**Sectoral overview**

1. **Snapshot of the sector:** Indian Auto Components Industry
2. **Key Metrics**

* Turnover: Rs. 29,2184 crore/USD 43.5 billion
* Contribution to GDP: 2.3%
* Foreign Exchange Earnings/ Exports: Rs. 73,128 crore/USD 10.90 billion
* Share in India’s Exports: 4%
* Domestic Aftermarket: Rs 56,096 crore/USD 8.4 billion
* Employment: Direct: 1.50 million, Indirect:1.5 million

1. **Key players**

* TVS Group Companies, Aanand Group, Rane Group, Bharat Forge, Motherson Sumi, Bosch, Delphi, WABCO, Sandhar and more.

1. **Investment (trends + opportunities)**

In the last decade, auto component industry invested over USD 13 billion. According to Automotive Mission Plan 2016-26 (AMP) the Indian auto component industry aims to achieve USD 200 billion in revenue by 2026, with exports in the region of USD 80 billion and to realise this, the industry requires USD 25-30 billion in investments.

Opportunities in the following emerging segments:

* Hybrid and Electric Vehicles Components
* Auto Electronics
* Safety related products
* BS-VI
* All segments of the traditional automotive industry

1. **Key Government Initiatives for the sector**

* 100% Foreign Direct Investment (FDI) is allowed under the automatic route in the auto components sector
* Favorable trade policy with no restrictions on import-export
* National Automotive Testing And R&D Infrastructure Project
* Faster Adoption & Manufacturing of Electric Hybrid Vehicles (FAME) Scheme
* Export promotion capital goods (EPGG) scheme
* Duty remission scheme
* Merchandise Exports from India Scheme (MEIS)
* Incentives for units in Special Economic Zones (SEZs) / National Investment & Manufacturing Zones (NIMZs)
* Good network of Trade Agreements, opportunity to export from India
* Focus on Skill Development
* Corporate tax to 25% for SMEs with turnover of up to Rs. 250 crore

**Policy:**

* Auto Policy: 2002
* Automotive Mission Plan 2016-26
* National Electric Mobility Mission Plan 2020
* National Automotive Policy: 2018 (under progress)

In addition to above each state in India offers additional incentives for industrial projects. Incentives include subsidized land cost, relaxation in stamp duty exemption on sale and lease of land, power tariff incentives, concessional rate of interest on loans, investment subsidies, tax incentives, backward areas subsidies and special incentive packages for mega projects. States also have their own industrial and Automotive Policy to promote manufacturing.

1. **Future Outlook**

* As per Automotive Mission Plan 2016-26 (AMP) the Indian auto component industry may attain an impressive USD 200 billion in revenue by 2026, with exports of USD 80 billion
* The Indian Automotive industry will be among the top three of the world in the area of engineering, manufacturing export of vehicles and components. It is estimated that the demand of vehicles will reach 66.3 to 75.8 million units in the same year
* Domestic Aftermarket will reach USD 32 billion by 2026 from USD 8 billion in FY 2017
* Contribution of Auto Component Industry in India’s GDP will account to as much as 5% to 7% by 2026
* Direct incremental employment: 3.2 million

1. **For further details please contact**

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1. **Source:** ACMA