

Indian Automobile Industry

- Irwin C : Taipei World Trade Center, Mumbai.



Key Demographics

3rd Largest
automobile
industry with
23.37 million
vehicles as of
2015

7.1% of
India's GDP

Sixth largest
global vehicle
manufacturer.

Generating
100 million
jobs every
year

Market size of
US\$ 74 Billion

Top Indian Players



International Players in India



Growth Drivers



Growing Demand

- Strong growth in demand due to rising income & young population.
- Growth in export demand
- Make in India initiative set manufacturing plants

Innovation opportunities

- Tata Nano and the upcoming Pixel have opened up the potentially large ultra low-cost car segment.
- Innovation is likely to intensify among engine technology and alternative fuels

Rising investments

- Availability of space
- A large pool of skilled manpower and a growing technology base would induce greater investments

Policy support

- The government aims to develop India as a global manufacturing as well as R&D hub
- The Automotive Mission Plan 2016-26 (AMP 2026) targets a fourfold growth in the automotive industry.

Evolution of the Automobile Sector



• Closed market
• Five players
• Long waiting periods and outdated models
• Seller's market



- Joint Venture (JV): Indian government and Suzuki formed Maruti Udyog; commenced production in 1983
 - Component manufacturers entered the market via JV
- Buyer's market

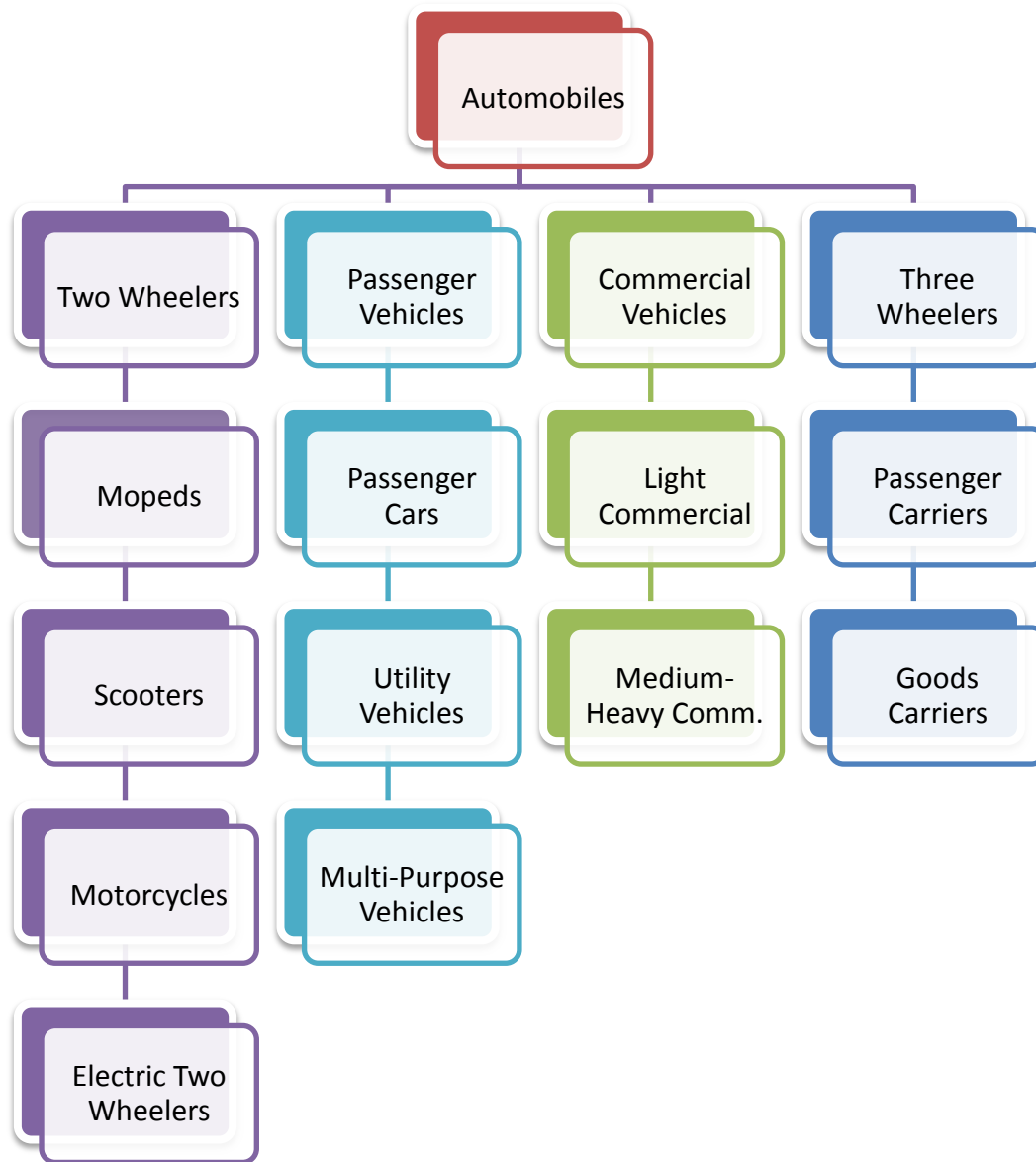


- Sector de-licensed in 1993
 - Major Original Equipment Manufacturers (OEMs) started assembly operations in India
- Imports permitted from April 2001
- Introduction of VAT in 2005



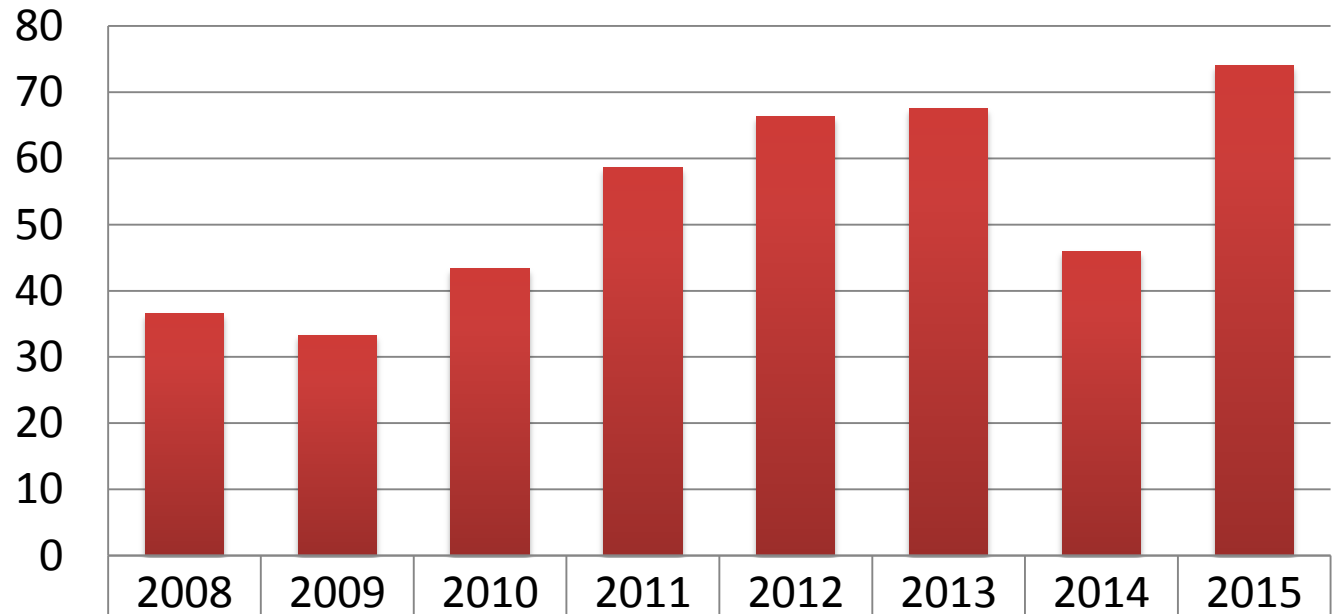
- More than 35 market Players Indian companies
- Gaining acceptance on a global scale
- Setting up of National Automotive Board to act as facilitator between the government and industry
- Launch of Automotive Mission Plan 2016-26 in 2015

Market Segments



Growth Figures

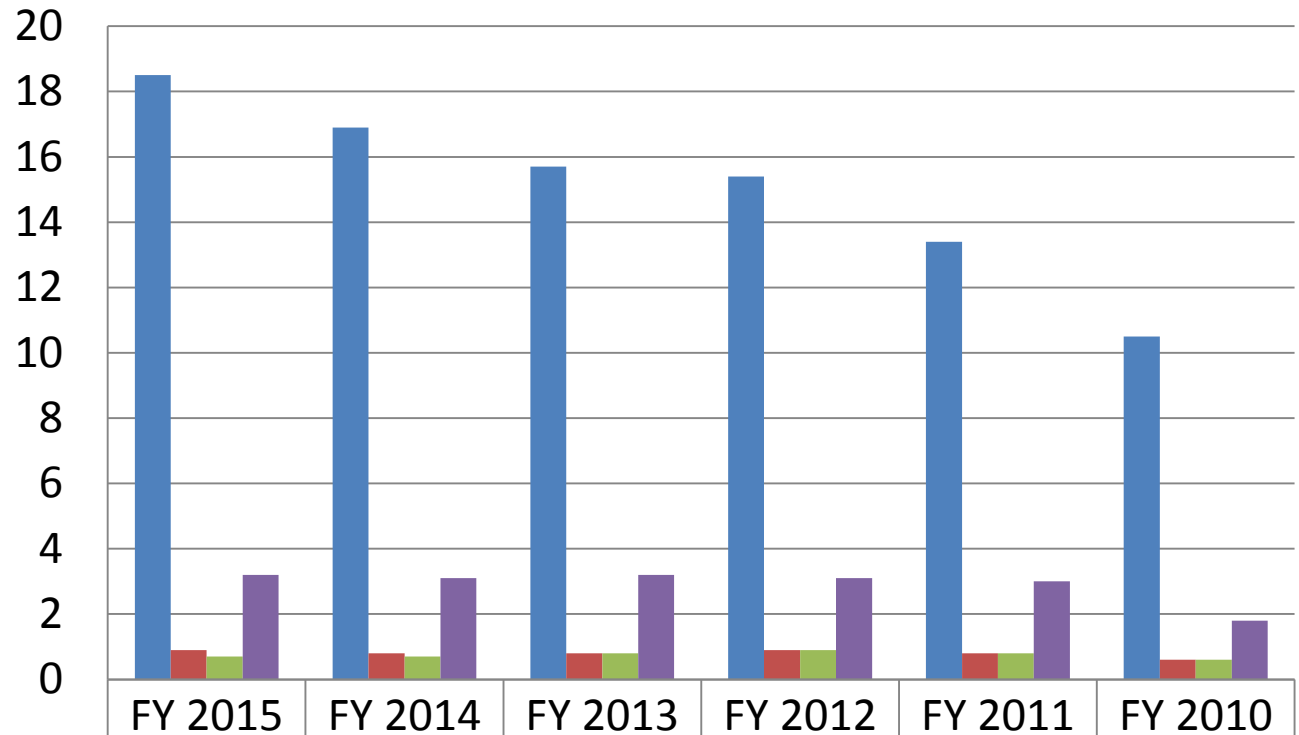
Gross Turnover in US\$ Billions



	2008	2009	2010	2011	2012	2013	2014	2015
■ Gross Turnover in US\$ Billions	36.6	33.3	43.3	58.6	66.3	67.6	46	74

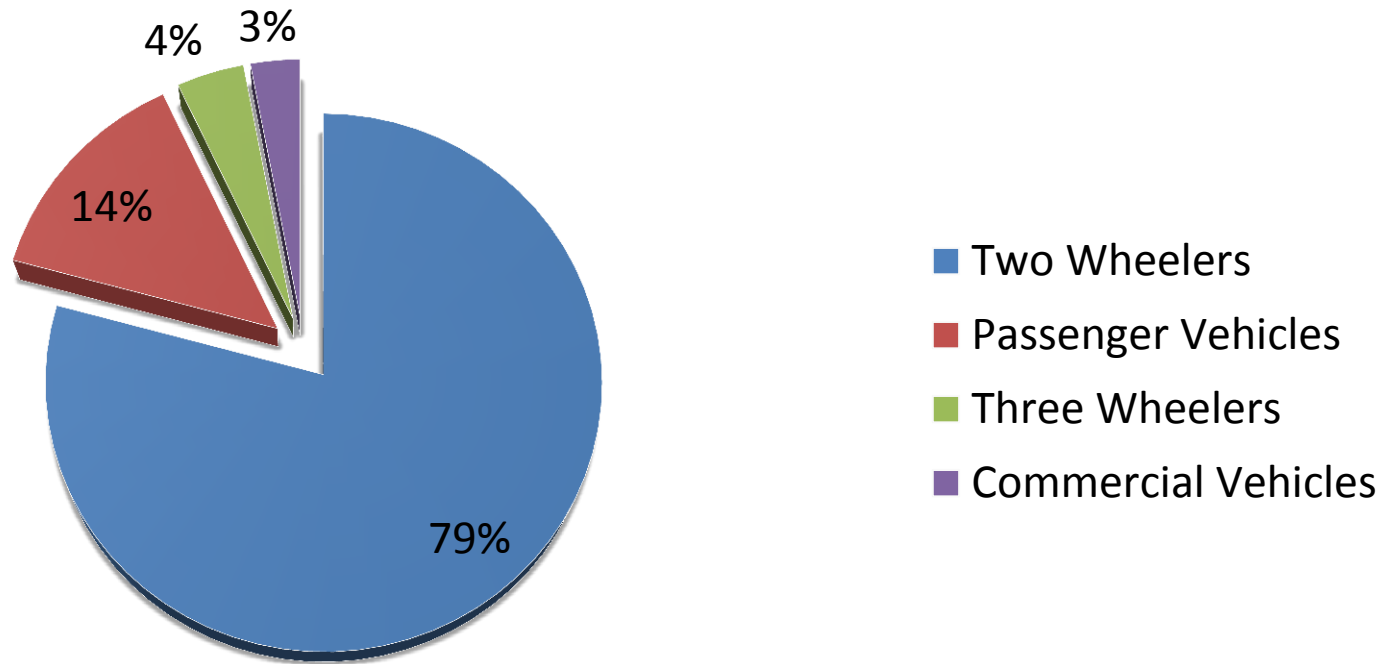
Production

Total production of automobiles in India (million units)



■ Two Wheelers	18.5	16.9	15.7	15.4	13.4	10.5
■ Three Wheelers	0.9	0.8	0.8	0.9	0.8	0.6
■ Commercial Vehicles	0.7	0.7	0.8	0.9	0.8	0.6
■ Passenger Vehicles	3.2	3.1	3.2	3.1	3	1.8

Market share by volume – FY 2015

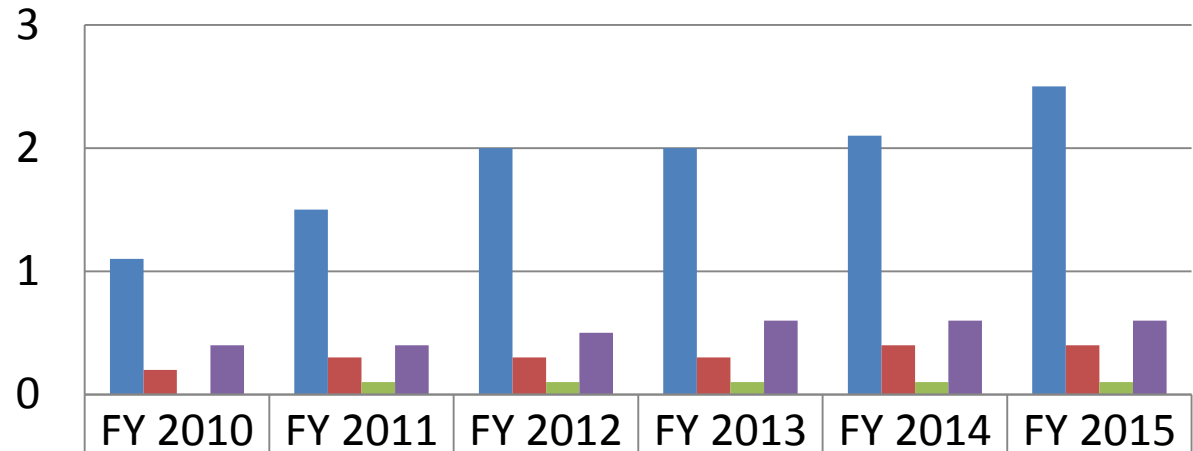


- Two wheelers dominate the market share with 79% of the country's automotive production.

- Apart from being the 6th global vehicle manufacturer, India is Asia's second largest Two wheeler manufacturer, fourth largest in passenger vehicles and fifth largest producer of commercial vehicles .

Exports

Exports from India (Million units)



■ Two Wheelers	1.1	1.5	2	2	2.1	2.5
■ Three Wheelers	0.2	0.3	0.3	0.3	0.4	0.4
■ Commercial Vehicles	0	0.1	0.1	0.1	0.1	0.1
■ Passenger Vehicles	0.4	0.4	0.5	0.6	0.6	0.6

Luxury Cars in India

Scenario

- The Indian luxury car market expanded to 37.12 per cent during FY07-15, with 50,000 units in 2015 (about 1 per cent of the passenger vehicle market in India). The market is dominated by players such as BMW, Mercedes, Audi, Jaguar. Audi sold 11,292 units in 2014-15
- the biggest luxury car seller Mercedes-Benz that sold around 11,213 cars in in FY15.

Key Drivers

- India has the world's 12th-largest HNI population, with a growth of 20.8 per cent (highest among the top 12 countries)
- With expansion in the education and realty sectors, and increasing wealth of IT professionals, more consumers aspire to own luxury cars
- Higher class of the country is driving the demand of the luxury cars

Notable Trends

- The Indian luxury car market is estimated to expand at a CAGR of 25 per cent during 2012–20 and reach 150,000 units by 2020 (accounting for 4 per cent of the estimated 6.8-million-unit domestic car market)
- Audi to launch Q7 SUV and new sports car TT later in the year.
- Mercedes Benz is planning to launch 15 new models in India in 2015. The company have increased its production capacity in Pune to 20,000 units.

Market Leaders – Segment wise

	Market Leader	Others		
Passenger Vehicles	Maruti Suzuki 42%	Hyundai 15%	Mahindra 10%	TATA Motors 8%
Medium/ Heavy Commercial	TATA Motors 54.9 %	Ashok Leyland 25.8%	Mahindra 2.6%	
Light Commercial	TATA Motors 53.7%	Mahindra 31.8%	Force Motors 5.5%	Piaggio 4.6%
Three Wheelers	Bajaj Auto 39%	Piaggio 32.5%	Mahindra 13.1%	
Motorcycles	Hero 41.4%	Honda 25.6%	Bajaj Auto 16.6%	TVS 12.9%
Scooters	Honda 54.8%	Hero 16.9%	TVS 15.1%	Suzuki 6.5%

Notable Trends

New Product Launches

- Large number of products available to consumers across various segments; this has gathered pace with the entry of a number of foreign players
- Reduced overall product lifecycle have forced players to employ quick product launches

Improving Product Development Capabilities

- Increasing R&D investments from both the government and the private sector
- Innovations in smaller vehicles. Two good examples are Tata Nano and Tata Pixel. TATA Nano for India and TATA Pixel for the international Markets

Alternative fuels

- The CNG station in India increased from 142 stations in 2005 to 1010 station in FY15 in 12 major states.

New Financing Options

- Luxury car-makers have started providing customized finance to customers through Non-banking Financial Companies.
- Major MNC and Indian corporate houses are moving towards taking cars on operating lease instead of buying them

Investments from FY2015

Investments

- The Indian automobile industry attracts foreign direct investment (FDI) worth around USD13.48 billion during the period from April 2000 to June 2015.
- 51 per cent share of French based Peugeot Motorcycles(PMTC) has been acquired by Mahindra Two Wheelers Limited (MTWL) in January, 2015
- DSK Hyosung has announced to set up a plant to introduce more models in the 250cc segment in Maharashtra and also the company is planning to add 10-15 dealerships in the next financial year (FY15-16) mostly in the tier-II cities.
- Honda is planning to expand its capacity for cars and bikes by investing USD158 million.

Investment Trends

- Government of India allows 100 per cent FDI under automatic route while excise duty on commercial vehicles, , scooters, motorcycles and small cars was reduced to 8 per cent from 12 per cent to boost the 'Make in India' initiative
- Under Union Budget 2015-16, the government has announced to provide credit of USD14100 to farmers to boosts the tractor segment
- The government plans to promote eco friendly cards such as hybrid vehicles, electrical vehicles, CNG based vehicle in India

Strategies Adopted

Capacity Addition

- Every company wants to increase its capacity in order to increase its market share in automobile industry. Moreover, Nissan and Mercedes is planning to increase their capacity.
- Most of the companies eyeing India as an outsourcing hub.

New Launches

- In 2015, new models of cars were launched in India. They are Audi Q7 (New Generation), Audi S5, Maruti Wagon R Stingray, Toyota Land Cruiser 200, Maruti Baleno, Chevrolet Trailblazer, Fiat Punto EVO, Fiat Abarth Avventura, Fiat Abarth Punto and Maruti Ciaz

Marketing and Advertising

- Each and every firm is now focusing on shelling out a chunk of their profits on advertisement
- The idea is to make the customers more brand conscious and increasing brand positioning

Indian Needs

- India boasts a large population of middle class
- Most of the firms including Ford and Volkswagen have adapted themselves to cater to this class by dropping their traditional structure and designs allowing them to compete directly with domestic firms making the sector highly competitive

Competitive advantage – FY 2015

		Design and engineering skills	Manufacturing skills	Manpower costs	Supplier base	Raw materials
East Asia	Korea	In competition with India	In competition with India	Less competitive than India	Less competitive than India	In competition with India
	China	In competition with India	Less competitive than India	In competition with India	Less competitive than India	In competition with India
	Thailand	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Indonesia	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Vietnam	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
Central & Eastern Europe	Czech Republic	In competition with India	In competition with India	Less competitive than India	In competition with India	In competition with India
	Romania	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Poland	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Slovakia	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India
	Russia	In competition with India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India
	Hungary	In competition with India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Turkey	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India
Latin America	Brazil	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Mexico	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India

Less competitive than India
 In competition with India

Strong Policy Support

Automotive Mission Plan (AMP) 2006–16

- AMP's vision is to make India a preferred destination for designing and manufacturing of automobiles and achieve a market size of USD154 billion by 2016
- Setting up of a technology modernisation fund focused on SMEs

National Automotive Testing and R&D Infrastructure Project

- Set up at a total cost of USD388.5 million to enable the industry to be on par with global standards
- Nine R&D centers of excellence with focus on low-cost manufacturing and product development solutions

The Automotive Mission Plan 2016-26 (AMP 2026)

- AMP 2026 targets a fourfold growth in the automobiles sector in India which includes the manufacturers of automobiles, auto components and tractor industry over the next ten years

FAME (April, 2015)

- Planning to implement Faster Adoption & Manufacturing Of Electric Hybrid Vehicles (FAME) till 2020 which would cover all vehicle segments, all forms of hybrid and pure electric vehicles

Free Trade Agreements that boosted Automobile growth

Framework Agreement for
establishing Free Trade
between India and Thailand

India-Sri Lanka Bilateral Free
Trade Area and the Proposal
for Comprehensive Economic
Partnership Agreement

Framework Agreement on
Comprehensive Economic
Co-operation between the
Association of South East
Asian Nations (ASEAN) and
India.

Agreement on South Asian
Trade Free Trade Area
(SAFTA)

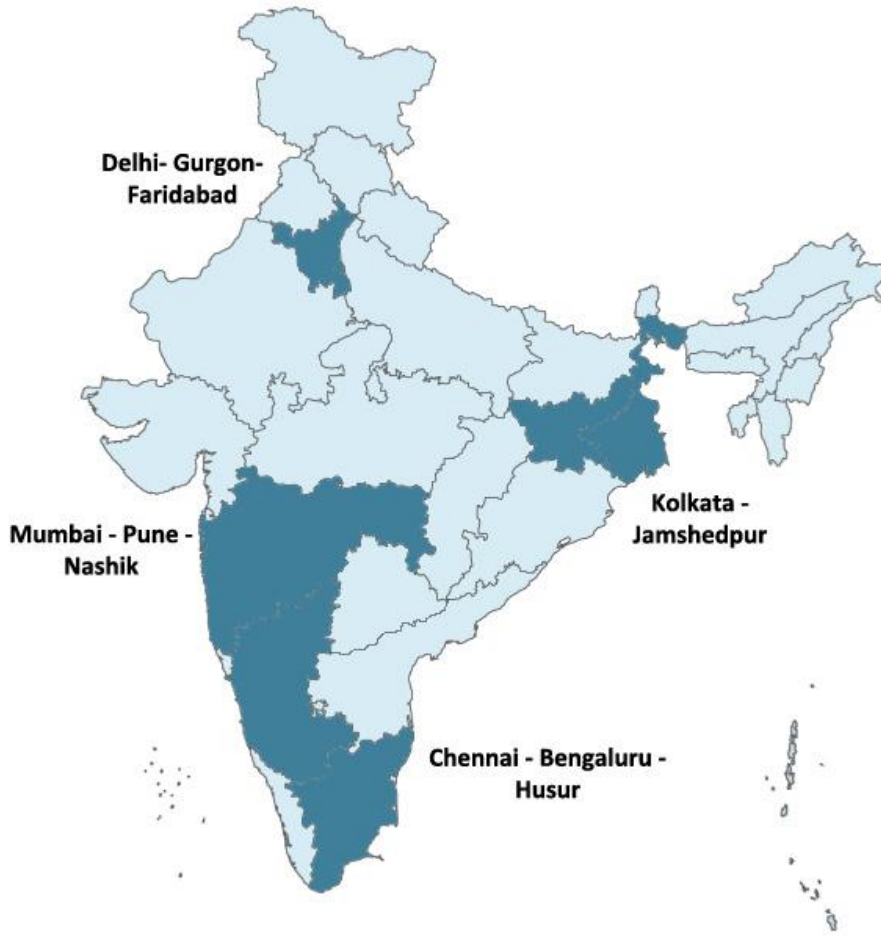
India-SACU (Southern African
Customs Union) Framework
Agreement

India-GCC (Gulf Cooperation
Council) Framework
Agreement

Joint Study Group between
India and Republic of Korea,
and India and Japan

India-Singapore
Comprehensive Economic
Cooperation Agreement
(CECA)

Largest Automobile Clusters



List of companies

North

- Ashok Leyland
- Force Motors
- Piaggio
- Swaraj
- Mazda
- Amtek Auto
- Eicher
- Honda SIEL
- Maruti Suzuki
- Tata Motors
- Bajaj Auto
- Hero Group
- Escorts
- ICML
- JCB
- Yamaha
- Mahindra
- Suzuki Motorcycles

West

- Ashok Leyland
- Bajaj Auto
- FIAT
- GM
- M&M
- Eicher
- Skoda
- Bharat Forge
- Tata Motors
- Volkswagen
- Renault-Nissan
- John Deere
- Mercedes Benz
- Tata Hitachi
- Volvo
- Eicher

East

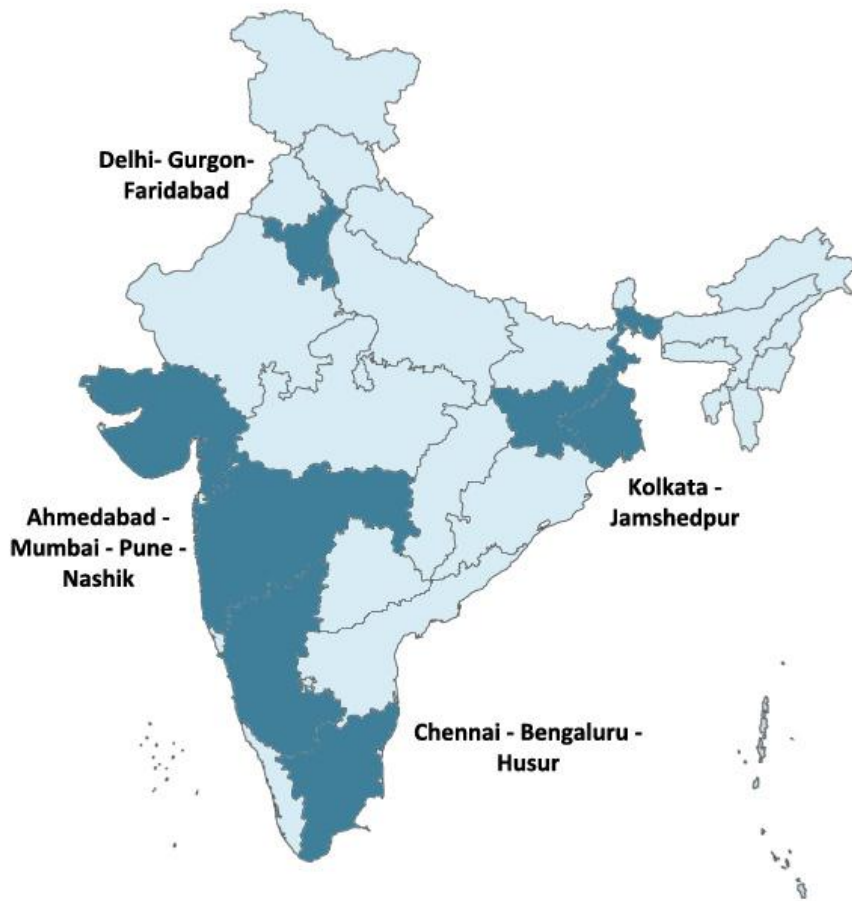
- Tata Motors
- Hindustan Motors
- Simpson & Co
- International Auto Forgings
- JMT
- Exide

South

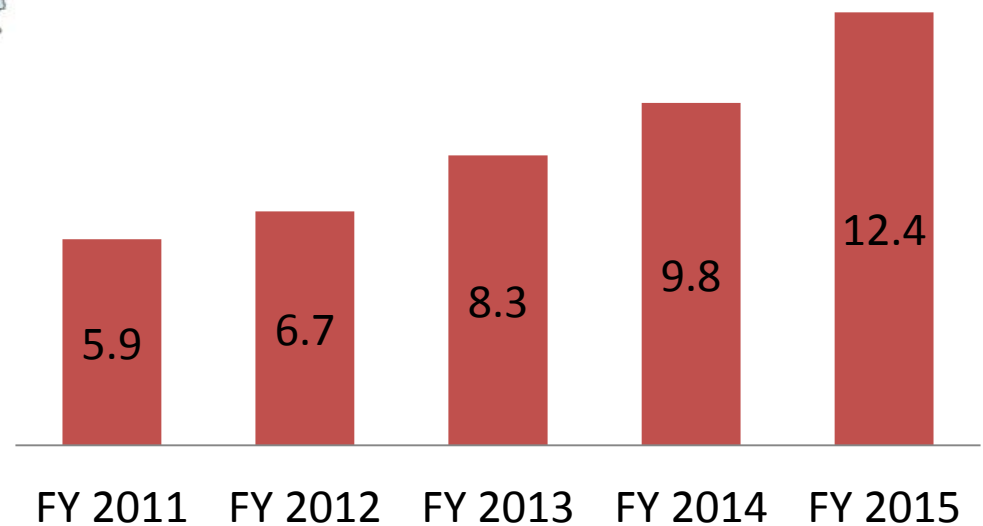
- Ashok Leyland
- Ford
- M&M
- Toyota Kirloskar
- Volvo
- Sundaram Fasteners
- Enfield
- Hyundai
- BMW
- Bosch
- TVS Motor Company
- Renault-Nissan
- TAFE
- Daimler
- Caterpillar
- Hindustan Motors

FDI Inflow

FDI inflows in the Automotive sector aggregated USD13.5 billion(5 per cent of the total FDI) over April 2000 – June 2015



■ FDI Trends (US\$ Billion)



Opportunities for Taiwan

6th Largest Automobile Industry in the world

- There are almost 30 automobile manufacturing companies in the Indian market. The demand for high quality auto parts and auto electronics is increasing day by day and the Taiwanese manufacturing companies should contribute with their auto parts and automobile electronics to meet the growing demands of the auto market in India.

Need for Fasteners/ Machine tools/ GPS systems

- Being among the TOP 5 Machine tool and Fastener suppliers to India, Taiwanese companies can offer their machine tools in a broad spectrum of industries like automobiles, auto ancillary, wind turbine parts, construction, engineering, precision mould , etc and help fuel India's growth. GPS systems are also in huge demand to the Indian auto manufacturers.

Electric Vehicles

- With Government of India mandating stringent norms for safety and emissions, as also with the growing electronics content in the vehicles for entertainment and performance management, it is imperative that the Taiwan auto component industry will play an important role in the assisting Indian auto-electronics vertical.

Make in India

- The Indian Government has unveiled an ambitious plan to increase the share of manufacturing in the GDP to 25 percent from the present 16 percent by 2022 and create 100 million additional jobs, it is a good opportunity for Taiwanese Manufacturers to invest and start operations from India.

Office info

Taipei World Trade Center,
Liaison Office in Mumbai
Unit 8, 11th Floor, World Trade Center,
Cuffe Parade, Mumbai – 5

Tel : +91-22-22163074/77

Fax : +91-22-22169078

Email : mumbai@taitra.org.tw

Thank You