

Value of components to passenger car OEMs rises to 49%

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The share in terms of the value of components supplied to original equipment manufacturers (OEM) for passenger cars in India increased from 38 per cent in the first half (H1) of 2021-22 (FY22) to 47 per cent in H1 of 2022-23 (FY23), according to data from a manufacturer's association.

The reason for this is that the market is shifting from the under-₹7 lakh cars to bigger and costlier four-wheeled drives — a trend reflected in the increasing sales of sport utility vehicles.

The overall component industry grew 34.8 per cent — from \$26.6 billion in H1FY22 to \$33.87 billion in H1FY23 — according to the

Automotive Component Manufacturers Association (ACMA) of India.

The industry growth includes supply to OEMs, after-market services, the balance between imports and exports, and other sources.

The value of components supplied to two-wheeler OEMs, which had shown signs of picking up in the festival season and later, went down from 21 per cent to 18 per cent in the same period.

In the commercial vehicle space, the value of components supplied to medium and heavy commercial vehicles OEM went up from 7 per cent to 8 per cent and that of light commercial vehicles, from 16 per cent to 17 per cent.

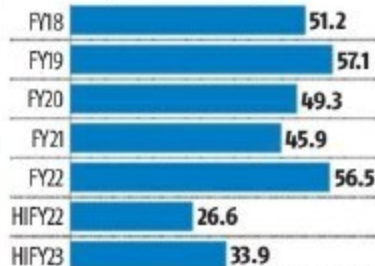


The share of components supplied to OEM companies manufacturing electric components grew just 1 per cent between H1FY22 and H1FY23.

Vinnie Mehta, director-general of ACMA, said leading automotive

PICKING UP SPEED

Size of component industry (\$billion)



SOURCE: ACMA

(auto) companies are making new investments in electric vehicles (EVs).

Most tier I component suppliers are ready to supply to EVs and are ramping up fresh investments, said Mehta. Tier II component suppliers

may take more time for the transition.

Component suppliers in conventional areas like forgings and castings are reshaping for newer segments like defence and railways.

Export of auto components grew 8.6 per cent between H1FY22 and H1FY23 to hit \$10.1 billion. Imports grew 17.2 per cent, reaching \$10.1 billion, so the industry was foreign exchange (forex)-neutral.

In FY22, India's exports were higher than imports and the component industry was forex-positive by \$700 million.

The market for exports also remained the same: 33 per cent in North America, 30 per cent in Europe, followed by Asia with 25 per cent share.