

MSMEs may benefit if Atmanirbhar policy implemented in autocomponent sector

Government of India is taking steps to transform India into a self-reliant economy by enhancing local manufacturing capabilities across various sectors. According to media reports, the government has set up Atmanirbhar steering committee comprising of senior industry veterans to chalk out plan for self-reliance across 20 sectors including air conditioners, television sets, ethanol, CCTV, ready to eat food, sports goods and gym wear. Recently, the government announced production linked incentives and other schemes for electronics and pharmaceutical sectors to reduce dependence on imports. Auto component has also been identified as target sector for promoting self-reliance in sector.

According to industry sources, India's autocomponent industry accounts for 2.3% of GDP, 4% of exports and provide 5 million jobs. India has trade deficit in the autocomponent sector as the country imports USD 17.6 billion worth of products, compared to USD 15.16 billion worth of exports (as of 2018-19). China is the largest source of imports, accounting for 27%, and it is followed by Germany (14%), South Korea (10%), Japan (9%) and USA (7%). Drive transmission and steering account for 30% of imports and it is followed by engine components (17%), electrical and electronics (14%), suspension braking (9%), body or chassis (10%).

Media reports suggest that the government may provide production linked incentives and set up industrial parks to promote large scale manufacturing of autocomponents, especially those components where India is dependent on imports. Such a move may benefit micro, small and medium enterprises (MSMEs) as majority of units in the autocomponent sector belong to the MSME category. Such a move may yield desirable results if the government also ensures access to finance, technology and skilled manpower, apart from other incentives to MSMEs.

Notifications

Press Information Bureau, Government of India

FDI in commercial coal mining

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Draft Defence Production and Export Promotion Policy

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Daily Bulletin on COVID

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