



Research Unit
Press Information Bureau
Ministry of Information and Broadcasting
Government of India



THE AUTOMOBILE SECTOR IN INDIA

(Ministry of Heavy Industries)

India is one of the world's largest tractors & two-wheeler manufacturer

India aims to double its auto industry size to ₹15 lakh crores by 2024

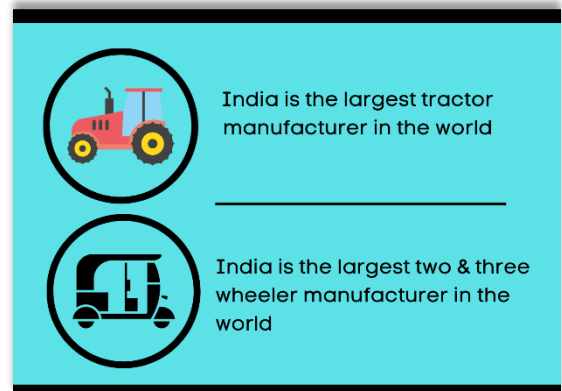
February 17, 2023

The automotive industry in India is one of the main pillars of the economy. With strong backward and forward linkages, it is a key driver of growth. Liberalization and conscious policy interventions over the past few years created a vibrant, competitive market, and brought several new players, resulting in capacity expansion of the automobile industry and generation of huge employment.¹

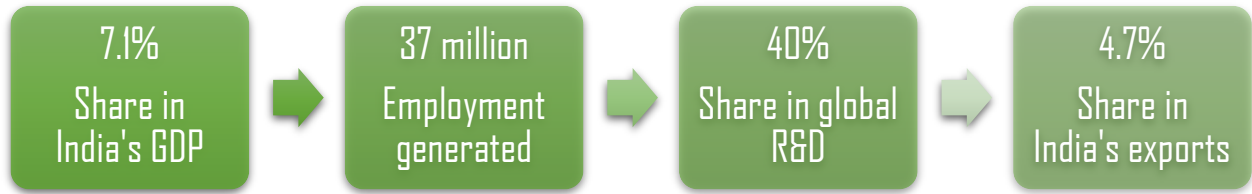
The contribution of this sector to the National GDP has risen to about 7.1% now from 2.77% in 1992-93. It provides direct and indirect employment to over 19 million people.

In the automobile market in India, Two-wheelers and passenger cars accounted for 77% and 18% market share respectively during the year 2021-22. Passenger car sales are dominated by small and mid-sized cars. Export of the total number of automobiles increased from 4,134,047 in 2020-21 to 5,617,246 in 2021-22, registering a positive growth of 35.9%

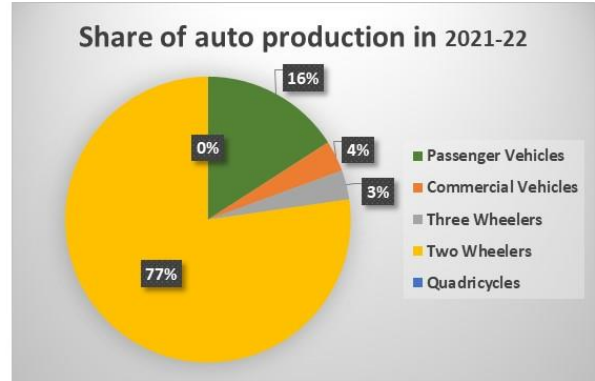
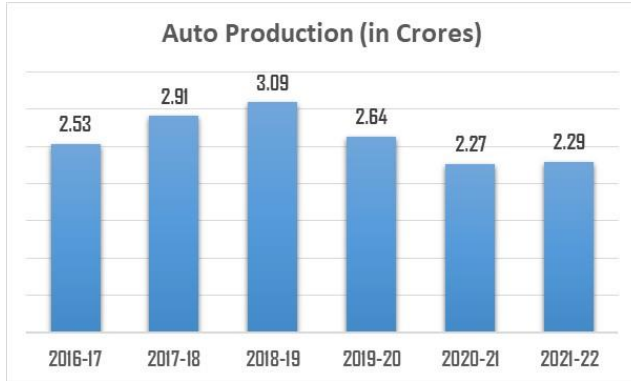
India aims to double its auto industry size to Rs. 15 lakh crores by end of year 2024. There has been an FDI inflow of \$33.77 billion in the industry from April 2000 till September 2022 which is around 5.48% of the total FDI inflows in India during the same period.



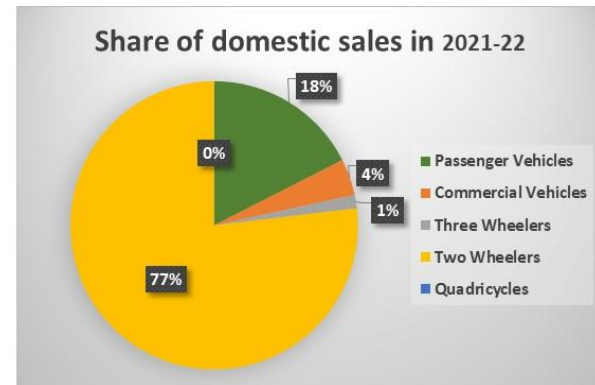
¹ <https://heavyindustries.gov.in/UserView/index?mid=1319>



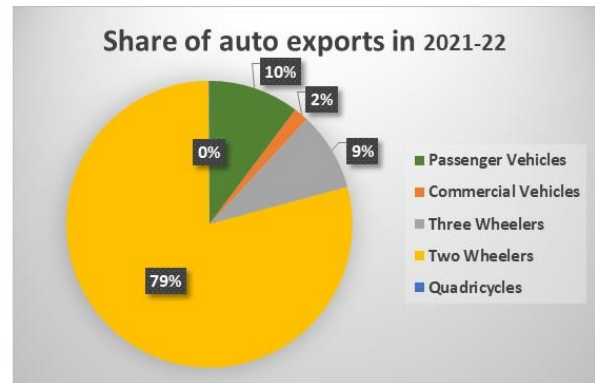
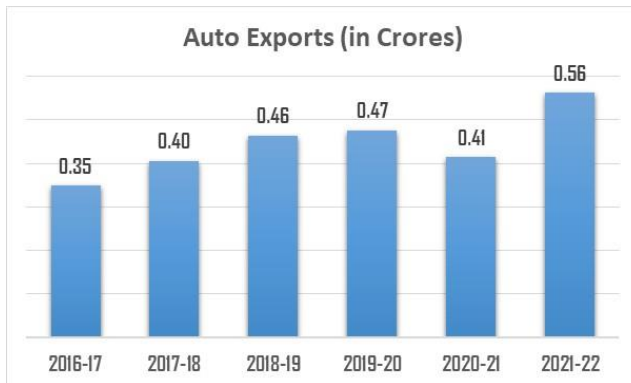
AUTO PRODUCTION IN INDIA

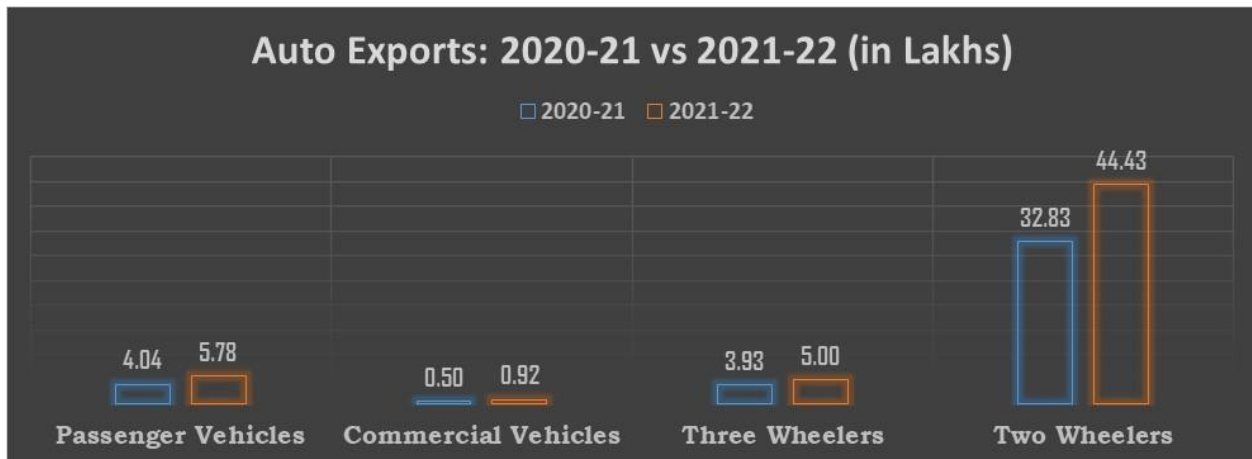


DOMESTIC SALES OF AUTOMOBILES IN INDIA



AUTO EXPORTS FROM INDIA





WAY FORWARD:

The Indian Automotive industry has made great strides over the past two decades, capturing the eye-balls at a global level and is considered as a contender for a top-table position. In terms of global rankings in manufacturing output, **it is second largest in two-wheelers, seventh largest in commercial vehicles, sixth largest in passenger vehicles and the largest in tractors.** Over the past ten years, India has emerged as one of the most preferred locations in the world for manufacturing high-quality automotive components and vehicles of all kinds, narrowing its gap over several established locations in the process.

Over the next decade, the automotive industry is likely to see some significant transformations at a global level. Principal transformations being the shift of growth in demand for automobiles from developed nations to developing nations (mainly BRICS); a dramatic increase in the share of electronics in automobiles, making them a “computer on wheels and connected to the Internet”; a relentless pursuit of economies of scale and scope in design and engineering of automobiles and components, while also pursuing low-cost manufacturing destinations.

REFERENCES

Chart Source:

- [Society of Indian Automobile Manufacturers \(SIAM\)](#)
- [Economic Survey 2022-23](#)

Other Sources:

- [Faster Adoption and Manufacturing of \(Hybrid &\) Electric Vehicles in India](#)
- [Final Draft Automotive Mission Plan 2016-26](#)
- Ministry of Heavy Industries, [Annual Report 2021-22](#)
- Invest India, Sector: [Automobile](#)