

INDIAN AUTO COMPONENT INDUSTRY

Exports to increase by at least over
50% by FY2030 vis-à-vis FY2023
levels

MARCH 2024





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North America and Europe constitute over 60% of the Indian Auto Component Exports.

There is immense opportunity in exporting advanced technology auto components from India.

Auto component suppliers are gearing up for the export opportunity by investing adequately in both capability and capacity enhancement.



Exports remain a vital cog in the Indian auto component industry contributing to 29% of the industry's turnover in H1 FY2024. Although exports from India form less than 10% of the global auto component market, it has grown significantly in the last few years at a CAGR of 14.1% between FY2027 and FY2023, and there is potential for the strong growth in export of auto components, going forward, as India gains spotlight in the global arena.



New vehicle registrations in Europe and US are expected to remain tepid in CY2024, impacted by the economic gloom and geopolitical tensions. However, factors like rising supplies to new platforms because of vendor diversification by global OEMs, higher value addition partly stemming from higher outsourcing by global Tier-1s and OEMs, aftermarket demand potential, increasing cost competitiveness due to tariffs on Chinese imports in the US and opportunities for casting/forging players from plants in EU shutting due to viability issues augur well for auto ancillaries.



India is currently a hub for sourcing traditional ICE components. The absence of technology has been a key impediment in supplying advance components. Increase in supply of advanced technology components, including those for electric and alternate fuel vehicles, will result in both increase in content per vehicle and value addition/margins. Moreover, with premiumisation and periodic changes in regulatory norms, the demand for advanced components is only expected to increase going forward. Indian auto component manufacturers are working in this direction, and schemes like the PLI are a step in the right direction for this.



ICRA expects auto component exports to grow by at least 50% from FY2023 levels and reach Rs. 2.4-2.5 lakh crore by FY2030. Several global tier-1s and OEMs have expressed interest in sourcing from India through technology transfer, setting up JVs, etc. There is a visible increase in exports for those ancillaries from India that have material presence in overseas markets as well.



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