

Major factor- Investment possibilities of India's automotive sector

In US per 1000 persons having cars around 860, in Germany 627, and China 223. But in India still 34 persons having cars per 1000 persons. In India 120 people afford two-wheeler out of per 1000 persons. Huge growth which is under- penetrated.

As in 1990 India per capital income was 330 USD, 1450 USD in 2011 and as of now per capita income is 2410 USD. India's per capita income is likely to grow by nearly 70% to US\$ 4,000 by 2030 from US\$ 2,450 in fiscal 2023, helping it become a middle-income economy with US\$ 6 trillion in GDP, according to a report from Standard Chartered Bank. People will be having high disposable income, looking for some luxurious product, in that case mostly prefer luxurious cars and luxurious two-wheeler. As well rather than auto, auto parts company would be more demanding and scope. As per honorable Nitin Gadkari Statement "Six airbags are mandatory for all new vehicle." This would increase the volume of airbag manufacturers. Same way in coming years may be like US our trucks also come with AC & airbags.

China+1 impact, per capita income in China is higher than India. So, India has low labor cost compare to China, as well US does not want any impact on US companies from China and any disruptions in production due to any disputes. Looking for alternatives to put manufacturing units in India.

India is going to be 3rd largest auto component in the world by 2025, 2nd largest manufacturer in two-wheeler, 2nd largest bus manufacturer, and 3rd largest heavy truck manufacturer, there is a huge potential for exports also. Demand for auto component form domestic market vs global market.

The automotive industry in India is projected to grow from \$117 billion in 2023 to US \$ 188 billion by 2029. The auto components sector currently stands at US\$ 71 billion is expected to reach \$130 billion by FY29.

Indian EV market is predicted to emerge from \$5.61 billion to \$37.7 billion by 2028

As per RBI data, vehicle finance is among the largest loan segments within retail and commercial credit. The total vehicle loan book is around Rs. 15 trillion as on date, and it is growing at mid-to high teens over the last couple of years.

Policies like production Linked Incentive scheme. 100%FDI allowance Automotive Mission Plan 2016-26. Vehicle scrappage policy, and faster adoption and manufacturing of hybrid & electric vehicles (FAME) scheme are expected to drive industry growth and innovation.