India

of Production for Safety Critical Components mandatory will help in ensuring quality of safety critical parts. AMP2026 also stresses the need for providing quality training and up-skilling of technicians and mechanics to be available all over the country in sufficient numbers.

India has high number of casualties from road accidents. Road Safety is a critical area that needs active regulation, training, monitoring and enforcement, as the number of accidents continues to rise in India. AMP 2026 envisages, inter alia, the following actions to improve India's record of safety:

- a) The new proposed Road Transport and Safety Bill 2015 (RTSB 2015) may be enacted and implemented early. It will have enabling provisions to ensure a high degree of compliance to rules and regulations, besides providing a high deterrence for defaulters.
- b) Enforcement of on-road regulations will be improved in coordination with various authorities and agencies.
- c) Adopting scientific and technology driven measures in traffic management, pedestrian access, highway engineering, road furniture, driver license issuance, road signages etc.
- d) Ensuring a strict implementation of the ban on overloading of commercial vehicles.

The necessary legislations and regulatory authorities that will deal with the safety related issues are envisaged under the proposed RTSB 2015.

- 5.3 **Inspection & Certification (I&C) Regime:** AMP 2026 seeks to implement a coherent I&C regime in a comprehensive manner. AMP 2016 also indicates that an I&C regime should be ushered in and, towards that end, a few tentative steps were undertaken. These were not sufficient to address the rising number of vehicles in the parc, the increasing burden on the environment due to auto pollution, and the rising number of accidents and casualties due to the poor condition of vehicles on the road. All this clearly points to the need for a comprehensive I&C policy that regulates the roadworthiness of vehicles in use. AMP 2026 envisages the implementation of an appropriate I&C policy across the nation over the

next five years. Some of the salient features of an I&C policy would be as follows:

- i) All vehicles in the country should be subject to a test of roadworthiness periodically, in line with the laid down standards of testing. The results of such a roadworthiness test should determine the eligibility (or otherwise) for a vehicle to be on-road.
- ii) Government may define the mandatory tests for roadworthiness for different categories of vehicles.
- iii) The I&C policy will unambiguously state consequences of vehicles failing the fitness test
- iv) The implementation of the I&C policy may be countrywide, so that all vehicle owners anywhere in the country are not unduly inconvenienced in terms of access to a fitness testing centre. Accordingly, the implementation may be done under a suitable business model - e.g. a franchisee or PPP model with appropriate regulation through credible agencies.

- 5.4 **End of Life (EoL) Policy:** As a logical complement and extension of the I&C regime, AMP 2026 envisages the implementation of an 'End of Life' policy for automotive vehicles and components in a manner that is in line with safety and preservation of the environment. AMP 2016 also envisioned such a policy, but there was not much progress toward this objective. However, keeping in mind the implementation of an I&C policy, a logical plan to retire older vehicles and components that are not conducive for further use must be in place. Some of the salient aspects of implementing an EoL and vehicle scrapping policy are as follows:

- i) The EoL policy would have a national footprint, and not be confined to specific towns or regions. All vehicle owners anywhere in the country should be provided with vehicle scrapping centres within a reasonable distance. Introduction of scrapping centres in selective areas would undermine the whole policy and may result in concentration of "unroadworthy" vehicles in areas where the policy is not enforced.
- ii) Standards for scrapping and for EoL for different categories of vehicles and components may be defined in conjunction with the I&C policy.

- iii) Government may consider introducing incentives for scrapping vehicles, including by way of innovative financial instruments, such as tradable certificates etc. This would be required as the person scrapping a vehicle may not be the user of the new vehicle. Such incentives for scrapping vehicles could be introduced, especially those with old technology to have a positive impact on the environment.
- iv) The necessary legislations and regulatory authorities that will deal with EoL issues are envisaged under RTSB 2015.

5.5 **Trade Policy:** The trade policy of the Government has a huge impact on the growth and well-being of the Automotive industry in multiple ways, and given the large socio-economic footprint of the Indian Automotive industry, AMP 2026 purports to make several inputs in this regard.

i) **Duty structure in the automotive value chain:** AMP 2026 supports the rationalisation of custom duties on all raw materials, intermediates, components, and sub-assemblies that are used in automotive components and vehicles in a manner that there is no inverted duty structure. Policy should incentivise domestic capacity creation of imported items which contribute to a large proportion of imports such as electronic component and systems, high end plastics, and moulds and dies. The use of these items (especially automotive electronics) is likely to increase sharply in terms of value per vehicle in the future and, therefore, AMP 2026 stresses the need for stepping up incentives for encouraging local capacity creation. The duty structure on Completely Built Units (CBUs) and policies for import of used vehicles are recommended to continue to provide impetus to local manufacturing. Stability of trade and tariff policy regime will be an important criterion for improving the export potential of the Indian auto industry.

ii) **Free Trade Agreements (FTAs):** World trade amongst countries and trading blocs is increasingly being shaped by FTAs and RTAs, and India is no exception. As the global centre of gravity of automotive production and consumption is rapidly moving in favour of certain large and emerging economies like India, FTAs will have a big impact on the fortunes of the vehicle and auto component sectors in India.

Given that India's global competitiveness ranking is quite low in most of the important parameters, India should follow a strategy of signing up FTAs with those countries that have a similar market for automobiles, and especially those that do not have a significant manufacturing base for automobiles. Such countries could include Algeria, Egypt, Nigeria, South Africa, Peru, Chile, Colombia, Philippines, Myanmar, Vietnam, Brazil, Iran, Argentina and Russia. If there are other compulsions to enter into FTAs with countries/blocs that have a significant automotive production base, automotive CBUs need to be kept outside the purview of tariff reduction presently.

iii) **Foreign Trade Policy (FTP):** The current foreign trade policy is for a five year period with a provision for mid-term course correction. Similar approach will be adopted for the remainder of the period of AMP 2026. This will allow the industry to plan investments and be more prepared for sustainable growth.

5.6 **Fiscal & Taxation measures:** One of the major factors impeding the growth of the automotive industry has been the domestic taxation system that is quite complicated, with multiplicity of taxes, applicable at different points in time during the whole process of manufacture to sale of the product, leading to a lot of litigation. Automobiles are today one of the most heavily taxed manufactured products in India and very few countries of the world, where automobiles are manufactured, have such a high level of tax incidence. A total tax incidence of 53% - 78% for cars retards this industry significantly and there is a need to look into this aspect urgently. It is hoped that with the introduction of GST, this will be resolved to a large extent. The measures taken by governments, post the 2008 financial crisis, in bailing out or financially supporting automotive companies around the world demonstrates the fact that fiscal support to the automotive industry is a necessary factor for long term growth, particularly during times of economic distress. This also follows from the strong economic contribution made by the automotive industry to the countries they operate in. The excise duty concessions provided by the Government of India have also helped the Indian Automotive Industry weather the downturn. AMP 2016 proved unambiguously that government support had helped the Indian automotive industry grow in

multiple ways. Given that India does not have a perfect set off of all taxes (even for exports where a duty drawback is allowed) and the fact that India suffers from a significant infrastructure deficit vis-a-vis other global manufacturing centres, it would help Indian auto exports if an additional drawback is given to both auto component and vehicle exports. AMP 2026 suggests five principal fiscal supports for the Indian Automotive industry:

- i) Mass-market vehicles including passenger vehicles (small cars, commuter motor cycles & scooters), commercial vehicles (including three wheeler vehicles used for public transport, utility vehicles, trucks and buses) and tractors may be levied with a lower level of taxes (Excise duty or GST) than other vehicles.
- ii) The weighted tax deduction for Research & Development expenditure (200% Weighted Deduction under section 35(2AB) of IT Act 1961 for In-House R & D facility and 175% Weighted Deduction on outsourced R&D from approved Institutions i.e National Laboratories, Universities, Scientific Research Institutes and IITs) should be continued. Further, the benefit may be extended to outsourced R&D expenditure as well. This scheme has been well-received by the Indian Automotive industry and the results in terms of enhanced level of R&D activity in India has helped the country climb higher in the value chain.
- iii) A Technology Acquisition Fund with government support may be set up to finance the Indian Automotive industry's attempts to acquire cutting edge technology (viz. light weighting, engine, powertrain and auto electronics) through technology transfers, joint ventures, acquisitions, and buy outs. This would be a big step for the Indian Automotive industry particularly the auto component industry to leapfrog and acquire global best capabilities for research, design, engineering and testing.
- iv) The Government may facilitate longer tenure term loans with principal moratorium for Automotive MSMEs.
- v) To support the Government's "Make in India" programme to boost the manufacturing capabilities in India, one of the key policies may

be to provide accelerated depreciation rates for the capital equipment manufactured in India for use by the Indian automotive industry. Similarly, domestic design and manufacture of automotive electronic components/sub-assemblies and high technology plastic parts should be actively encouraged by incentivising creation of local manufacturing capacities.

- 5.7 **Skill Development:** The Automotive industry offers one of the highest potential for providing skills to youth and up-skilling existing labour force, amongst all sectors. The Auto Sector Skill Development Council<sup>4</sup> will be the apex industry body for skill development under the various programmes by Government of India. This will be strengthened to become an independent testing and certifying agency for automotive industry skills. All trainers and training programmes for skill development in the Indian Automotive industry will be accredited by the Auto SSC, which will enable standardisation in the long run. The Auto Sector Skill Development Council will continually track and benchmark with global best examples- the skill gap deficiency<sup>5</sup> in the Indian Automotive industry and take corrective actions by effecting changes in curriculum design, training the trainers, examination and certification methods.
- 5.8 **Automotive Specific Infrastructure:** The Government recognises that the rapid growth of the automotive industry in the coming decade will involve a big increase in the movement of physical goods (e.g. raw materials, components, assemblies, and finished vehicles) both within the country and across the sea ports. This will call for an order of magnitude step up in the logistics infrastructure in the country including the following:
  - a) Dedicated facilities such as berths, parking and faster clearance for automotive exports at Mundra, Chennai, JNPT, and Mumbai ports.
  - b) Flexi deck auto-wagons "BCACBM"<sup>6</sup> for movement of vehicles.
  - c) Coastal shipping and inland waterways policy to facilitate automotive logistics.
  - d) Weighbridges at an interval of every 100

<sup>4</sup> Automotive Skill Development Council (ASDC) to play this role

<sup>5</sup> For instance, the skills in short supply in 2015 are seen at the level of shop floor, design, quality, service, and finance functions

<sup>6</sup> Bi-level Auto Car wagon type 'BCACBM' been developed by Research Designs & Standards Organisation (RDSO)

kilometres on national highways and state highways.

- e) Electronic tolling – Interoperable electronic tolling using FASTag (RFID tag) affixed on the vehicles to be implemented speedily across the country.
- f) Wayside facilities: Amenities like parking, repair, rest areas, recreation, eateries etc. to be created on all national and state highways at an interval of 50 kilometres.
- g) Transport Nagars: Facilities for transshipment of goods should be created outside major cities and trade hubs where all necessary infrastructure including multimodal access, backward and forward linkages for regulatory and other clearances needed for shipment of goods are included.
- h) City Development Plans of all major towns should make provision for adequate parking facilities.
- i) There should be a planned establishment of sufficient charging stations for electric vehicles in both cities and rural areas as well as along highways.
- j) Digital infrastructure (e.g. VAHAN, Accident Data, and ICES) should be set up expeditiously.
- k) State governments should be encouraged to set up Auto Supplier Parks that ensure continuous power supply, park-to-port rail links, tooling centres, technical training centres for workmen skill upgradation, and proximate banks for providing easy access to capital.

5.9 **Accelerating Physical Infrastructure:** As with any sophisticated manufacturing activity, that particularly involves significant extent of logistics, the quality of physical infrastructure has to be world class. AMP 2026 envisages the provision of world class infrastructure to the Indian Automotive industry along the following lines:

- i) **Electricity:** Currently, the industry depends on high level of captive power on account of non-availability of continuous power supply from State grid leading to higher power costs. Adequate power needs to be made available at competitive cost for supporting growth of the industry.
- ii) **Ports:** Indian Auto industry's exports, likely to

increase 5x (vehicles) and 7.5x (components). This would necessitate facilitation of comprehensive development of dedicated facilities for Auto sector in several ports on both western and eastern coasts; last mile connectivity to ports also to be significantly improved

iii) **Railways:** Requirement of multiple Dedicated Freight Corridors (DFCs) and DFCs should have capacity to facilitate movement of triple deck wagons on a large scale.

iv) **Roads:** ULBs and NHAI/State Road Development Corporation to speed up development of urban roads and NH/SH/Major District Roads.

v) **Social infrastructure:** Creation of social infrastructure around automotive hubs is very essential.

1.5.11 **Improving Business Climate:** It is important that the country has an overcharging business climate that facilitates flow of investments. In particular, the automotive sector, with significant backward and forward linkages, requires a favourable business climate where the processes for establishing a business are transparent and smooth. AMP 2026 seeks to clear unnecessary bottlenecks in obtaining clearances etc., and facilitate the goal of government of translating 'Red Tape' to 'Red Carpet'.

## 6. Conclusion

6.1 The Indian Automotive industry has made great strides over the past two decades, sufficient to be noticed at a global level and be counted as a major auto manufacturing hub. In terms of global rankings in manufacturing output, it is presently second largest in two wheelers, eighth largest in commercial vehicles, sixth largest in passenger cars and the largest in tractors. Over the past ten years, India has emerged as one of the most preferred locations in the world for manufacturing high quality automotive components and vehicles of all kinds, narrowing its gap over several established locations in the process. Over the next decade, the Automotive industry at a global level is likely to see significant transformation. Principal ones that are expected include the shift of growth in demand for automobiles from developed nations to developing nations (mainly BRICS); a dramatic increase in the share of electronics in automobiles

making them a “computer on wheels”; a relentless pursuit of economies of scale and scope in design and engineering of automobiles and components, while also pursuing low cost manufacturing destinations;

- 6.2 AMP 2026 envisages that the Government and the Indian Automotive industry will work together to address all the key issues to take India to its rightful position in the global auto industry’s sweepstakes. AMP 2026 will help Indian Automotive industry to focus on its strengths and improve its competitiveness in select segments, achieve the annual production target of ₹ 16,16,000 crore to ₹ 18,89,500 crore in terms of its size and establish its ‘Right to Win’ on the global stage. By 2026, India could stand first in the world in production/sale of small cars, two-wheelers, three-wheelers, tractors and buses, 3<sup>rd</sup> in passenger vehicles and heavy trucks, all adding up to 12% contribution to National GDP.

