

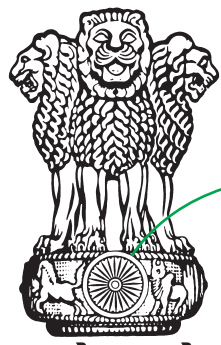


MAKE IN INDIA

AUTOMOBILES



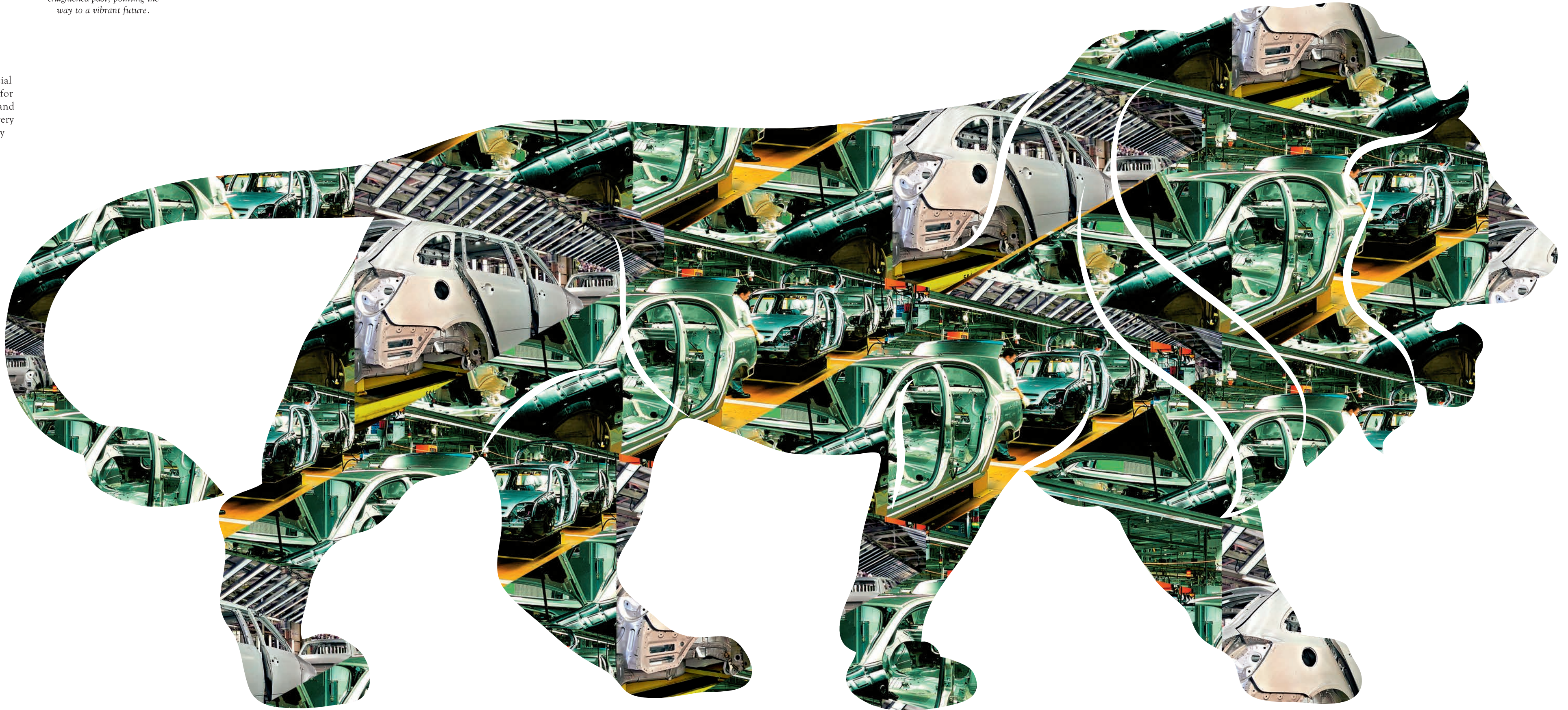
**FROM AGRICULTURE TO AUTOMOBILES
FROM HARDWARE TO SOFTWARE
FROM SATELLITES TO SUBMARINES
FROM TELEVISIONS TO MOVIES
FROM BRIDGES TO BIOTECHNOLOGY
FROM PAPER CLIPS TO POWER PLANTS
FROM ROADS TO CITIES
FROM FRIENDSHIP TO PARTNERSHIP
FROM PROFIT TO PROGRESS
WHATEVER YOU WANT TO MAKE:
MAKE IN INDIA**



The Ashoka Chakra is a central element in India's national emblem and also forms the centrepiece of India's national flag. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future.

सत्यमेव जयते

Since time immemorial, the Lion has been the official emblem of India. It stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.





FASTEN YOUR SEAT BELTS.

INDIA WILL BE THE WORLD'S 4TH LARGEST AUTOMOTIVE MARKET BY 2015.

2.15 MILLION VEHICLES PRODUCED IN 2013-14.

4 LARGE AUTO MANUFACTURING HUBS ACROSS THE COUNTRY.

7% OF THE COUNTRY'S GDP BY VOLUME.

6 MILLION-PLUS VEHICLES TO BE SOLD ANNUALLY, BY 2020.

NEW INITIATIVES

THE MAKE IN INDIA PROGRAM INCLUDES MAJOR NEW INITIATIVES DESIGNED TO FACILITATE INVESTMENT, FOSTER INNOVATION, PROTECT INTELLECTUAL PROPERTY AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE.

1 NEW PROCESSES

- SPECIAL FOCUS ON EASE OF DOING BUSINESS
- DE-LICENSING & DEREGULATION

2 NEW INFRASTRUCTURE

- INDUSTRIAL CORRIDORS
- INDUSTRIAL CLUSTERS
- SMART CITIES
- NURTURING INNOVATION
- SKILL DEVELOPMENT

3 NEW SECTORS

- OPENING OF CRITICAL SECTORS LIKE DEFENSE, CONSTRUCTION AND RAILWAYS FOR FDI

4 NEW MINDSET

- DEDICATED TEAMS THAT WILL GUIDE AND ASSIST FIRST-TIME INVESTORS FROM TIME OF ARRIVAL
- FOCUSED TARGETTING OF COMPANIES ACROSS SECTORS

FACTS + FIGURES

REASONS TO INVEST

- By 2015, India is expected to be the fourth largest automotive market by volume in the world.
- Over the next 20 years, India will be a part of the big global automotive triumvirate.
- Tractor sales in the country are expected to grow at CAGR of 8-9% in the next five years, upping India's market potential for international brands.
- Two-wheeler production has grown from 8.5 Million units annually to 15.9 Million units in the last seven years. Significant opportunities exist in rural markets.
- India's car market has the potential to grow to 6+ Millions units annually by 2020.
- The emergence of large automotive clusters in the country: Delhi-Gurgaon-Faridabad in the north, Mumbai-Pune-Nashik-Aurangabad in the west, Chennai-Bengaluru-Hosur in the south and Jamshedpur-Kolkata in the east.
- Global car majors have been ramping up investments in India to cater to growing domestic demand. These manufacturers plan to leverage India's competitive advantage to set up export-oriented production hubs.
- An R&D hub: strong support from the government in the setting up of NATRiP centres. Private players such as Hyundai, Suzuki, GM are keen to set up an R&D base in India.
- Tata Nano is a sterling example of Indian frugal engineering and is being positioned as a mobilizer of the young generation.
- Electric cars are likely to be a sizeable market segment in the coming decade.

GROWTH DRIVERS

- Passenger vehicles are to increase at a CAGR of 16% between 2013-20.
- Two-wheelers and three-wheelers are projected to expand at a CAGR of 9% between 2013-20.
- A growing working population and an expanding middle class are expected to remain key demand drivers. GDP per capita has grown from USD 1,432.25 in 2010 to USD 1,500.76 in 2012, and is expected to reach USD 1,869.34 by 2018.
- India has the world's 12th largest number of high net worth individuals, with a growth of 20.8%, the highest among the top 12 countries.
- Increasing disposable incomes in the rural agri-sector.
- The presence of a large pool of skilled and semi-skilled workers and a strong educational system.
- A large number of products are available to consumers across various segments. With the entry of a number of foreign players and reduced overall product lifecycle, quicker product launches have become the order of the day.
- The availability of a variety of vehicle models meet diverse needs and preferences.
- Easy finance schemes, owing to which the auto finance industry has grown at the rate of 13% between 2008-13. Car finance penetration has increased from 68% to 70% between 2008-10 to between 70% - 72% in 2011-13.
- Favourable government policies like lower excise duties, automotive mission plans, the constitution of NATRiP etc.

STATISTICS

- Domestic Market Share 2013-14:
 - Passenger Vehicles 13.59%
 - Commercial Vehicles 3.44%
 - Three-wheelers 2.60%
 - Two-wheelers 80.37%
- The industry currently accounts for almost 7% of the country's GDP and employs about 19 Million people both directly and indirectly.
- The auto industry produced a total of 2.15 Million vehicles, including passenger vehicles, commercial vehicles, three-wheelers and

- two-wheelers in 2013-14 as against 2.06 Million in 2012-13, registering a growth of 4.04% in a year.
- The Indian automobile market is estimated to become the 3rd largest in the world by 2016 and will account for more than 5% of global vehicle sales.
- India is the second-largest two-wheeler manufacturer, the largest motorcycle manufacturer and the fifth largest commercial vehicle manufacturer in the world.
- The total turnover in 2010-11 was USD 58.5 Billion, turnover by 2016 is slated to be USD 145 Billion.

INVESTMENT OPPORTUNITIES

- Passenger vehicles: passenger cars, utility vehicles, multi-purpose vehicles.
- Two-wheelers: mopeds, scooters, motorcycles.
- Three-wheelers: passenger carriers, goods carriers.
- Commercial vehicles: light commercial vehicles, medium and heavy commercial vehicles.
- Huge demand for low-cost electric vehicles that are suited for safe short-distance urban commutes (averaging 50-100 km/trip) that are rugged enough to perform reliably through India's summers and its monsoon. It is estimated that total electric vehicles sales would amount to 6-7 Million units by 2020.

FDI POLICY

- 100% FDI is allowed under the automatic route in the auto sector, subject to all the applicable regulations and laws.



FINANCIAL SUPPORT

TAX INCENTIVES IN THE UNION BUDGET 2014-15:

→ Excise duty is being exempted on parts of tractors removed from one or more factories of a tractor manufacturer to another factory of the same manufacturer for manufacturers of tractors.

→ Assessors can claim one of the following deductions:

1. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015, provided the aggregate amount of investment in new plant and machinery during the said period exceeds INR 1 Billion.

2. In order to provide a further fillip to companies engaged in manufacturing, an additional deduction of 15% of cost of new plant and machinery is extended for investments exceeding INR 250 Million (acquired and installed during any previous year, until 31.3.2017).

→ A lower rate of excise duty on automobiles provided in the interim budget has been extended, until December 2014.

→ For small cars, motorcycles, scooters – the duty has been reduced from 12% to 8%.

→ For commercial vehicles and SUVs – the duty has been reduced from 30% to 24%.

→ For large and mid-segment cars – the duty has been reduced from 27% to 24% and 24% to 20% respectively.

Other incentives from the Union Budget 2013-14 are as follows:

→ The period of concession available for a specified part of electric and hybrid vehicles - April 2013, has been extended up to March 31, 2015.

→ An exemption from BCD will be provided for the manufacture of lithium ion automotive battery packs for supply to manufacturers of hybrid and electric vehicles.

R&D INCENTIVES:

Industry/private sponsored research programs:

→ A weighted tax deduction is given under section 35 (2AA) of the Income Tax Act. A weighted deduction of 200% is granted to assessors for any sums paid to a national laboratory, university or institute of technology, or specified persons with a specific direction, provided that the said sum is used for scientific research within a program approved by the prescribed authority.

Companies engaged in the manufacture of an in-house R&D centre:

→ A weighted tax deduction of 200% under section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure incurred on scientific research and development. (Expenditure on land and buildings are not eligible for deduction).

→ Concessional excise duty of 6% has been extended up to 31st March, 2015 for manufacturers of batteries supplying to producers of electrically operated vehicles.

→ Exemption from basic customs duties on lithium-ion automotive batteries for manufacture of lithium-ion battery packs for supply to manufacturers of hybrid and electric vehicles.

STATE INCENTIVES:

→ Apart from the above, each state in India offers additional incentives for industrial projects. Incentives are in areas like rebates in land cost, relaxation in stamp duty exemption on sale or lease of land, power tariff incentives, a concessional rate of interest on loans, investment subsidies/tax incentives, backward areas subsidies, special incentive packages for mega projects.

EXPORT INCENTIVES:

→ Various kinds of incentives on exports are available under foreign trade policy.

AREA-BASED INCENTIVES:

→ Incentives for units in SEZ/NIMZ as specified in respective Acts or the setting up of projects in special areas like the North-east, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.

SECTOR POLICY

AUTO POLICY:

→ Automatic approval for foreign equity investment up to 100% with no minimum investment criteria.

→ Manufacturing and imports in this sector are exempt from licensing and approvals.

→ The encouragement of R&D by offering rebates on R&D expenditure.

AUTOMOTIVE MISSION PLAN, 2006-16:

→ To emerge as the world's destination of choice for design and manufacture of automobiles and auto components with output reaching a level of USD 145 Billion, accounting for more than 10% of the GDP and providing additional employment to 25 Million people by 2016.

→ The setting up of a technology modernization fund focusing on small and medium enterprises.

→ The establishment of automotive training institutes and auto design centres, special auto parks and auto component virtual SEZs.

AUTOMOTIVE MISSION PLAN 2016-26:

→ The Automotive Mission Plan II for the period 2016-26 is under preparation and will be finalized by mid-2015.

NATIONAL AUTOMOTIVE TESTING AND R&D INFRASTRUCTURE PROJECT (NATRIP):

→ The project has been set up at a total cost of USD 388.5 Million to enable the industry to adopt and implement global performance standards.

→ Focus on providing low-cost manufacturing and product development solutions.

THE DEPARTMENT OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES:

→ Working towards the reduction of excise duty on small cars and increased budgetary allocation for research and development.

→ A weighted increase in R&D expenditure to 200% from 150% (in-house) and 175% from 125% (outsourced).

THE NATIONAL MISSION FOR ELECTRIC MOBILITY 2020:

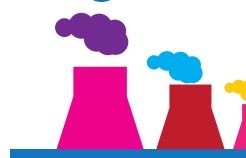
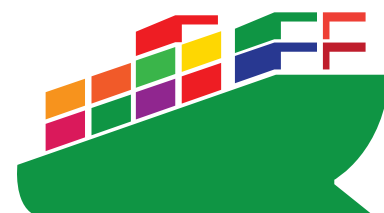
→ The objective of this body is to encourage reliable, affordable and efficient xEVs (hybrid and electric vehicles) that meet consumer performance and price expectations through government-industry collaboration, for the promotion and development of indigenous manufacturing capabilities, required infrastructure, consumer awareness and technology - thereby helping India emerge as a leader in the two-wheeler and four-wheeler xEV market in the world by 2020, with total xEV sales of 6-7 Million units thus enabling the Indian automotive industry to achieve global xEV manufacturing leadership and contributing towards national fuel security.

PILOT ELECTRIC VEHICLE PROJECTS:

→ The Department of Heavy Industry is launching pilot projects on electric vehicles in Delhi and subsequently, other metros and cities all across the country under the NEMPP 2020 with a dual purpose – demonstrating and disseminating the benefits of adopting cleaner, greener modes of transportation as also to explore the viable operational modalities.

→ The DHI will provide viability gap funding through subvention to support the extra cost of acquisition and operation of these vehicles by state governments or designated bodies. In the first phase, a pilot project to provide last mile connectivity to the Delhi Metro through electric passenger vehicles, has been approved. All the other states have been brought on board and different states have already appointed nodal officers to co-ordinate with DHI and vehicle manufacturers for the implementation of those pilot projects.

→ The uptake of electric vehicles will depend in large part on the adequate deployment of Electric Vehicle Supply Equipment (EVSE) needed to recharge electric vehicles.





FOREIGN INVESTORS

- Maruti Suzuki (Japan)
- Nissan (Japan)
- Piaggio (Italy)
- Volkswagen (Germany)
- Renault (France)
- Hyundai (South Korea)
- General Motors (USA)
- BMW (Germany)
- Ford (USA)
- Toyota (Japan)



AGENCIES

- Department of Heavy Industries, Ministry of Heavy Industries & Public Enterprises (<http://dhi.nic.in>)
- Society of Indian Automobile Manufacturers (<http://siamindia.com>)



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