



Automotive Component Manufacturers Association Of India

## **Press Statement**

### **ACMA welcomes a pragmatic Union Budget**

- MSME Focus & Handholding scheme to promote Export & Technology Upgradation
- Reiterates uniform 18% GST on all components

**New Delhi, February 01, 2020:** ACMA, the apex body representing India's auto component sector, expressed satisfaction on the measures announced in the Union Budget especially for the focus on development of rural economy, manufacturing, infrastructure & logistics, education & skilling, tax reforms & ease of doing business and encouraging digitization.

Thanking the the Union Finance Minister, Nirmala Sitharaman, **Deepak Jain, President ACMA, said**, "The three levers of Aspirational India, Economic Develop and a Caring Society enshrined in the Budget will be the bedrock to propel us further."

"We are glad that the Government has announced a Rs. 1,000 crore handholding scheme for mid-sized companies including those in the Auto Components to give a thrust to export development, R&D and technology upgradation. The scheme will help the component sector remain relevant and competitive. This has also been a long-standing request of ACMA.", **added Jain.**

**He further mentioned** "Being significantly dominated by MSMEs, enabling measures to extend invoice financing to MSMEs and creating access to working capital through a new scheme are a welcome step. That apart, enhancing the turnover threshold for audit of MSMEs from Rupees One Crore to Rupees Five crore will facilitate 'ease of doing business.'"

Measures adopted by the government to strengthen checks on imports due to FTA, review of Rules of Origin, enhancing safeguard duties and invoking Quality Control Order on import sensitive items will encourage 'Make in India'.

Focus on electronics manufacturing including electronic equipment and semiconductor packaging is welcome and will encourage manufacturing of auto-electronics and components of electric vehicles. That apart, increase in import duty

of CBUs – CVs, commercial EVs, SKD rate on electric vehicles and CKD rate of electric vehicles will encourage localisation.

“While we are happy that the process of GST continues to be streamlined and made effective, it is critical that the GST rate on all auto components be a uniform 18%. Currently 60% of auto components attract 18% while the rest are at 28%. Being an intermediary industry, reduction in rate will be revenue neutral. It will also help curb grey operations in the auto components after market.”, added, **Jain**

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#### **About ACMA:**

The Automotive Component Manufacturers Association of India (ACMA) is the apex body representing the interest of the Indian Auto Component Industry. It represents over 850 manufacturers in the organized sector.

The Indian Auto-Component Industry contributes 2.3% to India’s National GDP and provides employment to 5 million people. The Industry witnessed a growth of 14.5% posting a turnover of Rs. 3,95,902 crore (USD 57.10 billion) in the FY 2018-19. While the exports showed a growth of 17.1% scaling to Rs. 106,048 crore (USD 15.16 billion) in FY 2018-19. The Aftermarket grew by 9.6% to Rs. 67,491 crore (USD 10.1 billion) from Rs 61,601 crore (USD 9.2billion) in the previous fiscal.

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