India

Capital:	New Delhi
Population:	1,132,446,000 (2008 estimate)
GDP:*	$ 2.965 trillion
Currency:	Indian Rupee
Language:	Hindi, English

Summary

The Indian automotive market is one of the most rapidly growing automotive markets in the world today, and one of the fastest growing sub-sectors within the Indian automobile sector is the automotive electronics segment. The current size of the Indian automotive electronics market is approximately $2 billion. With electronic content growth in Indian automobiles expected to rise to 20 percent from the current 10 percent, industry sources estimates the market for automotive electronics to grow to approximately $3 to 4.5 billion by 2011.

Market Entry

There are no restrictions on the import of automotive electronic items into India. The components of the current total import duty of 34.13 percent include a basic duty of 10 percent (applied on the cost insurance freight (CIF) value of goods); additional duty of 16.45 percent (popularly called countervailing duty), which is equivalent to the excise duty on similar articles manufactured within the country; a special additional customs duty of 4 percent; and an educational cess of 3 percent.

Main Competitors

Major players in India for safety systems include Haryana-based, Sona Koyo Steering Systems Ltd. – a joint venture between Indian Sona Systems and Koyo Seiko company of Japan, and Chennai- based, Sundaram Clayton Ltd. of the TVS group; and Sony Electronics, and Pioneer Electronics in the automotive entertainment segment. Some of the of p popular Indian automotive electronics equipment and service suppliers include Textek Electronics of Coimbatore; CG-CG Smith Software a part of KPIT Cummins Infosystems based in Bangalore, a leading software and systems service provider for embedded applications for automotive electronics; and TACO Sasken Automotive Electronics also based in Bangalore – a joint venture between Tata Autocomp Systems and Sasken Communication Technologies dealing in design, development of automotive electronic products in telematics, and infotainment. Other important automotive electronic component suppliers are: Veeyessar Industrial Products Pvt Ltd in Hosur; and Mico-Bosch, and Electronic Automation Pvt. Ltd. in Bangalore.

Global dealers such as Avnet of the U.S., and Arrow Asia, a subsidiary of New York-based, Arrow Electronics also have a fairly strong presence in the Indian automotive electronics market.

Current Demand

Increasing demand by Indian consumers for technologically advanced engine and control management systems, and superior safety systems have been the main drivers for the growth of the automotive electronics market. Stricter regulations on emission and competitive pressures in the growing automobile industry in India are also forcing automotive manufactures to constantly upgrade on automotive electronics technology. Increasing emphasis on vehicle exports from India is also an important factor contributing to this trend. Emission norms for vehicles would be on par with European norms by 2010. Several government regulations, especially on safety expected to be introduced in the next one or two years is expected to drive the growth of the Indian automotive electronics further. The demand for automotive security systems is set to increase in the near future, and by 2010 many safety features such as car protection during collisions is likely to be standard in Indian automobiles. The market for safety electronics is expected to grow at around ten percent annually over the next three to four years.

Current Demand (continued)

Engine management systems such as engine control units and fuel-injection technology, accounting for close to 50 percent of the power-train segment currently dominates the Indian automotive electronics market. The automobile entertainment segment in India is dominated by CD, MP3 players today with even DVD players being adopted in Indian automobiles. In this modern age, driven by the growing demand from Indian consumers for added connectivity solutions to the traditional in-vehicle standalone audio and video systems, the overall automotive entertainment systems are like to see major changes. According to projections of iSuppli Corp., a major global electronics research group, the Indian automotive infotainment market is estimated to grow to $54 billion in 2012, achieving a compounded annual growth rate of seven percent from $38.3 billion in 2006.

The import market for superior quality automotive electronics items is growing fueled by the increasing awareness and demand by Indian consumers for technologically advanced products. Following government initiatives towards enforcement of stronger safety and emission/environment norms, the automotive sensors and automotive body electronics segments, which represent less than 10 percent of the total automotive electronics market currently are expected to witness very high growth rates creating opportunities for suppliers. By 2015, the Indian automotive market would adhere to global norms.

Once government initiatives on vehicle safety regulations are also implemented, rapid growth in the safety electronics segment is also to be expected, which offers opportunities for U.S. safety system manufacturers.

While automotive engine management and safety systems are to be the main market drivers for Indian automotive electronics, use of advanced digital instrumentation and electronic ignition systems is also on the rise.

Trade Events

AUTO COMPONENTS AND MACHINE TOOLS ENGINEERING EXHIBITION (ACMEE)
Chennai Trade Center
June 12-16, 2008
http://www.acmee.in

Auto Expo India,
New Delhi
January 6-13, 2010
http://www.the-autoexpo.com/news_april_14.asp

Available Market Research

India: Automotive Electronics Market (Jul 2007)

U.S. Commercial Service Contact Information

Name: Aliasgar Motiwala
Position: Commercial Specialist
Email: Aliasgar.Motiwala@mail.doc.gov
Phone: 91-22-22652511/12