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| **Automotive Component Manufacturers Association Of India** |

**Press Release**

**58th Annual Session of ACMA mulls over the future of the Indian Auto Component Industry**

**New Delhi, September 05, 2018:** Automotive Component Manufacturers Association of India (ACMA), the apex body of the Auto Component Industry in India, hosted its 58thAnnual Session today.

ACMA’s Annual Session was addressed by Mr. Anant Geete, Hon’ble Minister for Heavy Industries and Public Sector Enterprises, Mr. Suresh Prabhu, Union Minister for Commerce & Industry, Civil Aviation, Government of India, Mr. Nitin Gadkari, Hon’ble Union Minister of Road Transport and Highways, Government of India and Dr. Asha Ram Sihag, Secretary, Department of Heavy Industries, Ministry of Heavy Industry & Public Enterprises, Government of India.

The event also witnessed key note address by eminent leaders from the automotive industry including Mr. Kenichi Ayukawa, Managing Director, Maruti Suzuki India, Mr. Guenter Butschek MD and CEO, Tata Motors, Mr. Minoru Kato, President and CEO, Honda Motorcycle and Scooter India, Mr. Rakesh Bharti Mittal, President CII & Executive Vice Chairman, Bharti Enterprises, Dr. Pawan Goenka, Managing Director, Mahindra & Mahindra, Dr Abhay Firodia, President SIAM & Chairman, Force Motors, Mr. Nirmal Minda, President, ACMA & CMD, Minda Industries and Mr. Ram Venkataramani, Vice President ACMA & MD, IP Rings.

During the annual session, ACMA’s study conducted by McKinsey & Co. themed “Auto component industry in India: Preparing for the future” was released by the Chief Guest, Mr. Anant Geete, Minister for Heavy Industries and Public Sector Enterprises. The study reveals that there are tremendous opportunities that await the auto component industry in India on the back of the growing vehicle consumption in India on one hand and the introduction of next generation mobility on the other. ACES – Autonomous, Connected, Electric and Shared mobility, like the world over, will also impact the dynamics of the Indian automotive industry and the opportunities in this space are contingent to Indian auto component industry scaling up on the technology front.

Commenting on the future of the industry **Mr. Nirmal Minda, President, ACMA** said, “the auto and auto component industry, globally and in India, is undergoing a transformation across its entire supply chain; several factors such as new regulations on emission, safety & environment, fast changing customer preferences, shifting economic dynamics and trade policies are reshaping our industry. The case globally, e-mobility is fast catching the imagination of our policy makers; a definite policy delineating the road map for e-mobility in India is therefore the need of the hour. We are confident that as hybrid and electric technologies gains traction, vehicle manufacturers will support localisation of components.’

**Mr. Nitin Gadkari, Hon’ble Union Minister of Road Transport and Highways, Government of India** highlighted “To strengthen the economy, our government is actively pursuing the policy of substituting imports and boosting exports. I am pleased to see the auto component industry perform remarkable in turnover and exports. I believe there are immense possibilities for this sector to grow further. Our government is driving the agenda of promoting Innovation, entrepreneurship, technology and research.

Speaking further on excess dependence on fossil fuels, Mr. Gadkari added “the government is working towards various kinds of alternative fuels as an effort to reduce carbon footprint by introducing first generation bio ethanol. The industry should come forward to develop the technologies to power the new generation engines.

On the occasion, **Mr. Anant Geete, Hon’ble Union Cabinet Minister for Heavy Industries, Government of India** and Public Sector Enterprises, said “The automotive industry is the top contributor to the Government of India’s Make in India initiative and has accounted for maximum investments under the program. Going forward, we would be framing the auto policy in accordance with the current state of the automotive industry and demands of the future. I assure the ministry of heavy industries will support the industry to resolve all issues and concerns.”

Speaking on the future, **Mr. Suresh Prabhu, Hon’ble Union Minister for Commerce & Industry and Civil Aviation**, **Government of India** said “Government has set a vision of realising a national GDP of USD 5 trillion in next seven years with manufacturing sector accounting for USD 1 trillion with the auto and auto component industry will contribute significantly.”

Auto Component Manufacturers Association (ACMA) commissioned McKinsey & Company for a study on Auto component industry in India: Preparing for the future. The future of the auto OEM and auto component industry is being shaped by multiple trends, policies, technologies and discontinuities. The study reflected upon the what opportunities do these trends create for the auto component industry and how can the industry prepare itself to capture a share of these opportunities.

A promising future

Growth indicators paint a picture of optimism for India – by 2023, it could be the world’s fifth-largest economy, with a GDP of USD 4.7 tn. Anticipation of a growing consumer class, enhanced ease of doing business, expanding infrastructure – such favorable factors could propel the country forward, and, with it, India’s automobile industry. The Indian automotive OEM industry is already in a strong position. Globally India’s automotive industry is at the forefront of many segments – leading in two-wheelers, segment a cars, and tractors.

**Here and now: Trends shaping the automotive industry**

As auto component manufacturers prepare for a future where they ramp up performance in India and globally, they need to account for numerous trends along 4 key dimensions that are shaping the industry:

* Constantly shifting market dynamics due to changing customer demands, manufacturing locales, operating models and priorities
* The changing needs of OEMs, who are likely to want different, more agile and rapid component inputs as demand, timelines and processes keep shifting
* Technological improvements and discontinuities that are already starting to change revenue pools, trigger new competition and invite new forms of cooperation
* An evolving regulatory and trade environment forming the backdrop for it all.

The opportunities ahead

The interplay of trends across these themes could fashion ten exciting opportunities for auto component manufacturers:

1. Pursue export opportunities aggressively.
2. Enhance import substitution.
3. Offer premium features at “Indian costs” more rapidly than before.
4. Focus on component categories that could contribute more to vehicle costs in the future.
5. Expand aftermarket offerings to capture value from enhancing existing vehicle parc and aftermarket exports.
6. Offer “rising star” components which could take off in the long run due to increase in electric vehicle (EV) sales.
7. Offer new or modified features that will be in demand with an increase in shared mobility penetration.
8. Develop data-enabled services and solutions.
9. Form partnerships and ecosystems to create and capture value.
10. Expand portfolio to serve adjacent industries.

Identifying which opportunities fit best, and working strategically to seize them, could create a successful future for auto component manufacturers.

The 58thAnnual Session & National Conference concluded on a high note witnessing over 1500 participants. Eminent speakers from industry deliberated on the likely future of the auto and auto component industry; these included Mr Ashok Taneja, MD & CeO, Shriram Pistons and Rings, Mr Asutosh Padhi, Senior Partner, McKinsey & Company, Mr. CV Raman, Senior Executive Director, Maruti Suzuki India, Mr. Harish Lakshman, Vice Chairman, Rane Group, Mr. Hemant Sikka, President – CPO, Mahindra & Mahindra, Mr. Sandeep Sinha, Managing Director, Cummins India, Mr. Sanjay Labroo, Managing Director, Asahi India Glass, Mr Shivanshu Gupta, Partner, McKinsey & Company, Ms. Shradha Suri Marwah, Managing Director, Subros, , Mr. Soumitra Bhattacharya, Managing Director & President, Bosch India Group and Mr. Vikram Kasbekar, Executive Director, Hero MotorCorp.

**About ACMA:** The Automotive Component Manufacturers Association of India (ACMA) is the apex body representing the interest of the Indian Auto Component Industry. Its membership of over 800 manufacturers contributes more than 90% of the auto component industry’s turnover in the organized sector. ACMA is an ISO 9001:2008 Certified Association.

The Indian Auto-Component Industry showed healthy growth of 18.3 per cent posting Rs. 3,45,635 crore (USD 51.2 billion) turnover in the FY 2017-2018. While the exports showed a growth of 23.9 percent scaling to Rs. 90,571 crore (USD 13.5 billion) in FY 2017-18. The Aftermarket grew by 9.8 percent to Rs. 61,601 crore (USD 9.2 billion) from Rs 56,096 crore (USD 8.4 billion) in the previous fiscal.

**For further details:**

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