



Revolutionizing Mobility

The Make in India Auto Story

Ministry of Commerce & Industry

March 25, 2025

Key Takeaways

- **Make in India** has boosted domestic car production and EV manufacturing.
- The automobile sector contributes approximately **6% to India's national GDP**.
- **Vehicle production** grew from **2 million (1991-92) to 28 million (2023-24)**.
- **Automobile exports** reached **4.5 million units in FY 2023-24**.
- **US \$36 billion FDI** attracted in the past four years.
- **4.4 million EVs registered**, with **6.6% market penetration**.
- **PLI & PM E-DRIVE** schemes supporting EV and battery manufacturing.
- **GST on EVs reduced from 12% to 5%**.
- **India's auto component sector** contributes **2.3% to GDP** and **employs 1.5 million people** directly.
- The sector grew at a **CAGR of 8.63% from FY16-FY24**.
- **Exports** reached **US\$ 21.2 billion in FY24** and are projected to hit **US\$ 30 billion by 2026**.
- The government is actively promoting **electric mobility and advanced automotive technologies**.

Introduction

Launched in **2014**, the **Make in India** initiative has significantly transformed India's automobile industry, **fostering domestic car production** and **accelerating electric vehicle (EV) manufacturing**. Over the past decade, **policy reforms, fiscal incentives, and infrastructure development** have positioned India as a key global automotive hub. The sector has attracted **substantial investments, spurred innovation, and increased localization**, contributing to economic growth and sustainability.



The Indian auto industry is one of the **fastest-growing sectors**. It embarked on a new journey in **1991** with the de-licensing of the sector and subsequent opening up for **100 percent FDI** through the **'automatic route'**. Since then, almost all the global majors have set up their **manufacturing facilities** in India, taking the level of **production of vehicles** from **2 million in 1991-92** to around **28 million in 2023-24**.

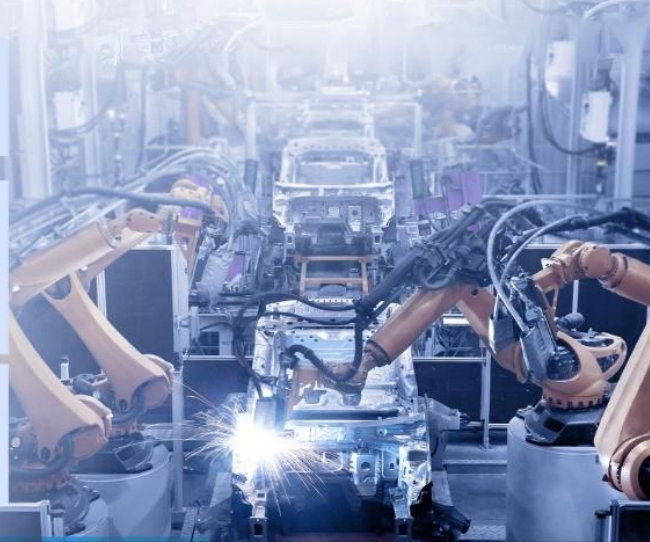
INDIAN AUTOMOTIVE INDUSTRY



TURNOVER:
about **USD 240 billion**
(20 Lakh Crore)

**EXPORT OF VEHICLES
AND AUTO COMPONENTS:**
about **USD 35 billion**

EMPLOYMENT:
around **30 million+ jobs**
(Direct: 4.2 million and Indirect: 26.5 million)



The **turnover** of the **Indian automotive industry** is about **USD 240 billion** (20 Lakh Crore), which translates into a large contribution to the country's economy and manufacturing sector. As per the **Annual Report 2024-25** of the **Ministry of Heavy Industries**, around **30 million jobs** (Direct: 4.2 million and Indirect: 26.5 million) are supported by the Indian Auto Industry. Indian Automotive Industry **exported vehicles and auto components** amounting to about **USD 35 billion**. In terms of global standing, India is the **largest manufacturer of three-wheelers**, among the **top 2 manufacturers of two-wheelers** in the world, the **top 4 manufacturers of passenger vehicles**, and the **top 5 manufacturers of commercial vehicles** in the world.

GLOBAL RANKING OF INDIAN AUTOMOTIVE INDUSTRY



 **Largest manufacturer
of three-wheelers**

 **Among the top 4 manufacturers
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 **Among the top 5 manufacturers of
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 **Among the top 2 manufacturers
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Auto Components Industry in India

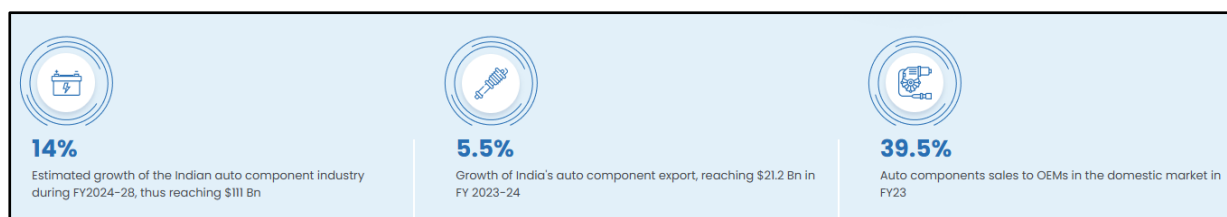
The **auto component sector** is one of the **key pillars of India's manufacturing industry**, supplying **critical parts and systems to domestic vehicle manufacturers** and exporting to major global markets. The industry covers a **broad spectrum of products**, including engine parts, transmission systems,

braking systems, electrical and electronics components, body and chassis parts, and more. India has become a preferred destination for auto component manufacturing due to its cost competitiveness, skilled workforce, and strong policy support. The **auto component sector** is expected to reach the **\$100 billion export target** by **2030** making the sector one of the **largest job creators** in the country.

Overview of the Auto Components Industry

Contribution to GDP	2.3%
Direct Employment	1.5 million people
Industry Turnover (FY24)	Rs. 6.14 lakh crore (US\$ 74.1 billion)
Domestic OEM Supply Share	54%
Export Share	18%
CAGR (FY16-FY24)	8.63%
Export Value (FY24)	US\$ 21.2 billion
Projected Exports (2026)	US\$ 30 billion

India's auto component sector contributes **2.3%** to **India's GDP**, directly **employing** over **1.5 million people**. The sector's **turnover** in **FY24** was **Rs. 6.14 lakh crore (US\$ 74.1 billion)**, with **domestic OEM supplies** making up **54%**, and **exports** contributing **18%**. Over **FY16-FY24**, the industry grew at a **CAGR** of **8.63%**. In **FY24**, **exports** reached **US\$ 21.2 billion**, with a **trade surplus** of **US\$ 300 million**, and are projected to hit **US\$ 30 billion** by **2026**.



The **Indian auto components industry exports over 25%** of its production annually. By **FY28**, the Indian auto industry aims to invest **US\$ 7 billion** to boost the **localisation** of **advanced components** like electric motors and automatic transmissions by reducing imports and leveraging the "**China Plus One**" trend. In **2023**, the auto component industry achieved a **5.8% reduction** in **imports** over two years. The majority of the components sold to **Original Equipment Manufacturers (OEMs)** are engine components (26%), body/chassis/BIW (14%), suspension and braking (15%), drive transmission and steering (13%), and electricals & electronics (11%). Major exports are to **Europe (US\$ 6.89 billion)**, followed by **North America (US\$ 6.19 billion)** and **Asia (US\$ 5.15 billion)**.

Growth in Domestic Automobile Production

The automobile sector contributes approximately **6%** to **India's national GDP**, with **exports** reaching **4.5 million** units across all categories in **FY 2023-24**, including **6.72 million** passenger vehicles and **3.45 million** 2-wheelers. Global automotive companies like **Skoda Auto Volkswagen India** exporting **30%** of their production and **Maruti Suzuki** exporting around **2.8 lakh** units annually, exemplify this trend.

The sector has attracted **\$36 billion** in **Foreign Direct Investment (FDI)** over the past four years, highlighting India's **growing prominence** in the **global automotive landscape**. Major international

players are making substantial commitments, with **Hyundai** planning a **USD 4 billion** (INR 33,200 Crore) expansion, while **Mercedes-Benz** has pledged **USD 360 million** (INR 3,000 Crore). Recently, **Toyota** announced a **USD 2.3 billion** (INR 20,000 Crore) investment to further increase its capacity.

Electric Vehicle (EV) Manufacturing Boom

The country is also advancing in sustainable mobility, with **4.4 million Electric Vehicles (EV)** registered by August 2024, including **9.5 lakh** in the first eight months of 2024, achieving a **6.6% market penetration**. To support this growth, the government has implemented initiatives such as the **Production Linked Incentive (PLI) Scheme for Advanced Chemistry Cell (ACC)** battery storage. In the **2024-25 Budget**, the government allocated **INR 2,671.33 crore** under the **FAME scheme** and proposed the exemption of customs duties from the import of critical minerals required for EV cell components manufacturing.

Additionally, in **March 2024**, the **Electric Mobility Promotion Scheme (EMPS)** was launched with an **INR 500 Crore** outlay for four months, specifically targeting support for the two and three-wheeler segments to expedite the transition to electric vehicles. These initiatives align with the **recent discovery of lithium deposits in Jammu & Kashmir**, positioning India to become a **key player** in the **global battery manufacturing industry** in the coming years. The Indian EV sector is likewise developing quickly and is predicted to record a growth of **USD 113.99 billion** in **2029**.

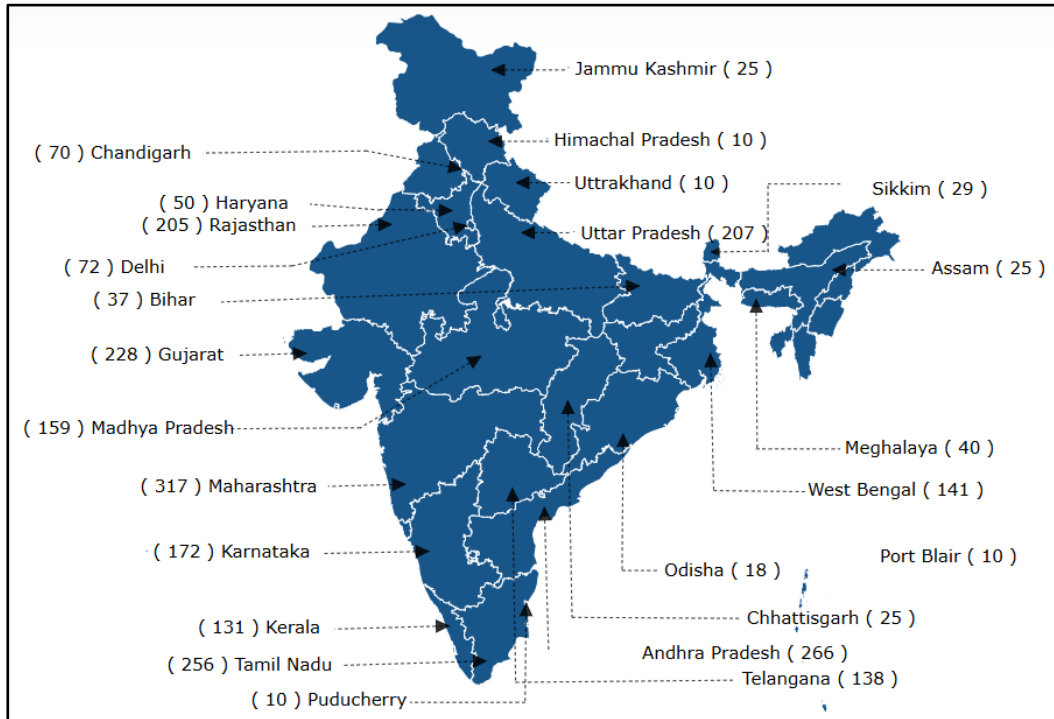
As per the inputs provided by Society of Indian Automobile Manufacturers (SIAM), the total annual production of Electric Vehicles (EVs) in India during the last five years, year-wise is as given below:

Total Annual Production of Electric Vehicles (EVs) {in ('000)}					
Category	FY (2019-20)	FY (2020-21)	FY (2021-22)	FY (2022-23)	FY (2023-24)
Passenger Vehicles ¹	3.30	5.83	22.36	62.28	92.17
Commercial Vehicles ²	0.53	0.41	2.22	3.11	8.66
Three-Wheelers ²	143.83	91.97	185.38	404.88	632.78
Two-Wheelers ²	26.84	44.83	252.78	728.21	948.42

1. SIAM Production Data
2. Vahan Registration Data

The **Ministry of Heavy Industries** has formulated the following schemes to promote electric vehicles (EVs) and to address the various challenges faced in adoption of electric mobility including availability and accessibility of charging stations in the country:

- i. **Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme Phase-II:** The Government implemented this scheme for a period of **five years** from **1 April 2019** with a total budgetary support of **INR 11,500 Crore**. The scheme incentivised e-2Ws, e-3Ws, e-4Ws, e-buses and EV public charging stations. The Department of Heavy Industries has also sanctioned **2636 charging stations** in **62 cities** across **24 States/UTs** under phase II. State-wise allocation of these charging stations is as follows:



- ii. **Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry in India (PLI-Auto):** The Government notified this scheme on **23 September 2021** for Automobile and Auto Component Industry in India for enhancing India's manufacturing capabilities for **Advanced Automotive Technology (AAT)** products with a budgetary outlay of **INR 25,938 Crore**. The scheme proposes financial incentives to boost domestic manufacturing of AAT products with minimum 50% Domestic Value Addition (DVA) and attract investments in the automotive manufacturing value chain.

Feature	Details
Budgetary Outlay	Rs. 25,938 crore
Target Years	FY 2022-23 to FY 2026-27
Domestic Value Addition	Minimum 50%
Focus	Advanced Automotive Technology (AAT) products
Targeted Technologies	Electric Vehicles (EVs) and Hydrogen Fuel-Cell Components
Incentives for EVs and Hydrogen Fuel-Cell Components	13% - 18%
Incentives for AAT components	8% - 13%
Investment Attraction	Global OEMs
Eligibility	Both domestic and export sales

- iii. **PLI Scheme for Advanced Chemistry Cell (ACC):** The Government on **12 May 2021** approved PLI Scheme for manufacturing of ACC in the country with a budgetary outlay of **INR 18,100 Crore**. The scheme aims to establish a competitive domestic manufacturing ecosystem for 50 GWh of ACC batteries.
- iv. **PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme:** This scheme with an outlay of **INR 10,900 Crore** was notified on **29 September 2024**. It is a **two-year scheme** which aims to support electric vehicles including

- e-2W, e-3W, e-Trucks, e-buses, e-Ambulances, EV public charging stations and upgradation of vehicle testing agencies.
- v. **PM e-Bus Sewa-Payment Security Mechanism (PSM) Scheme:** This Scheme notified on **28 October 2024**, has an outlay of **INR 3,435.33 Crore** and aims to support deployment of more than **38,000 electric buses**. The objective of scheme is to provide payment security to e-bus operators in case of default by Public Transport Authorities (PTAs).
 - vi. **Scheme for Promotion of Manufacturing of Electric Passenger Cars in India (SMEC)** was notified on **15 March 2024** to promote the manufacturing of electric cars in India. This requires applicants to invest a minimum of **INR 4,150 crore** and to achieve a minimum DVA of 25% at the end of the third year and DVA of 50% at the end of the fifth year.

Measures taken by other Ministries include the following initiatives:

- i. **Ministry of Power** has issued guidelines and standards for EV Charging Infrastructure titled, "**Guidelines for Installation and Operation of Electric Vehicle Charging Infrastructure-2024**" on 17 September 2024. These revised guidelines outline standards and protocols to create a connected & interoperable EV charging infrastructure network in the country.
- ii. **Ministry of Finance** has reduced GST on EVs from 12% to **5%**.
- iii. **Ministry of Road Transport & Highways (MoRTH)** announced that the battery-operated vehicles will be given green plates and be **exempted** from permit requirements.
- iv. **Ministry of Housing and Urban Affairs** has amended the **Model Building Bye-Laws**, mandating the inclusion of charging stations in private and commercial buildings.

Conclusion

The Make in India initiative has driven unprecedented growth in India's automobile sector and Indi's auto component sector, significantly boosting domestic car production and EV manufacturing. Through sustained policy support, investment influx, and technological advancements, India is on track to becoming a global leader in automotive and electric mobility and achieving greater self-reliance in the automotive sector.

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