

India's Auto Parts Cos Record Trade Surplus of \$700 million

Industry gains from top automakers' move last fiscal to rely less on China & derisk supply chains

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New Delhi: India's auto component industry recorded its highest trade surplus of \$700 million in a financial year in 2021-22, on the back of leading automakers across the world embarking on a 'China Plus One' strategy to de-risk supply chains in the wake of the Covid-19 pandemic.

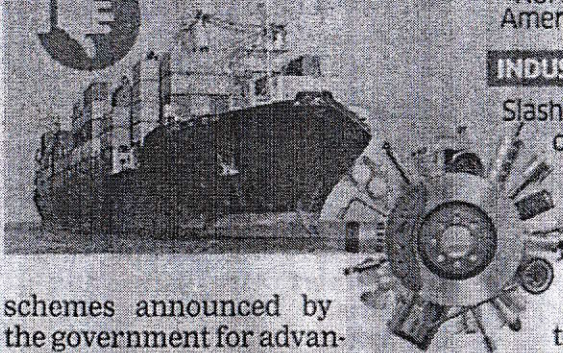
The industry had registered a trade deficit of \$500 million in 2020-21.

"Auto component exports out of India grew strongly last fiscal, reiterating the 'China Plus One' strategy being implemented by MNCs," said Sunjay Kapur, president, Automotive Component Manufacturers Association (ACMA).

He said the increased focus by the auto industry on deep-localisation and the ₹44,038 crore production-linked incentive (PLI)

By Leaps & Bounds

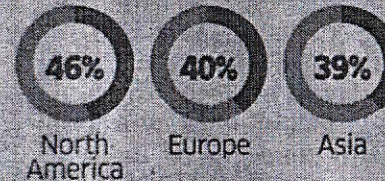
\$500 million Trade deficit seen by industry in FY21



schemes announced by the government for advanced chemistry cell batteries, auto and auto components makers will aid in developing India into an attractive alternative source of high-end auto components.

Auto component exports increased 43% to a record \$19 billion in

COUNTRIES RISE IN SHIPMENTS



INDUSTRY PLANS

Slash imports of critical vehicle content | Scale up exports to corner a bigger future share of global parts biz

2021-22. While shipments to North America went up 46%, those to Europe and Asia increased 40% and 39%, respectively. North America is the largest overseas market for Indian parts makers, accounting for 32% of overall exports last fiscal. Auto component imports during the fiscal amounted to \$18.3 billion.

Enthused by the response Indian component manufacturers are receiving globally — most recently at a trade participation summit held alongside the Commonwealth Games in the UK earlier this month — industry stakeholders are looking at slashing imports of critical vehicle content and scaling up exports to corner a bigger share of the global parts business.

The automotive industry has identified 12 key components with localisation potential — including drive transmission, steering, engine, engine components, electricals, electronic components, iron and steel — to cut imports 15-20% (₹34,400 crore) over a period of five years. India imported auto components worth \$18 billion last fiscal.

Industry executives said apart from ensuring a larger play in the global supply chain, the exercise will also help reduce dependence on China, which accounted for 30% of imports in 2021-22.