

## **Auto component industry in India: An overview**

**India is today known for being a reliable producer of high-value precision instruments for almost all major global automotive companies.**

India has strongly emerged as one of the most preferred destinations for manufacturing high quality auto components. The growth of global original equipment manufacturers (OEMs) sourcing from India and the increased indigenisation of global OEMs is turning the country into a preferred designing and manufacturing base. Factors like a stable government framework, increased purchasing power, large domestic market, presence of a large base of skilled and semi-skilled manpower and an ever-increasing development in infrastructure only add to India's attractiveness as a global hub for manufacturing.

While many major global OEMs have made India a component sourcing hub for their global operations, several global Tier-I suppliers have also announced plans to increase procurement from their Indian subsidiaries. India is also emerging as a sourcing hub for engine components, with OEMs increasingly setting up engine manufacturing units in the country.

- Indian auto-components industry is set to become the third largest by 2025.
- India offers a stable government framework, increased purchasing power and a large domestic market.
- India offers a large pool of skilled and semi-skilled workforce.
- Automobile and auto component industry are a key component of the flagship 'Make in India' programme.

The auto component sector is a key component of the flagship 'Make in India' programme from the Government of India. The Indian auto component industry is expected to grow by 8-10% in FY 2017-18, due to higher localisation by OEMs, higher component content per vehicle, and rising exports from India. In fact, the industry is expected to register a turnover of US\$ 100 billion by 2020. According to reports, the Indian automotive industry is expected to be among the top three in the world in the area of engineering, manufacturing export of vehicles and components by 2026. The industry aims to achieve five times growth with a turnover of US\$ 200 billion, exports targets between US\$ 70-80 billion and an investment of US\$ 30-40 billion by 2026. The aftermarket segment is expected to grow at a CAGR of 10.5 per cent, and reach US\$ 13 billion by 2019-20, from US\$ 8.4 billion in 2016-17.

As the manufacturing competencies available in the country are being utilised for developing components for the global market, the domestic market is going equally strong. The auto-components industry accounts for almost seven per cent of India's Gross Domestic Product (GDP) and employs as many as 19 million people, both directly and indirectly. Increased investments in R&D operations and laboratories, which are being set up to conduct activities such as analysis, simulation and engineering animations, are expected to further boost India's position as a global supplier.

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