



# AUTO & AUTO COMPONENTS

DRIVING THE GROWTH  
OF NEW INDIA



**INVEST INDIA**

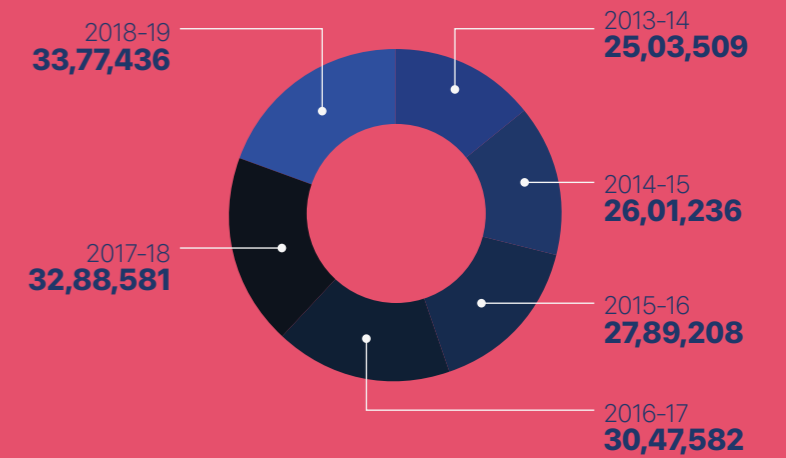
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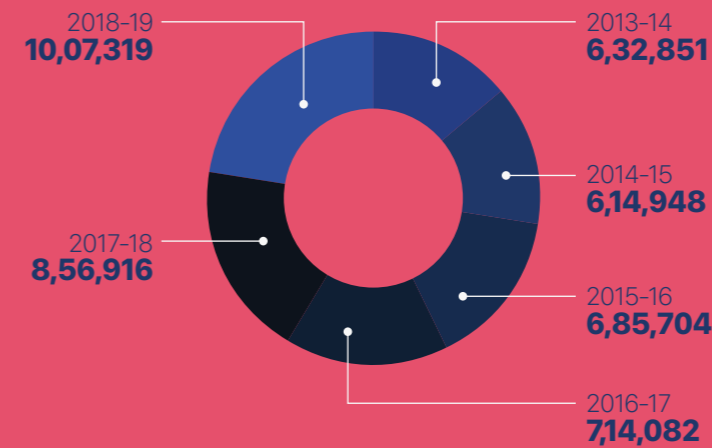
# SECTOR HIGHLIGHTS

- **4<sup>th</sup> largest** automotive market in the world after China, USA, Japan (2019)
- Auto exports grew 24% to reach **USD 13.5 Bn** (2018)
- **5<sup>th</sup> largest** auto-producing nation after China, USA, Japan, Germany (2019)
- Auto in India is a USD 118 Bn industry, and accounts for **7.1% of the country's GDP** (2018)
- **Auto accounts for 49%** of the country's manufacturing GDP (2018)
- Auto industry **employs ~32 Mn people**, directly & indirectly (2018)
- **100% FDI** allowed under the automatic route
  - Attracted **USD 21.35 Bn** FDI from April 2000 to March 2019
  - Attracted **5% of total FDI inflows**

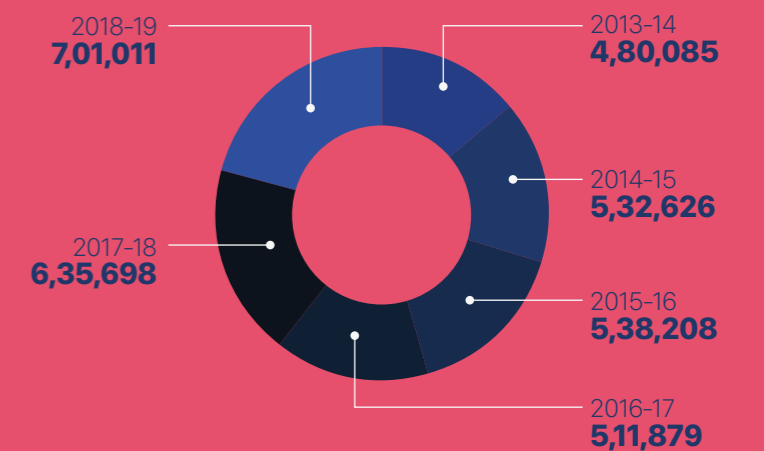
## PASSENGER VEHICLES

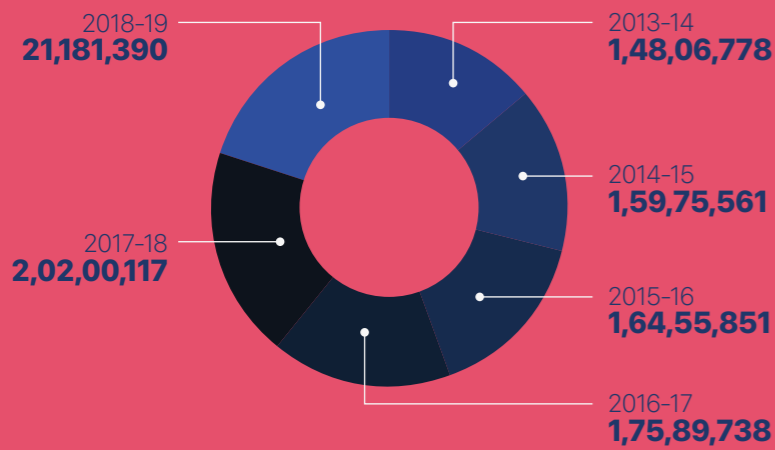


## COMMERCIAL VEHICLES



## THREE-WHEELERS





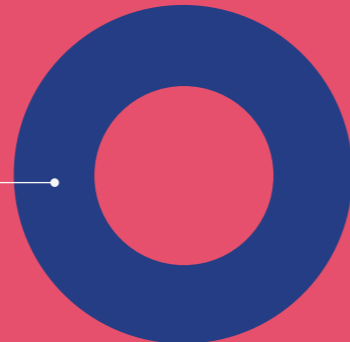
## TWO WHEELERS



## QUADRICYCLES



2018-19  
627



- Industry contributes towards **18% to the manufacturing GDP** and **2.5% to the national GDP** (2018)
- Direct employment to **1.5 Mn people** (estimated), 2018
- Auto component industry turnover: **USD 51.5 Bn** (FY 2017 – 2018); **Growth rate of 18.5%**
- Exports market size: **USD 13.5 Bn, growth of 24%** (FY 2017-18)

# GROWTH DRIVERS

- Improved infrastructure: as of 2019, India has **6 Mn km of roadways, 40 km of roads** built per day
- Car penetration: **23 cars per 1000 people** (2019)
- Proximity to markets part of export potential: **Government Grants** on exports, Make in India initiative. **Proximity to the Gulf and ASEAN market** (UAE, Malaysia, Indonesia, Sri Lanka, Africa)
- R&D Capability:
  - Between 2015 & 2018, India **jumped 54 ranks** on the Global Innovation Index to reach the **27th position**
  - At **USD 79 Bn**, India's R&D investments account for 3.8% of global R&D investment (2018)
  - Out of the total R&D spend in India, **57% is for 'Software Product Development'** and **43% is for 'Embedded Engineering Services'**
- Manufacturing/labour cost comparison: Average of **USD 7/day** across all states (labor cost) (2019)

# GOVERNMENT INITIATIVES

- **Government Support: 100% FDI** under automatic route
- **FAME Scheme: Promoting & Incentivising E-vehicles.** Scheme has 4 focus areas, viz. Technology development, Demand Creation, Pilot Projects and Charging Infrastructure
- **NATrIP:** Setting up of R&D centres at a total cost of **USD 388 Mn** (7 R&D centres - Chennai, Manesar, Indore, Raebareli, Silchar, Ahmednagar, Pune)
- **Automotive Mission Plan (AMP) (2016-2026):** To accelerate the advancement of India as an Auto hub
  - AMP 2026 to see an increase in net exports by **40%**
  - **Top 3 in the world** in auto engineering, manufacturing and exports by 2026
  - Over 10 years of AMP, Skill Development to add **65 Mn to the labour force** (direct & indirect)
- **BS VI Norms:** Enforceable from April 2020, they **will curb rising air pollution levels** (India to jump from BS IV to BS VI), NOx limit to be 80mg/km
- **Voluntary Vehicle Fleet Modernisation Program:** Aimed at replacing the old, polluting medium and heavy vehicles with fuel efficient vehicles. Benefits to sellers:
  - **Reduction in GST** at the time of purchase of the new vehicle
  - **Fair value for scrap**, as well as discounts from automobile manufacturers. On average, will reduce the cost of a new vehicle for the buyer by 15%
- **GST: One nation, one tax.** To simplify taxation (tax filing) for business operations and logistics

# INDUSTRY CLUSTERS/ZONES

## AUTOMOBILE



## Automobile clusters

- **Haryana - Rajasthan - Uttar Pradesh:** Eicher, Hero Moto Corp, Honda, JCB, Maruti Suzuki, New Holland Agriculture, Yamaha
- **Maharashtra - Karnataka:** Bajaj Auto, Daimler, FCA, Force Motors, General Motors, Piaggio, Scania, Toyota, Volkswagen, Volvo
- **Gujarat - Madhya Pradesh:** CNH Industrial, Ford, Honda Motorcycle and Scooter, John Deere, SAIC Motors, Tata Motors, VECV
- **Andhra Pradesh, Tamil Nadu:** Ashok Leyland, BMW, Hyundai, Isuzu, Kia Motors, Peugeot, Renault, Royal Enfield, TVS Motors, Yamaha

# INDUSTRY CLUSTERS/ZONES

## AUTO COMPONENTS SECTOR



### Auto components sector

- Punjab - Haryana**  
Denso, Federal Mogul, GKN Driveline, Hella Automotive, Hero Cycles, JBM, Minda
- Rajasthan - Uttar Pradesh:**  
Ashimori India, Keihin, Motherson Sumi, Shriram Pistons & Rings
- Maharashtra - Karnataka:**  
Autoliv, Bharat Forge, Bosch, Continental, Dana, Faurecia, Plastic Omnium
- Gujarat - Madhya Pradesh:**  
AMW Auto, Bridgestone, Lear Corporation, Mahle, Schaeffler, Tata Preceison Industries, Tenneco
- Tamil Nadu - Andhra Pradesh:**  
Avtec, Borg Warner, Delphi, Gestamp, Hyundai Mobis, Oerlikon, Valeo, WABCO

# INVESTMENT NEWS

## AUTOMOBILE

- Over the next few years, Volkswagen to invest USD 1.2 Bn in India to develop 6 new models (Jan 2018)
- Kia to invest USD 2 Bn for developing manufacturing in India (Andhra Pradesh) (June 2018)
- Hyundai to invest an additional USD 1 Bn in India
- Honda to invest an additional USD 1.3 Bn setting up its 3<sup>rd</sup> factory for hybrid and electric vehicles in Gujarat (Oct 2018)

## TWO-WHEELERS

- Honda inaugurated the 4<sup>th</sup> assembly line in their Karnataka plant, increasing production capacity to 2.4 Mn units (Aug 2017)
- Over the next 2 years, Hero MotoCorp to invest USD 380 Mn in their Haryana and Rajasthan plants (2018)
- Over the next 3 years, Yamaha to invest USD 14 Mn across its plants in Haryana and Tamil Nadu (2019)



# INVESTMENT NEWS

## HEAVY VEHICLES/BUSES:

- JCB to invest USD 94 Mn in India; Gujarat to be home to JCB's 6<sup>th</sup> factory in the country (2019)
- Tata Motors to invest USD 230 Mn in the commercial vehicle vertical, USD 380 Mn in the passenger vehicle vertical in their Jamshedpur (Jharkhand) plant (July 2018)
- Next year, Volvo Group to invest USD 40 Mn in its Karnataka plant (2019)
- Over the next 3 years, Cummins to invest USD 217 Mn in its Maharashtra plant (2017)

## AUTO COMPONENTS:

- Bosch to invest USD 246 Mn in India over the next 3 years (2018)
- Denso to invest USD 1.6 Bn to strengthen development and production of Automotive Electrification Products and Systems (2018)
- In 2019, Mahle opened its global engineering and shared service centre in Pune. The facility is built over 55,000 square feet, and will employ 450 engineers

# SUCCESS STORIES

"Since its early stages, Invest India's senior sponsorship and efficient support has helped make our India project a reality. A dedicated team of highly motivated professionals has acted as an advisor to both our company and our counterparts in India. They have facilitated and accelerated progress in establishing our industrial and commercial presence in the country. This has definitely made a difference."

**Mr. Emmanuel Delay**, Head, India-Pacific Region, Groupe PSA

"Make in India, along with associated structural reforms such as GST, have clearly become engines of the India growth story. It is helping in building aspirations and galvanise youth to work towards a more confident and modern India. At Volvo Group, we believe that building a strong manufacturing ecosystem in the country will have a multiplier effect on the economy - as it will see the entry of more young entrepreneurs, thus kick-starting a virtuous cycle of growth."

**Kamal Bali**, MD, Volvo Group





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