



# Auto, Auto Components and Electric Vehicles

Government of Karnataka



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India's Leading position in Automobile, Auto Components and Electric Vehicles sector

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Unique Advantages of Karnataka in the sector

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Future Opportunities

# India leading in the Automobile, Auto Components and Electric Vehicles Sector

**Hybrid and Electric vehicles:** Six million-plus hybrid and electric vehicles to be sold annually, by 2020

**Annual production:** Sixth largest producer in World with average annual production of 24 million vehicles in 2016

**Passenger vehicle market:** India has the fifth largest passenger vehicle and commercial vehicle market

**Manufacturing hubs:** 4 large auto manufacturing hubs:

- ▶ Delhi-Gurgaon-Faridabad in the north
- ▶ Mumbai-Pune-Nashik-Aurangabad in the west
- ▶ Chennai- Bengaluru-Hosur in the south
- ▶ Jamshedpur-Kolkata in the east

**Two wheeler production:** India is second largest two-wheeler manufacturer in the world

**Contribution to GDP:** Automobile contributes 7.1 % of country's GDP, and accounts for 45 % of country's manufacturing Gross Domestic Product (GDP)

**Exports:** 3.64 million units exported annually



## Foreign Direct Investment (FDI)

FDI inflow In the Automobile sector **increased by 72%** during 2014-16 to USD 5.25 billion from USD 3.05 billion during 2012-14.

During April 2016-December 2016, Automobile sector received USD 1.45 billion in FDI equity inflows.

# Diverse Market with a good export demand

## Production

Increased by 2.6% in FY 2015-16 including passenger vehicles, commercial vehicles, three wheelers, two wheelers

Sales increased by 7.24% in FY 2015-16 over the same period previous year, including Passenger vehicles, Passenger Cars, Utility Vehicles and Vans

## Domestic Sales

## Exports

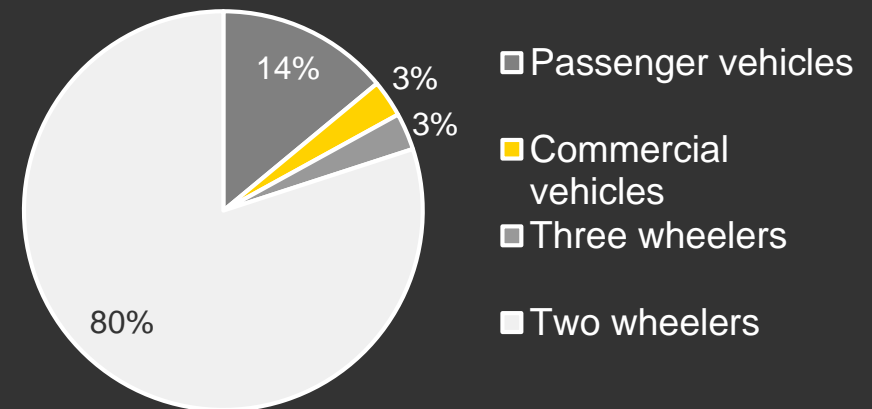
Increased by 1.91% in FY16 from last year, including sales of Passenger Vehicles, Commercial Vehicles and Two Wheelers

## INVESTMENT OPPORTUNITIES

- ▶ Engine & Engine Parts
- ▶ Transmission & Steering Parts
- ▶ Suspension & Breaking Parts
- ▶ Equipment
- ▶ Metal Parts

## 80% Share of Two Wheelers

### Domestic Market Share



# Electric Vehicles and Auto Components

## Hybrid and Electric Vehicles

Policy

National Electric Mobility Mission Plan (NEMMP) 2020. INR 795 crore has been allocated for developing EVs

Projects

Department of Heavy Industry(DHI) is launching pilot projects on electric vehicles in various metros and cities

OEMs

EV market maturation depends: 1) OEM readiness 2) Infrastructure readiness and 3) Customer readiness



KEY PLAYERS



## Automobile Components

KEY PLAYERS



### Growth Trends

- ▶ Increased investments in R&D operations and laboratories
- ▶ Exports grew at a CAGR of 14% to USD 10.8 bn in FY 2015-16 from USD 3 bn FY 2005-06
- ▶ Growth of global OEMs sourcing from India and increased indigenisation of global OEMs
- ▶ Shall singularly contribute to India's GDP will account to as much as 5% to 7% by 2026

# Sector Snapshot Karnataka



# Karnataka's Unique Advantages in the Sector

4<sup>th</sup> largest automobile producing state in the country, contributing 8.5% to the national output in the sector

- ▶ 7 major OEMs and more than 50 auto component manufacturers
- ▶ One of the focus sector identified in the Industrial Policy 2014–19
- ▶ Presence of a huge local market with more than 14 million registered vehicles in the state and connectivity to four of the top five automobile markets in the country
- ▶ Provides employment to more than 55,000 workers

## Automobile Segment

Two-wheelers

▶ TVS, Honda

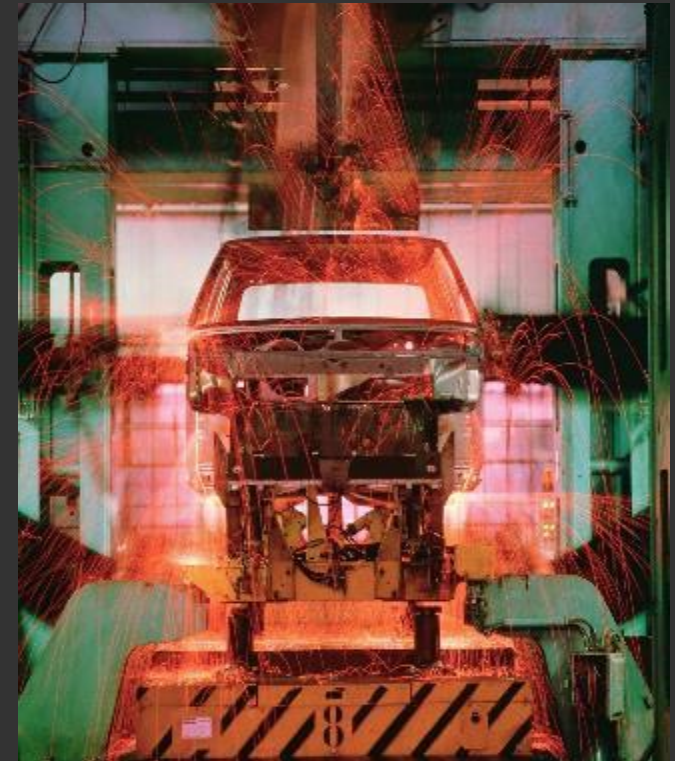
Commercial Vehicles

▶ Scania CV Ind Pvt Ltd, TAFE, Tata Motors, Volvo

Passenger Vehicles

▶ Mahindra REVA, Toyota Kirloskar Motor Pvt Ltd

Three Wheelers



# Automobile and Auto Component Cluster

## Auto Component Cluster, Belagavi

- ▶ Presence of Precision Engineering SEZ
- ▶ Foundry Cluster focusing MSME

## Industrial Valve Cluster, Hubballi Dharwad

- ▶ Valves and Machinery Components are the major exportable items

## Auto Component Cluster, Shivamogga

- ▶ Auto Complex, Sagar – 4.2 acres
- ▶ Foundry is one of Major activity in the Manufacturing Sector
- ▶ Potential areas for Automobile servicing

## Auto Cluster, Hoskote, Bengaluru Rural

- ▶ KIADB Industrial estate with extent of 17 acres
- ▶ Industrial Area – 402 acres
- ▶ Automobile Parts

## Manufacturing Hubs

- ▶ Narsapur & Vemagal Industrial Areas in Kolar District

## Auto Cluster, Bidadi, Ramanagara

- ▶ Bidadi Industrial area – 1,498 acres
- ▶ Presence of Large scale players like Toyota Kirloskar Motor
- ▶ Scope for ancillary units in Automobile





# Policy Push

Electric Vehicle &  
Energy Storage Policy  
2017-22



# Robust Policy Environment

## Investment Promotion Subsidy

- ▶ Subsidy provided to MSMEs and Large, Mega, Ultra and Super Mega industries in EV upto INR 50 lakhs
- ▶ Large, Mega, Ultra, and Super Mega industries upto INR 20 crores

## Electricity Duty & Interest Free Loans

- ▶ 100% exemption of electricity duty/ tax on electricity tariff shall be available for initial period of Five years
- ▶ Interest- free loan on the Net VAT+CST (now, SGST) paid will be made available to Ultra Mega and Super Mega projects

## Stamp Duty & Concessional Rate

- ▶ 100% Stamp Duty to be exempted
- ▶ Concessional rate of INR 1.00 per INR 1,000

## Land Conversion Fees

- ▶ 100% of the land conversion fee for converting the land from agriculture use to industrial use will be reimbursed

## Subsidy for setting up Effluent Treatment Plant (ETP)

- ▶ One time capital subsidy up to 50% of the cost of ETP, subject to a ceiling of Rs. 50 lakh for MSMEs
- ▶ One time capital subsidy up to 50% of the cost of ETP, subject to a ceiling of Rs. 200 lakh for Large, Mega, Ultra, and Super Mega industries

**Electric vehicles industry is at a nascent stage in India, comprising less than 1% of the total vehicle sales, however it has the potential to grow significantly in the coming years**



# Future Opportunities



# Future Opportunities



Initiatives to develop and establish electric mobility in the state

1

2

Assess market potential in the manufacturing of sheet metal units

Development of EV ecosystem focusing to cater cities of tomorrow

3

4

Vehicle Telematics and Connected Vehicles

Technology adoption through additive manufacturing (AM) processes and other innovations

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**Thank You**