SECTOR HIGHLIGHTS

- **4th largest** automotive market in the world after China, USA and Japan (2019)
- Auto exports grew by 14.5% to **USD 15.5 Bn** (2019)
- **5th largest** auto-producing nation after China, USA, Japan and 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 37 Mn people** directly & indirectly (2018)
- **100% FDI** allowed under the automatic route
  - Attracted **USD 23.5 Bn** FDI during April 2000 – Sept 2019
  - Attracted **5% of total FDI inflows**
- 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 57 Bn** (FY 2018-19); **Growth rate of 14.5%**
- Exports market size: **USD 15.2 Bn** (FY 2018-19)

### TWO WHEELERS

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
</tr>
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<tbody>
<tr>
<td>2013-14</td>
<td>14.8 Mn</td>
</tr>
<tr>
<td>2014-15</td>
<td>15.97 Mn</td>
</tr>
<tr>
<td>2015-16</td>
<td>16.45 Mn</td>
</tr>
<tr>
<td>2016-17</td>
<td>17.58 Mn</td>
</tr>
<tr>
<td>2017-18</td>
<td>20.2 Mn</td>
</tr>
<tr>
<td>2018-19</td>
<td>21.1 Mn</td>
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### THREE WHEELERS

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>2013-14</td>
<td>480K</td>
</tr>
<tr>
<td>2014-15</td>
<td>532K</td>
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<tr>
<td>2015-16</td>
<td>538K</td>
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<tr>
<td>2016-17</td>
<td>511K</td>
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<tr>
<td>2017-18</td>
<td>635K</td>
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<td>2018-19</td>
<td>701K</td>
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COMMERCIAL VEHICLES

<table>
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<th>Year</th>
<th>Quantity</th>
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<tbody>
<tr>
<td>2013-14</td>
<td>632 K</td>
</tr>
<tr>
<td>2014-15</td>
<td>614 K</td>
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<tr>
<td>2015-16</td>
<td>685 K</td>
</tr>
<tr>
<td>2016-17</td>
<td>714 K</td>
</tr>
<tr>
<td>2017-18</td>
<td>856 K</td>
</tr>
<tr>
<td>2018-19</td>
<td>1 M</td>
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</tbody>
</table>

PASSENGER VEHICLES

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>2.5 Mn</td>
</tr>
<tr>
<td>2014-15</td>
<td>2.6 Mn</td>
</tr>
<tr>
<td>2015-16</td>
<td>2.7 Mn</td>
</tr>
<tr>
<td>2016-17</td>
<td>3 Mn</td>
</tr>
<tr>
<td>2017-18</td>
<td>3.2 Mn</td>
</tr>
<tr>
<td>2018-19</td>
<td>3.3 Mn</td>
</tr>
</tbody>
</table>

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:
  - India jumped 5 positions from 2018 to 52nd in the Global Innovation Index 2019
  - 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 (labour 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. Phase 2 has been approved with an outlay of INR 10,000 cr between 2019-2022

- **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 80 mg/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
AUTO COMPONENTS SECTOR

RECENT INVESTMENT NEWS

AUTOMOBILE

• **Kia**: To invest USD 2 Bn for developing manufacturing in India (Andhra Pradesh, June 2018)

• **Honda**: To invest an additional USD 1.3 Bn to set up its 3rd factory for hybrid and electric vehicles in Gujarat (Oct, 2018)

• **JCB**: To invest USD 94 Mn in India; Gujarat to be home to its 6th factory in the country (2019)

• **Volvo Group**: To invest USD 40 Mn in its Karnataka plant next year (2019)

• **BYD**: Olectra Greentech, BYD in talks for an electric passenger vehicle venture in India. The Hyderabad-based company has also drawn up an investment plan of INR 300 Cr to set up a new EV manufacturing facility in the Telangana capital (Sept, 2019)

• **Daimler**: By 2022, German auto major Daimler to make its Chennai plant - where it manufactures buses and trucks - a global export hub to serve its Latin American market (Sept, 2019)

• **Ford**: Plans to invest USD 1 Bn in its Indian operations over the next 5-7 years. USD 500 Mn to go towards 2 SUVs, to be developed by Ford’s India Centre. An additional USD 400-500 Mn likely to be used for Project Black, in partnership with Mahindra & Mahindra (May, 2019)

• **Hyundai**: To invest USD 200 Mn to expand to include EVs in the mass market. With its new investment, it plans to introduce affordable electric models (Aug, 2019)

• **Great Wall Motors**: To invest USD 1 Bn in India. The company approved a USD 1.6 Mn investment in February to set up a local office, and its first SUV will be rolled out in 2022 (June 3, 2019)
AUTOMOBILE

- **SAIC Motors**: China’s largest automaker, SAIC Motors took over British MG motors and introduced it in India under a Chinese subsidiary. It has already invested approximately USD 310 Mn, and plans to invest another USD 350 Mn in setting up another manufacturing unit in India (Feb, 2019)

- **Hyundai**: Seeking to invest USD 200 Mn in the EV mass market. Also signed an MoU with the Govt. of Tamil Nadu, to invest up to INR 7,000 Cr to develop new products and extend capacities (Aug, 2019)

- **Honda**: Inaugurated the 4th assembly line in their Karnataka plant, increasing production capacity to 2.4 Mn units (Aug 2017)

- **Hero MotoCorp**: To invest USD 380 Mn in their Haryana and Rajasthan plants over the next 2 years (2018)

- **Yamaha**: To invest USD 14 Mn across its plants in Haryana and Tamil Nadu over the next 3 years (2019)

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)

- **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 (2019)

- **Schaeffler Group**: Plans to invest 60 Mn euros in its Indian operations in 2019. This amount has been earmarked for expanding manufacturing capacity and introducing new technologies (Jan 2019)

- **JCB**: To invest USD 94 Mn in India; Gujarat to be home to their 6th factory in the country (2019)

- **Meritor**: The company has invested USD 36.5 Mn to expand its axle assembly facility, which includes introduction of e-axes. It also acquired a site in Pithampur Industrial Area for setting up another production facility (Sept 2019)

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, has clearly become engines of the India growth story. It is helping in building aspirations and galvanising 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

All information in this brochure was last updated on Apr 30th, 2020.
HOW WE HELP INVESTORS

RESEARCH CONTENT PROVIDED

POLICY ADVISORY/ REPRESENTATION

STAKEHOLDER MEETING

SITE VISITS

LOCATION ANALYSIS

ISSUE RESOLUTION

REGULATORY CLEARANCE FACILITATION

Automobiles Components

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