A lso and auto component industry at India’s flagship sector. Today, India is the largest two-wheeler manufacturer, largest tractor manufacturer, second largest bus manufacturer, fourth largest heavy truck manufacturer, fourth largest commercial vehicle manufacturer and recently it has become 4th largest car manufacturer. As a major employment generator, GDP contributor and FDI winner, the automotive industry is instrumental in shaping the country’s economy and hence regarded as a ‘Sunrise sector’ under the ‘Make in India’ programme of the Government of India.

The Indian auto component industry has grown well in tandem with the automobile industry. The $64.5 billion Indian auto component industry contributed 2.2 per cent to India’s National GDP and 24 per cent of India’s manufacturing GDP in 2016-17. It exports to over 160 countries with a net value of $11 billion registering a CAGR of 11 per cent over a period of six years. The auto component industry provides employment to over 3 million. According to a study by Frost & Sullivan, it is estimated that light vehicle sales in the Middle East will grow at a CAGR of 8 per cent, reaching 6.1 million units by 2022, which will add the total number of cars in operations in the region by 2022 million, compared to an estimated 87 million in 2017. This shows a huge upside opportunity for the

- The Indian automotive industry has been identified as the ‘Sunrise Sector’ under the ‘Make in India’ programme of the Government of India.

- Progressive reforms and conducive policies are driving the Indian automotive industry forward.

- India is the 4th largest automotive industry in the world and is set to be among the top three by 2026.

- Indian auto-components manufacturers are on the rise and are diversifying their product line.

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According to the Automotive Mission Plan 2026, the component industry turnover will exceed $390 billion and exports $70 billion.

A PREFERRED MANUFACTURING HUB FOR AUTO COMPONENTS

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The Indian Automotive Industry is the fourth largest in the world having deep forward and backward linkages. The industry has a strong positive multiplier effect and is a key driver of India’s economic growth. Rapid evolution and transformation of the auto component sector has led to India’s emergence as a preferred global sourcing hub for automakers across the world. While, the well-developed Indian auto industry produces a wide variety of vehicles, the Indian auto-component sector supports it well by manufacturing a complete portfolio of products including engine parts, drive transmission and steering parts, body and chassis, suspension and braking parts, equipment and electrical parts, besides others. Backed by favourable government policies, benign factors such as geographical proximity to key automotive markets like West Asia, South Asia and Europe, enhanced manufacturing capabilities and highly skilled engineering manpower, the Indian auto component industry is globally competitive and has emerged as a strong exporter of auto components. The exports from the industry registered a strong compound annual growth rate (CAGR) of 14 per cent during 2006-16, increasing from $3.1 billion to $10.81 billion during the 10-year period. It is important to note that India currently exports auto components to more than 160 countries with US and Europe being the top two destinations.

The Government of India is soon expected to announce a revised version of its earlier FAME (Faster Adoption and Manufacture of Electric Vehicles) scheme. The scheme is expected to lay down a clear roadmap for the growth of electric mobility in the country, thereby giving a significant boost to the auto component industry. The auto component industry will scale up to $300 billion from its current level of $65 billion, and exports will grow from $76-80 billion from today’s $11 billion. With a fast growing vehicle parc in the country, the aftermarket in India is also witnessing a fast growth, which is expected to reach $32 billion in the next 10 years from the current $8 billion. Keeping in tandem with the global mobility trends, the Government of India is also keen to push electric mobility in the country. As part of its agenda to revolutionise mobility in the country, the Government of India is soon expected to announce a revised version of its earlier FAME (Faster Adoption and Manufacture of Electric Vehicles) scheme. The scheme is expected to lay down a clear roadmap for the growth of electric mobility in the country, thereby giving a significant boost to the auto component industry. The auto component industry will scale up to $300 billion from its current level of $65 billion, and exports will grow from $76-80 billion from today’s $11 billion. With a fast growing vehicle parc in the country, the aftermarket in India is also witnessing a fast growth, which is expected to reach $32 billion in the next 10 years from the current $8 billion. Keeping in tandem with the global mobility trends, the Government of India is also keen to push electric mobility in the country. As part of its agenda to revolutionise mobility in the country, the...