

Leader in automobile manufacturing

Tata Motors and Maruti Suzuki and two-wheeler makers Honda and Hero are expanding operations in the state

For several decades, Gujarat has been a leader in manufacturing and other sectors, but recent years have also seen the state emerge as an important automobile hub with leading passenger car manufacturers like Tata Motors and Maruti Suzuki as well as leading two-wheeler makers like Honda and Hero setting up their manufacturing plants in the state. While the first car manufacturing plant in the state was established in the mid-90s, Gujarat's journey as an automobile hub began in true earnest only in 2010 when Tata Motors established its Nano plant in Sanand near Ahmedabad. Gujarat has seen significant investments in automobile manufacturing and allied industries since then, with Maruti Suzuki among the key investors.

A GIANT LEAP

Since beginning manufacturing operations at Hansalpur in Ahmedabad district in 2017, Maruti Suzuki, the country's largest car manufacturer by volume, has increased the plant's capacity to 7.50 lakh units a year to emerge as the largest car manufacturer in the state. The company is adding a fourth line with an investment of Rs. 3,200 crore to increase its capacity to 10 lakh units, Suzuki Motor Corporation President Toshihiro Suzuki announced during the Vibrant Gujarat Global Summit in January 2024. The new capacity is expected to begin operations from the financial year 2026-27. Maruti Suzuki also announced a new automobile plant in Gujarat with an investment of Rs. 35,000 crore, which will double the company's total manufacturing capacity in the state to 20 lakh cars per annum.

INVESTMENTS SURGE

Tata Motors has also significantly enhanced its investments in Gujarat by acquiring the Sanand plant of Ford, following the American carmaker's decision to exit the Indian market. The plant, where Tata Motors began production in January 2024, has a capacity of 3 lakh units per annum, which is scalable to 4.2 lakh units. MG Motor India, a subsidiary of SAIC Motor, a Fortune 500 company, is another leading car



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manufacturer in the state, having taken over GM's plant at Halol a few years ago.

A KEY 2-WHEELER HUB

Both Honda Motorcycle and Scooter India (HMSI) and Hero MotoCorp have manufacturing operations in the state. HMSI recently inaugurated a third assembly line at its plant at Vithalapur to enhance its capacity by 6.5 lakh units per annum to 19.7 lakh units. The facility is Honda's largest scooter-only plant in the world and caters to the domestic as well as the export markets. Hero MotoCorp's two-wheeler manufacturing unit in Gujarat is located at Halol.

TRANSITION TO EV MANUFACTURING

Gujarat is also taking rapid strides towards becoming an electric vehicle manufacturing hub. Vehicle manufacturers are making significant investments to enhance their EV capabilities. MG Motor recently began manufacturing its EV at the Halol plant. The company also recently announced a strategy joint venture with JSW Group to accelerate growth with a focus on green mobility and

develop the EV ecosystem. Maruti Suzuki has also announced that its soon-to-be-launched electric vehicle - eVX - will roll out from the Hansalpur plant in Gujarat. In addition to catering to the domestic market, the company also plans to export the EV, giving a fillip to Make in India. Tata Motors is also set to begin production of the Nexon EV from its new plant in Sanand soon. This will be the first EV to be built at the plant.

GOVERNMENT INITIATIVES

Gujarat government launched its EV Policy in 2021 to transition the transportation sector towards electric mobility, to make Gujarat a manufacturing hub for electric vehicles and ancillary equipment, and to encourage startups and investments in the field of electric mobility and associated support sectors such as data analytics and information technology. The policy targeted to support the purchase of 2 lakh EVs with attractive subsidies. Moreover, the policy also provided incentives for promoting the charging infrastructure as well as manufacturing of EVs and components.

EV SALES SURGE

EV sales in Gujarat surged multifold as a result of the policy. From just around 9,700 in 2021, EV sales rose to around 69,000 in 2022, and to 88,600 in 2023, according to government data. The policy has also helped Gujarat develop an extensive EV ecosystem, including more than 600 charging stations. The state has made significant investments in the charging infrastructure to complement the investments made by private sector players.

ENHANCING EV ECOSYSTEM

According to Gujarat CM Bhupendra Patel, the government has provided a seamless platform, aimed at simplifying application and approval processes, for setting up manufacturing units in special investment regions such as Mandal-Becharaji and Dholera. The state is proactively working to attract EV manufacturers by encouraging research and development. The government has already deployed 500 electric buses for public transportation, giving a boost to the adoption of EVs.