India: A major global exporter of auto components

Already exporting to over 160 countries, Indian auto components exports are expected to reach US$ 70-80 billion by 2026.

India has emerged as one of the major exporters for auto components globally. The exports from the Indian auto component industry registered a strong compound annual growth rate (CAGR) of 14% during 2006-16, increasing from US$ 3.2 billion to US$ 10.81 billion during the ten year period.

It is important to note that India currently exports auto components to more than 160 countries with Europe accounting for 36% of exports followed by Asia and North America at 25% each. Exports to Central America and North America increased by 30% and 3% respectively in 2015-16 over the previous fiscal.
India is known for being a cost effective base for manufacturing high quality auto components. From being a producer of low value components, India has come a long way in its journey and is today producing a wide range of high-value precision instruments for almost all major global automotive companies. Backed by a favourable trade policy, factors like geographical proximity to key automotive markets like the Middle East and Europe, as compared to competition, have helped India emerge as a strong exporter of auto components. The positive government policies are expected to further increase the reach and value of Indian auto component industry. For instance, the Automotive Mission Plan (AMP) 2026 seeks to increase net exports of the Indian Automotive industry several fold. The 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.

Over the next decade, the changing trends in the global automobile industry are expected to lead to newer verticals and create new opportunities for auto component manufacturers, which would require systematic research and development. In fact, the Indian auto component makers are well positioned to benefit from the globalisation of the sector and further boost auto component exports from India.