

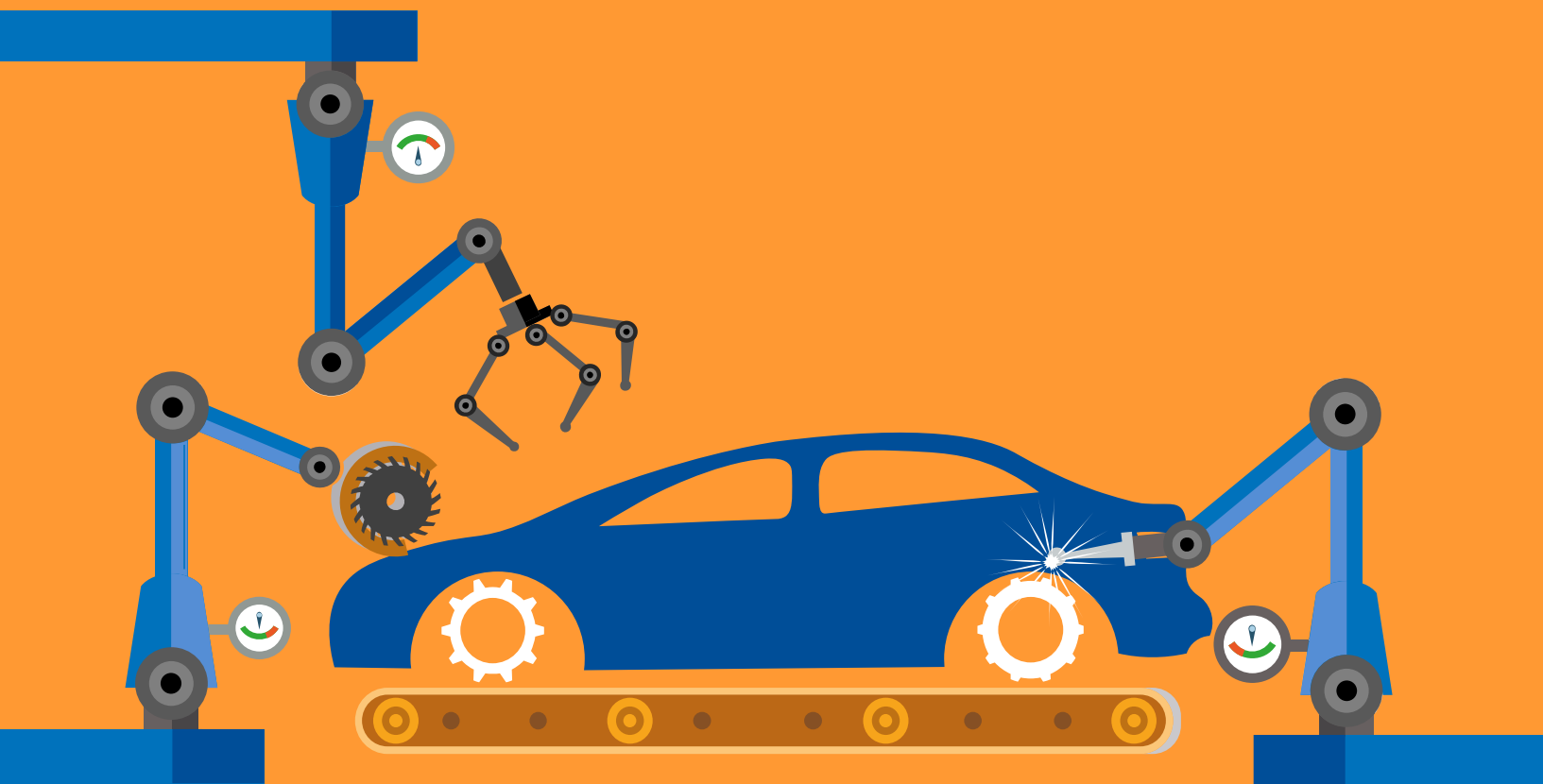
**Department of Industrial
Policy and Promotion**

**Department of
Heavy Industries**

Automotive Sector

Achievements Report

24th November 2016



MAKE IN INDIA

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Automotive Sector

The automotive industry in India has been on a growth trajectory with impressive spikes in sales, production, and exports over the last two years. With an average production of around 24 million vehicles annually and employer of over 29 million people (direct and indirect employment), the automotive sector in India is one of the largest in the world. India is the largest tractor manufacturer, 2nd largest two-wheeler manufacturer, 2nd largest bus manufacturer, 5th largest heavy truck manufacturer, 6th largest car manufacturer and 8th largest commercial vehicle manufacturer. For every vehicle produced, direct and indirect employment opportunities are created with employment of 13 persons for each truck, 6 persons for each car and 4 for each three-wheeler and one person for two-wheelers. The USD 93 billion automotive industry contributes 7.1% to India's GDP and almost 49% to the nation's manufacturing GDP (FY 2015-16).

As a major employment generator, GDP contributor and FDI earner, the automotive industry is instrumental in shaping the country's economy and hence regarded as a 'Sunrise sector' under Make in India.

In order to further promote the sector, initiatives are being undertaken by the

Government of India to promote innovation and R&D and create a favourable policy regime to make India a prominent manufacturing destination.

The Automobile Mission Plan 2016 – 2026 envisages creating India as one of the top three automobile manufacturing centres in the world with gross revenue of USD 300 billion by 2026.

Policy Initiatives & Investments

Major Investments & FDI Inflows

FDI Inflow

The Automobile industry witnessed a USD 5.5 billion of FDI inflow into the country during April 2014 to March 2016.

Some of the major foreign investments are listed in the Annexure I.

Infrastructure creation by Global car manufacturers

Leading global players like ISUZU Motors, FORD Motor, Tata Motors, and Suzuki Motor have invested heavily in the manufacturing sector resulting in the setup of new assembly lines, manufacturing and greenfield units thus boosting the manufacturing ecosystem in India.

- Honda inaugurated its second assembly line at its scooter manufacturing plant in Gujarat in June 2016.



- ISUZU Motors, a Japanese Automobile manufacturer, inaugurated its greenfield manufacturing unit with an investment of USD 445 million in SriCity, Andhra Pradesh in April 2016.
- Tata Motors and Fiat Ltd have set up joint assembly line to manufacture SUV cars at Ranjangaon unit (Pune), with an investment of USD 280 million.
- Magneti Marelli, Fiat's component manufacturing arm, opened a new manufacturing facility for the production of robotized gearboxes, in October 2015.
- Pune based Force Motors inaugurated its INR 100 crore greenfield plant in June 2016 for supplying engines and axles to Mercedes- Benz India.
- Suzuki initiated a greenfield project in car and power train manufacturing in June 2015 near Ahmedabad, Gujarat.
- Mercedes Benz inaugurated its second manufacturing facility in Chakan in July 2015.

Growth trends in the Indian Automobile Industry in the last two years:¹

• Rise in Production

- Production increased by 2.6% in FY 2015-16 with the industry producing a total 23,960,940 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in FY 2015-16 as against 23,358,047 vehicles produced in previous fiscal year.

• Rise in Domestic Sales

- Sales of Passenger vehicles increased by 7.24%

in FY 2015-16 over the same period previous year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans grew by 7.87%, 6.25% and 3.58% respectively in FY 2015-16 over the same period previous year.

- Overall Commercial Vehicles segment registered a growth of 11.51% in FY 2015-16 as compared to the same period previous year. Medium & Heavy Commercial Vehicles (M&HCVs) registered a growth at 29.91% and Light Commercial Vehicles grew marginally by 0.30% in FY 2015-16 over the same period previous year.
- Three Wheelers sales grew by 1.03% in FY 2015-16 over the same period previous year. Within 3 wheeler segment, passenger Carrier sales grew by 2.11%.
- Two Wheelers sales registered a growth at 3.01% in FY 2015-16. Within the Two Wheelers segment, Scooters grew by 11.79%.
- Industry saw rapid rise in total production of electric and hybrid vehicle from 17,107 (FY 2014-15) to 71,909 (FY 2015-16) and rise in total sales from 16,513 (FY 2014-15) to 65,224 (FY 2015-16).

• Rise in exports

- In FY 2015-16, Automobile exports grew by 1.91 percent (exports worth USD 8.8 billion). The major growth drivers were Passenger Vehicles, Commercial Vehicles and Two Wheelers which registered a growth of 5.24%,

1. Statistics from Society of Indian Automobile Manufacturers



16.97% and 0.97% respectively in FY 2015-16 over the same period previous year.

- Two wheelers accounted for the largest share of exports at 69.4% in FY 2015-16. Passenger vehicles comprised a sizeable 16.7% of overall exports. Three wheeler vehicles registered around 11.1% share in exports in FY 2015-16.

Growth trends in the Indian Auto-component Industry in the last two years:

- The Auto-component Industry growing (turnover)* at a CAGR of 6% in the last 6 years (2010-2016), contributed 2.3% to India's GDP and provided direct employment to 1.50 million people (in FY 2015-16).
- The industry registered a 8.8% increase in turnover from USD 38.5 billion in FY 2014-15 to USD 39 billion in FY 2015-16.
- In FY 2015-16, the vehicles aftermarket grew by 12% to USD 6.8 billion from USD 6.5 billion in FY 2014-15.
- **Rise in Exports**
 - Exports in the auto-components sector is growing at a CAGR of 18% in the last 6 years. Exports in the last 2 years (2014-16) grew from USD 19.9 billion to USD 22 billion.
 - The auto-component industry contributed 4% to India's exports in FY 2015-16, with an earning of USD 10.81 billion. The top export

destinations are USA, Germany, Turkey, UK and Italy.

Fiscal Incentives

- To promote exports of manufactured green technology products, the export obligation of 16 specified products has been reduced under the Export Promotion Council Goods (EPCG) scheme (Foreign Trade Policy 2015-20).
- Excise duty on chassis for Ambulance reduced from 24% to 12.5%.
- Basic Customs Duty on Commercial Vehicles increased from 10% to 20%.

Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME)

To address the global demand for innovative and fuel economy vehicles, the FAME scheme to incentivize, develop, manufacture and promote the hybrid/electric vehicles market development was launched on April 1, 2015 targeting a market penetration of 6-7 million vehicles per year by 2020.

The scheme envisages creation of an ecosystem of innovation by promoting **domestic technology development and manufacturing** of full range of cleaner electric vehicle technologies that include mild hybrid, full hybrid vehicles (HEVs), Plug in Hybrids (PHEVs) and Pure Electric Vehicles (PEVs) (collectively termed as XEVs).

FAME aims to achieve a cumulative fuel saving of

* Turnover includes supplies to OEMs, after-market sales and exports



about 95,000 million liters equivalent resulting in reduction of pollution and greenhouse gas emission of 2 million tonnes and achieve 60-70 lakh sales of hybrid and electric vehicles.

- The Phase – 1 of the scheme is being implemented over a period of 2 year i.e. FY 2015-16 and FY 2016-17 with a budget outlay of INR 795 crore. Initial seed money of INR 75 crore was allotted in the FY 2015-16 and INR 122.90 crore has been allotted in FY 2016-17.

Incentives offered

- On electric and hybrid vehicles of up to USD 430 for motorcycles and USD 2050 for cars.
- Hybrid Vehicles now attract excise duty at 12.5% and electric vehicles attract excise duty at 6%, against the excise duty of 30%, 27%, 24% and 12.5% applicable on vehicles with conventional fuel.

Other achievements

UNIDO-ACMA-DHI Cluster Development project (United Nations Industrial Development Organization - Indian Automotive Components Manufacturers Association -Department of Heavy Industry): In FY 2015-16, USD 337,749 was released to UNIDO to provide support to SMEs in the automotive component industry.

Skill Development/Job Creation

- Automotive Skill Development Council (ASDC) has trained a total of 1,21,662 people in FY 2014-15 and 1,66,580 in FY 2015-16.

Innovation and R&D

National Automotive Testing and R&D Infrastructure Project (NATRiP)

With an aim to create global competencies in the automotive sector by promoting innovation, R&D and opening of global test centres, the budget outlay of the NATRiP centre was further increased to INR 3727 crore in July 2016. The time line for completion of NATRiP centres is December 31, 2017 except for the Indore Centre which is June 2019.

Out of the six NATRiP centres, all the facilities at three centres viz, Automotive Research Association of India (ARAI) at Pune, Vehicle Research & Development Establishment (VRDE) at Ahmednagar and NIAIMT at Silchar have been completed. Some of the facilities in the remaining three centres namely International Center for Automotive Technology (ICAT) at Manesar, Global Automotive Research Center (GARC) at Chennai and National Automotive Test Tracks (NATRAX) at Indore have been completed and the works for the other facilities in these centres are at advanced stage of completion.

The NATRiP centres successfully developed are:

- Mileage Accumulation Chassis Dynamometer (MACD) for 2W, 3W, 4W at ARAI, Pune.
- Engine Test cell (ETC) for Heavy Duty and Light Duty Engines at ARAI, Pune and ICAT, Manesar.
- Sealed Housing Evaporation Determination (SHED) facility for 2W, 3W and 4W at ARAI, Pune.
- Vehicle Test Cell (VTC) for 4W at ARAI, Pune.



Annexure

Annexure I

Major foreign investments in the sector during April 2014 to March 2016

Foreign Collaborator	Country	Indian Company	FDI (USD Millions)
Ford International Services and Ford Motors	U.S.A	Ford India Limited	979.50
SAIC General Motors Investment Limited	China, Hongkong, USA	General Motors India Pvt. Ltd	973.93
Suzuki Motor Corporation	Japan	Suzuki Motor Gujarat Private Limited	477.61
Daimler AG	Germany	Daimler India Commercial Vehicles Pvt. Ltd.	389.04
Nissan Motor Co. Ltd	Japan	Renault Nissan Automotive India Pvt. Ltd.	169.20
Isuzu Motors Asia Limited	Singapore, Japan	Isuzu Motors India Pvt. Ltd	116.67
FCC Co. Ltd.	Japan	FCC Clutch India Private Limited	95.19
Continental Automotive GMBH	Germany, Netherlands	Continental Automotive Components, Continental Automotive Brake Systems	72.53
Renault group Bv	Netherlands	Renault Nissan Automotive India Pvt. Ltd	72.51
Caparo India Limited	United Kingdom	Caparo Engineering India Private Limited	56.77
Blue Elephant Finance Limited	Mauritius	Caparo Engineering India Private Limited	53.90
Showa Corporation	Japan	Showa India Private Limited	52.85
Lear Automotive Services (Ned) & Mauritius	Netherlands	Lear Automotive India Private Limited	49.64



Foreign Collaborator	Country	Indian Company	FDI (USD Millions)
Fiat Group Automobiles S.P.A	Italy	Fiat India Automobiles Limited	48.49
Singapore Airlines Limited	Singapore	Tata SIA Airline Limited	46.01
MAN Truck & Bus	Germany	Man Trucks India Private Limited (Man Force Truck)	42.70
Distribution & Logistics Infrastructure	Mauritius	Vikram Logistics & Maritime Services Private, Freightstr Private Limited, Bhim Singh Yadav Property Private Limited, Deshpal Realtors Private Limited	35.50
Yorozu Corporation	Japan	Yorozu JBM Automotive Tamilnadu Private Limited	33.09
NHK Spring Co. Limited	Japan	NHK Automotive Components India Private Limited	31.31
Bussan Automotive Singapore Pte Limited	Singapore	India Yamaha Motors Private Limited	29.72
Toyoda Iron Works Co Limited	Japan	Toyotetsu India Auto Parts Private Limited, Stanzen Toyotetsu India Private Limited	27.77
AINOS Holdings Limited	Mauritius	Bill Forge Private. Limited.	24.88
Saif Partners India V Limited	Mauritius	Trucksfirst Services Private Limited	24.21
Normandy Holdings Limited	Mauritius	Mahindra Logistics Limited	22.79
Valeo Bayen	France	Valeo Lighting Systems India Private Lim	22.30

Contact Us

Department of Industrial Policy and Promotion,

Ministry of Commerce and Industry,
Udyog Bhawan, Rafi Ahmed Kidwai Marg,
Rajpath Road Area, Central Secretariat,
New Delhi, Delhi 110011
<http://www.dipp.nic.in>

Department of Heavy Industries,

Ministry of Heavy Industries and Public Enterprises,
Udyog Bhawan, Rafi Ahmed Kidwai Marg,
Rajpath Road Area, Central Secretariat,
New Delhi, Delhi 110011
<http://www.dhi.nic.in>

Knowledge Partner : KPMG

Building No. 10, 8th Floor, Tower B & C,
DLF Cyber City, Phase II,
Gurgaon, Haryana 122 002
<https://home.kpmg.com/in/en/home.html>