REVOLUTIONIZING MOBILITY

The Make in India Auto Story

Ministry of Commerce & Industry | Press Information Bureau | 25 March 2025

Executive Overview

The Press Information Bureau report presents the transformation of India's automobile and auto-components industries under Make in India. It highlights the expansion of domestic vehicle production, exports, foreign investment, localization, electric mobility and advanced automotive manufacturing, supported by fiscal incentives, production-linked schemes and charging-infrastructure measures.

Key Takeaways

- The automobile sector contributes approximately 6% to India's national GDP.
- Vehicle production increased from 2 million units in 1991-92 to around 28 million units in 2023-24.
- Automobile exports reached 4.5 million units in FY 2023-24.
- The sector attracted US$ 36 billion in FDI over the preceding four years.
- India had 4.4 million registered EVs by August 2024, with 6.6% market penetration.
- PLI, FAME, PM E-DRIVE and other government schemes support EVs, batteries and advanced automotive technologies.
- GST on electric vehicles was reduced from 12% to 5%.
- The auto-component sector contributes 2.3% to GDP and directly employs 1.5 million people.

Indian Automotive Industry

The industry entered a new phase in 1991 with de-licensing and subsequent opening to 100% FDI through the automatic route. Global automotive manufacturers established production facilities in India, contributing to the rise in vehicle production from 2 million units in 1991-92 to around 28 million in 2023-24.

The report places the turnover of the Indian automotive industry at about US$ 240 billion (Rs. 20 lakh crore). It states that the industry supports around 30 million jobs, including 4.2 million direct and 26.5 million indirect jobs, and that exports of vehicles and auto components amount to about US$ 35 billion.

India's Global Automotive Position

The PIB report describes India as the world's largest manufacturer of three-wheelers, among the top two manufacturers of two-wheelers, among the top four manufacturers of passenger vehicles, and among the top five manufacturers of commercial vehicles.

Auto Components Industry in India

The auto-component sector supplies critical systems and parts to domestic vehicle manufacturers and global markets. The report attributes India's attractiveness as a manufacturing location to cost competitiveness, skilled labour and policy support. It states that the sector is expected to target US$ 100 billion in exports by 2030.

Indicator	Details
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

The report states that the sector exports over 25% of its production annually. By FY28, the Indian auto industry aims to invest US$ 7 billion to localize advanced components such as electric motors and automatic transmissions. Major component categories supplied to OEMs include engine components, body/chassis/BIW, suspension and braking, drive transmission and steering, and electrical and electronic systems.

Growth in Domestic Automobile Production

The automobile sector contributes approximately 6% to national GDP. The source reports 4.5 million units of automobile exports across categories in FY 2023-24 and highlights India as an increasingly important global production and export base.

The sector attracted US$ 36 billion in FDI over the preceding four years. The report cites planned or announced investments including Hyundai's US$ 4 billion expansion, Mercedes-Benz's US$ 360 million commitment and Toyota's US$ 2.3 billion investment to increase capacity.

Electric Vehicle Manufacturing Boom

By August 2024, 4.4 million EVs had been registered in India, including 9.5 lakh registrations during the first eight months of 2024, corresponding to 6.6% market penetration. The report links this growth with policy measures supporting EVs, batteries, charging infrastructure and domestic manufacturing.

Government Initiatives

The Ministry of Heavy Industries and other ministries have introduced a series of schemes and regulatory measures to promote electric mobility, domestic manufacturing, advanced automotive technologies and charging infrastructure.

FAME India Scheme Phase-II

FAME India Phase-II was implemented for five years from 1 April 2019 with total budgetary support of Rs. 11,500 crore. The scheme incentivised electric two-wheelers, three-wheelers, four-wheelers, buses and public charging stations. The Department of Heavy Industries also sanctioned 2,636 charging stations across 62 cities in 24 States and Union Territories.

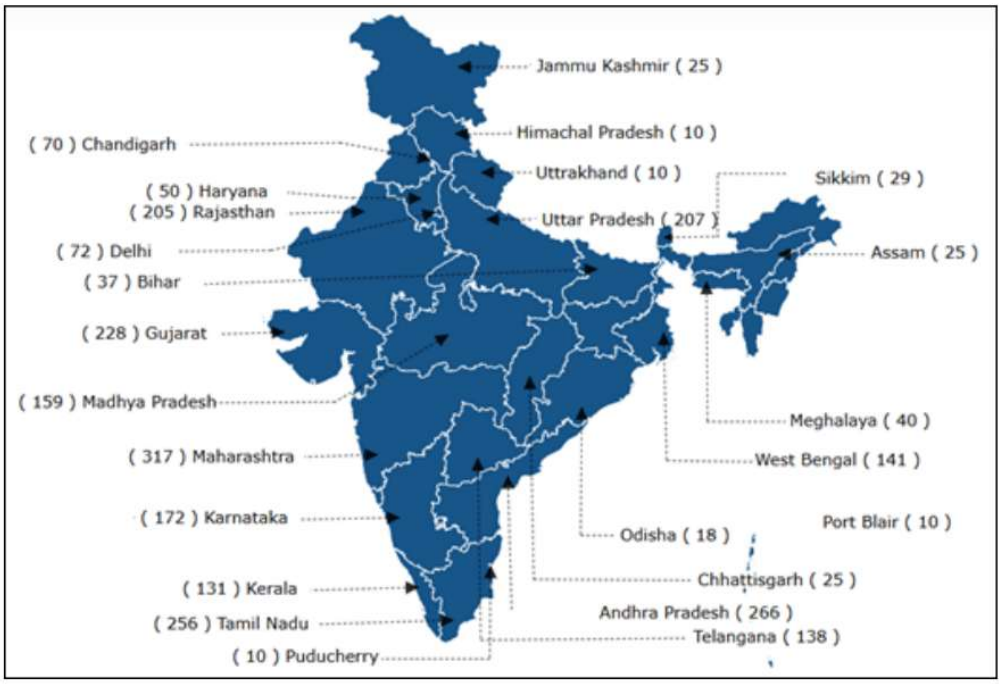

Figure 4. PIB map showing state-wise allocation of charging stations sanctioned under FAME India Phase-II.

PLI Scheme for Automobile and Auto Component Industry

The PLI-Auto scheme was notified on 23 September 2021 to strengthen domestic manufacturing of Advanced Automotive Technology products. It has a budgetary outlay of Rs. 25,938 crore and requires a minimum 50% Domestic Value Addition.

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 products
Targeted Technologies	Electric Vehicles and Hydrogen Fuel-Cell Components
EV / Hydrogen Fuel-Cell Incentives	13% - 18%
AAT Component Incentives	8% - 13%
Investment Attraction	Global OEMs
Eligibility	Domestic and export sales

PLI Scheme for Advanced Chemistry Cell

Approved on 12 May 2021 with a budgetary outlay of Rs. 18,100 crore, the ACC PLI scheme aims to establish a competitive domestic manufacturing ecosystem for 50 GWh of Advanced Chemistry Cell batteries.

PM E-DRIVE Scheme

The PM Electric Drive Revolution in Innovative Vehicle Enhancement scheme was notified on 29 September 2024 with an outlay of Rs. 10,900 crore. The two-year scheme supports electric two-wheelers, three-wheelers, trucks, buses, ambulances, public charging stations and the upgradation of vehicle testing agencies.

Source: Press Information Bureau, Ministry of Commerce & Industry | 25 March 2025

PM e-Bus Sewa Payment Security Mechanism

Notified on 28 October 2024 with an outlay of Rs. 3,435.33 crore, the scheme aims to support deployment of more than 38,000 electric buses and provide payment security to e-bus operators in cases of default by Public Transport Authorities.

Scheme for Promotion of Manufacturing of Electric Passenger Cars in India

The scheme was notified on 15 March 2024 to promote domestic electric-car manufacturing. Applicants are required to invest at least Rs. 4,150 crore and achieve Domestic Value Addition of at least 25% by the end of the third year and 50% by the end of the fifth year.

Other Government Measures

- The Ministry of Power issued the Guidelines for Installation and Operation of Electric Vehicle Charging Infrastructure-2024 on 17 September 2024 to support a connected and interoperable national charging network.
- The Ministry of Finance reduced GST on electric vehicles from 12% to 5%.
- The Ministry of Road Transport & Highways provided for green number plates for battery-operated vehicles and exemption from permit requirements.
- The Ministry of Housing and Urban Affairs amended the Model Building Bye-Laws to mandate charging stations in private and commercial buildings.
- The 2024-25 Budget allocated Rs. 2,671.33 crore under FAME and proposed customs-duty exemptions for critical minerals required for EV-cell component manufacturing.
- The Electric Mobility Promotion Scheme was launched in March 2024 with an outlay of Rs. 500 crore for four months, targeting electric two- and three-wheelers.

Outlook

The PIB report concludes that Make in India has strengthened domestic automobile production, EV manufacturing and the auto-component ecosystem. It attributes the sector's expansion to sustained policy support, investment, localization and technological advancement, with the broader objective of increasing self-reliance and India's role in global automotive and electric mobility.