



Automobile Industry in India

For Prelims: Electric vehicle (EV), Production-Linked Incentive (PLI), Automotive Mission Plan 2016-26, NATIONAL ELECTRIC MOBILITY MISSION PLAN 2020 (NEMMP).

For Mains: Significance of Automobile Sector of India.

Why in News?

Recently, the Union Minister of Commerce and Industry addressed the 62nd **Automotive Component Manufacturers Association (ACMA) Annual Session**.

- The **Theme** of the session was **'Future of Mobility - Transforming to be Ahead of Opportunity'**.
- The **ACMA** is the **apex body representing the interest of the Indian Auto Component Industry**. Its membership of over 850 manufacturers contributes to more than 85% of the auto component industry's turnover in the organized sector.

What are the Key Highlights of the Session?

- The 5-point action agenda was given for the Automobile Industry:
 - To **Focus on Quality** in order to become globally competitive and reduce dependence on imports.
 - To **Think holistically** and have a larger vision to engage with others in the spirit of openness and competitiveness.
 - To Give **emphasis on Value Addition**.
 - To Exit the Uncompetitive market and **explore new market opportunities** in the sectors where we can be competitive.
 - To Think big and **set aggressive targets** and ambitions for the industry.
- Further, the government emphasize that future of the Automotive Component Industry rests on being more **Connected, focusing on Convenience, orienting towards Clean Energy** and clean mobility and using Cutting-edge technology.

What is the Status of Automobile industry in India?

- **About:**
 - **Automobile Industry** comprises all the automobile vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles.
 - India's Automotive Market was valued at **USD 100 billion in 2021** and is expected to reach **USD 160 billion in 2027**, registering a **compounded annual growth rate (CAGR) of 8.1%** over the forecast period (2022-2027).
 - India is the **4th largest producer** of Automobiles in the world, with an average annual production of more than 4 million motor vehicles.
 - India is the **largest tractor manufacturer**, second-largest bus manufacturer, and third largest heavy trucks manufacturer in the world.

- The **Electric Vehicle (EV)** market is estimated to reach Rs. 50,000 crore (USD 7.09 billion) in India by 2025.
- **Share in Gross Domestic Product (GDP): 7.1%.**
- **Share in India's exports: 4.7%.**
- **Initiatives:**
 - **Production-Linked Incentive (PLI):**
 - The Union Cabinet announced the [Production-Linked Incentive \(PLI\) Scheme](#) in the Automobile and Auto Components sectors.
 - The PLI scheme (**outlay of USD 3.5 Billion**) for the automobile sector proposes **financial incentives of up to 18% to boost domestic manufacturing** of advanced automotive technology products and attract investments in the automotive manufacturing value chain.
 - **Foreign Direct Investment (FDI):**
 - Under the automatic route, **100% Foreign Direct Investment (FDI) is permitted along with full delicensing.** Hence, making it easy for investors to set up their manufacturing plant/shop in India.
 - **Automotive Mission Plan 2016-26 (AMP 2026):**
 - The [Automotive Mission Plan 2016-26 \(AMP 2026\)](#) outlines the **trajectory of growth of the automotive ecosystem in India**, including the glide path of definite regulations and policies that govern research, design, technology, testing, manufacturing, import/ export, sale, use, repair, and recycling of automotive vehicles, components and services.
 - **National Electric Mobility Mission Plan 2020 (NEMMP):**
 - The NEMMP initiative has been taken up to **encourage consistent, affordable and competent xEVs (hybrid and electric vehicles)** that meet consumer performance and price expectations through government-industry collaboration.

What are the Challenges faced by the Automobile Industry?

- **Shared Cars:** Over the past three-four years, India has seen the **rapid rise of ride-share apps like OLA, Uber, etc.**
 - These apps make travel far more convenient without the hassle of driving through rigorous traffic and **avoiding maintenance cost of owning a vehicle, all at affordable rates.** This has certainly challenged the concept of ownership and thus affected sales.
- **Tight Credit Availability:** 80-85% of vehicles in the country are financed by the nationalised banks, private banks or NBFCs.
 - Banks have become extra-cautious in supplying credit to the people purchasing a car.
- **Transition to EV:** The government plans to ban internal-combustion powered two-wheelers and three-wheelers by 2023 and 2025 respectively.
 - This sudden transition, when the situation of the **automobile sector is already dire as the sales have slumped to a two-decade low**, has worsened the situation of job cuts and market disruption.
- **Decrease Demand for Commercial Vehicles:** The freight carrying capacity of the new model trucks has increased. Due to this, there has been a decline in the demand for new trucks as the consumers can carry freight in their own trucks.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Magnetite particles, suspected to cause neurodegenerative problems, are generated as environmental pollutants from which of the following?

1. Brakes of motor vehicles
2. Engines of motor vehicles
3. Microwave stoves within homes
4. Power plants
5. Telephone lines

Select the correct answer using the code given below.

- (a) 1, 2, 3 and 5 only
- (b) 1, 2 and 4 only
- (c) 3, 4 and 5 only
- (d) 1, 2, 3, 4 and 5

Ans: (d)

Exp:

- Magnetic nanoparticles are a class of nanoparticles that can be manipulated using magnetic fields. Such particles commonly consist of two components, a magnetic material, often iron, nickel and cobalt, and a chemical component that has functionality. Whenever, any magnetic component is used in appliances, they generate magnetic flux which produces magnetic particles.
- The automotive industry uses ceramic or ferrite magnets to make vehicles safer. This kind of use of magnets in motor vehicles can generate magnetic particles. **Hence, 1 is correct.**
- Engines of motor vehicles can generate magnetic particles as they use high powered magnets which generate magnetic flux. **Hence, 2 is correct.**
- In Microwave, a magnetic stirrer is used which can generate magnetic particles. **Hence, 3 is correct.**
- Power plants release metal content along with ash. Use of coal in power plants is a major source of combustion-associated magnetite fine particles. **Hence, 4 is correct.**

- Telephone lines produce low frequency, low energy electromagnetic fields which are the potential source of magnetite particles. **Hence, 5 is correct.**

- **Therefore, option (d) is the correct answer.**

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