

India Automotive Component Market Assessment, By Type [Engine Parts, Body and Chassis, Suspension and Brakes, Drive Transmission and Steering Parts, Electrical Parts and Equipment], By Vehicle Type [Passenger Vehicles, Commercial Vehicles, Others], By Demand [OEM, Replacement], By Region, Opportunities and Forecast, FY2017-2031

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Report description:

India automotive component market is projected to witness a CAGR of 5.21% during the forecast period FY2024-FY2031, growing from USD 58.6 billion in FY2023 to USD 87.97 billion in FY2031. Expanding automotive research and development along with government initiatives is likely to drive the growth of the automotive component industry in India.

India is slowly becoming an emerging global sourcing hub with a long range of manufacturers. With an increased per capita income, the number of vehicles on the road is increasing the demand for automotive equipment in the region. Furthermore, the advent of electric vehicles and their components along with technological advancements are adding value to the market. The component manufacturers are advancing manufacturing technology with artificial intelligence, machine learning, and IoT. The increased demand for sustainable manufacturing and mobility is fueling the demand for new automotive equipment. Furthermore, advanced driver assistance systems (ADAS), additional security compliance, electrification, and online retail chains are making auto parts accessible and affordable. The utilization of aftermarket smart systems along with the Mar-tech integration for higher customer engagements is propelling the market growth. Major Indian auto parts manufacturers export and partner with international companies.

For instance, in February 2024, Minda Corporation Limited (Spark Minda) partnered with a Japanese manufacturer to produce smart vehicle access systems. The company explained it to be the first phase towards enabling unique and customized solutions while utilizing cutting-edge technology.

Major Foreign Investment and Advanced Infrastructure to Fuel the Market Growth

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India, as an emerging economy, holds major consumption and manufacturing capabilities. The automotive boom in the country comprises the role of technology, Digital India, and increased focus on automotive design and engineering. Furthermore, investment opportunities guaranteed by the government are attracting international automotive component manufacturers to invest in the Indian market. The favorable trade policy including a 100% FDI allowance with no restrictions on import and export supports the involvement of component designers and producers.

Visionary policies and investment have helped India jump from 46th rank in 2021 to 40th rank in 2023 in the Global Innovation Index 2023. India being the third-largest automotive market in the world in 2023, is focusing on enhancing the supply chain, accessibility, and distribution channel. With these efforts, the market is projected to cross the mark of USD 100 billion. Increasing potential in the market helps the ongoing partnerships between international players and native brands to continue or expand their partnership.

For instance, in April 2023, a joint venture between TVS Group and BorgWarner Delphi-TVS technologies lined up an investment plan comprising an amount of USD 4.5 billion. The capital investment plan would provide support to the expansion plan of the brand at its Chennai facility.

Technological Advancements and Expanding Manufacturing Facilities Propel Market Expansion

India thrives at the adaptation of innovative technologies under the fourth industrial revolution. The rapid urbanization has paved the way for the higher adoption of EVs and other vehicles. The solution-based approach with the integration of machine learning, cloud databases, and artificial intelligence is helping OEMs excel and expand their businesses. Furthermore, the development of data-enabled services and solutions is projected to expand its portfolio to serve adjacent industries.

The expanding manufacturing space to serve the rising consumption is becoming a challenge for Indian automakers and auto part manufacturers. The manufacturers are focusing on utilizing fewer spaces through optimization, cloud services, and automation. Alongside, the focus on sustainable production and R&D to deliver recycled and recyclable auto components is likely to transform the market dynamics.

For instance, in January 2024, Sundaram Fasteners Ltd. announced a USD 14.11 billion expansion plan for 2027-2028. The investment is going to be used for the capacity expansion of existing products along with the increased production of electric vehicle components.

Government Infrastructural Support and Subsidies to Further Drive the Market Expansion

The Indian government is set to expand its automotive component industry with capital investments, convenient FDI policies, and subsidies. The government supports auto part manufacturers in overcoming cost disabilities and creating economies of scale while strengthening the supply chain. Authorities get involved in the private-public partnerships to build manufacturing infrastructure to increase production and quality. The auto component exports have surged since last year as the government embarked on a strategic step to carry out free trade agreements (FTA) with several nations. Furthermore, in January 2024, the government's Ministry of Heavy Industries extended the tenure of the Production Linked Incentive (PLI) scheme for automobile and auto components by one year. The authorities landed on the decision after the approval of the Empowered Group of Secretaries (EGoS). The scheme is expected to be focused on incentive rates as well.

The international brands collaborate with the state governments to build or expand auto part plants with increased capacity. It helps the government create new employment opportunities while advancing its manufacturing capacities and infrastructure.

For instance, in November 2023, Toyota Kirloskar Motor signed a MoU with the government of Karnataka to expand its operations with a third plant and 100,000 units per annum capacity. The company invested USD 33 billion to build the primary production base.

Two-Wheeler and Passenger Vehicles to Poise Fair Share in the Market

Based on type, both passenger and two-wheeler segments are expected to hold a decent share of India automotive component market. The advanced electric two-wheeler with increased range, speed, and additional features are expected to propel the segmental growth. While rising per capita income along with the advent of EVs and hybrid technology increases the demand for passenger vehicle components.

Overall, the increased sales of personal vehicles with higher mileage, alternative fuel options, and higher comfort are increasing consumption. The online supply chain, easy and quick delivery options along with a long range of vendor options are expected to flourish the segmental expansion. The native automotive brands are building indigenous EV technologies to cater to local and

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international end-users.

For instance, in March 2023, Bharat Forge Ltd. launched its e-bike manufacturing facility at MIDC Chakan with a production capacity of 60,000 units per annum. The company launched its facility under its subsidiary Kalyani Powertrain.

Future Market Scenario

-□ India is projected to emerge as an expanding research and development hub for vehicle systems and subsystem components like engines, transmission, and infotainment.

-□ The nation's fuel transition policies along with the major adoption of EV technology are expected to enable auto part manufacturers to switch to the latest technologies.

-□ The government's extension of subsidies and supportive policies are anticipated to attract foreign brands while strengthening local manufacturers.

-□ India's mission named Atmanirbhar Bharat Abhiyan is expected to deliver stimulus for the deployment of new manufacturing facilities.

Key Players Landscape and Outlook

Key players in the market are focusing on widening and advancing their manufacturing facilities. The increased sales of automobiles and rapidly growing automotive technology are pushing manufacturers to enhance supply chain and distribution pipelines. Furthermore, companies are engaged in merger and acquisition activities and collaborating to advance their production facilities. The MoU projects between companies and the Indian government are adding value to overall market dynamics. The market landscape allows new entrants to share their technology while providing scope for startups.

For instance, in February 2023, Rane Holding Ltd. announced the merger of Rane Brake Lining (RBL) and Rane Engine Valve (REV). The step was taken to structure and enhance operational efficiencies. The merger is expected to create a larger entity with a total turnover of USD 33.73 billion.

In December 2023, Uno Minda Group announced its major expansion drive to widen production capacity and its plants. The company will invest USD 20 billion to expand the production facilities while it has announced its USD 6 billion investment plan for land acquisition.

In July 2023, Menon Bearings' Board gave the go-ahead for the construction of new production facilities to produce new components in aluminum castings segment, thrust washers segment, and engine bearing segment. The plan is to construct a new 42,000-square-foot factory building in the bearing division and a 65,000-square-foot plant in aluminum division.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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