

**AUTO AND AUTO ANCILLARIES SECTOR**

## 1. OVERVIEW OF AUTO SECTOR

### 1.1 Background

The automotive sector is one of the core industries of the Indian economy. With 4 per cent contribution to the GDP and nearly 5 per cent of the total industrial output, the automotive sector has become a significant contributor to the exchequer. Continuous economic liberalization over the years by the government of India has resulted in making India as one of the prime business destination for many global automotive players.

While the genesis of Indian Automotive Industry can be traced to the 1940s, significant growth started in the 1970s. Between 1970 and 1984 cars were considered a luxury product; manufacturing was licensed, expansion was restricted; there were quantitative restriction (QR) on imports and a tariff structure designed to restrict the market. The market was dominated by six manufacturers -Telco (now Tata Motors), Ashok Leyland, Mahindra & Mahindra, Hindustan Motors, Premier Automobiles and Bajaj Auto.

The decade of 1985 to 1995 saw the entry of Maruti Udyog in the passenger car segment and Japanese manufacturers in the two wheelers and light commercial vehicle segments. Economic liberalization, started in 1991, led to the delicensing of the passenger car segment in 1993. QR on imports continued. This decade witnessed the emergence of Hero Honda as a major player in the two wheeler segment and Maruti Udyog as the market leader in the passenger car segment.

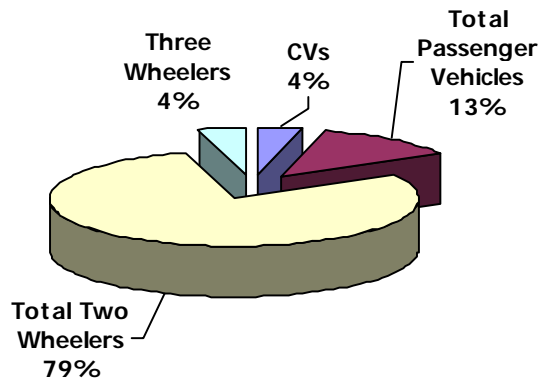
Between 1995 and 2000 several international players entered the market. Advanced technology was introduced to meet competitive pressures, and environmental and safety imperatives. Automobile companies started investing in service network to support maintenance of on-road vehicles. Auto financing started emerging as an important driver for demand.

Starting in 2000, several landmark policy changes like removal of quantitative restrictions (QR) and 100 percent FDI through automatic route were introduced. Indigenously developed vehicles were introduced in the domestic market and exports were given a thrust. Innovative sales strategies were developed as auto companies started collaboration with financial firms to provide easy auto financing services to customers.

**1.2 Current Status**

The automobile industry now has a manufacturing capacity of more than 10 million plus vehicles per annum. Today India is the world’s second largest manufacturer of two wheelers, fifth largest manufacturer of commercial vehicles and manufactures largest number of tractors in the world.

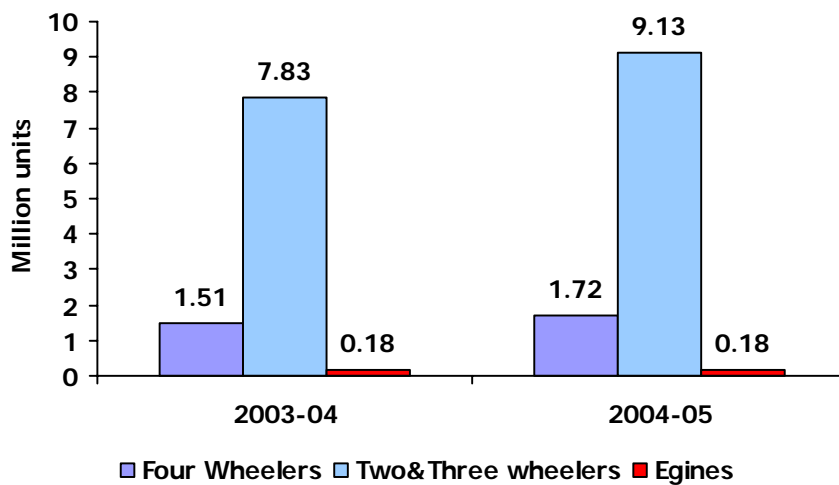
**Segment-wise market share 2005-06**



*Source: Society of Indian Automobile Manufacturers' Association*

The country offers the fourth largest passenger car market in Asia today. A supplier driven market, having no more than a handful of vehicular models two decades ago, now offers more than 150 models and variants.

**Installed Capacity of Indian automobile Industry**

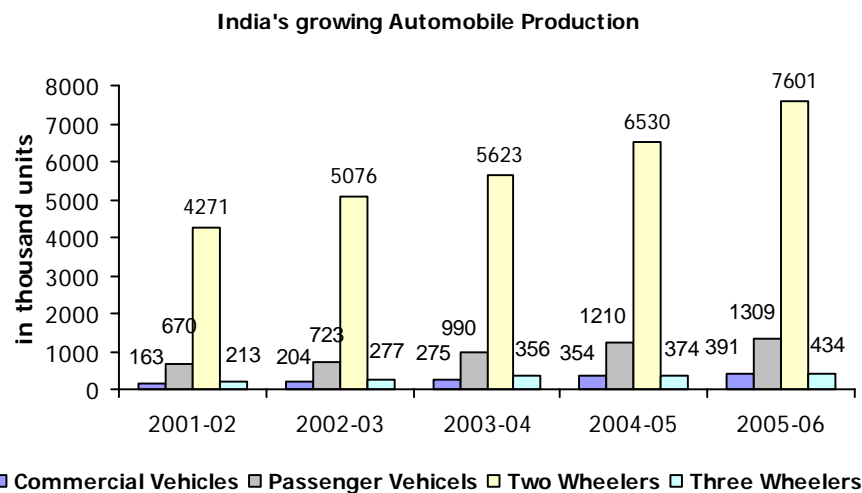


*Source: Society of Indian Automobile Manufacturers*

### 1.2.1 Domestic Automobile Production

The automotive industry has been witnessing impressive growth during the last two decades. Abolition of licensing in 1991, permitting automatic approval and successive liberalisation of the sector over the years have led to all round development of this industry. The freeing of the industry from restrictive environment has, on the one hand, helped it to restructure, absorb newer technologies, align itself to the global developments and realise its potential and on the other hand, this has significantly increased industry's contribution to overall industrial growth in the country.

The automobile industry witnessed a growth of 19.35 per cent in April- July 2006 when compared to April- July 2005.

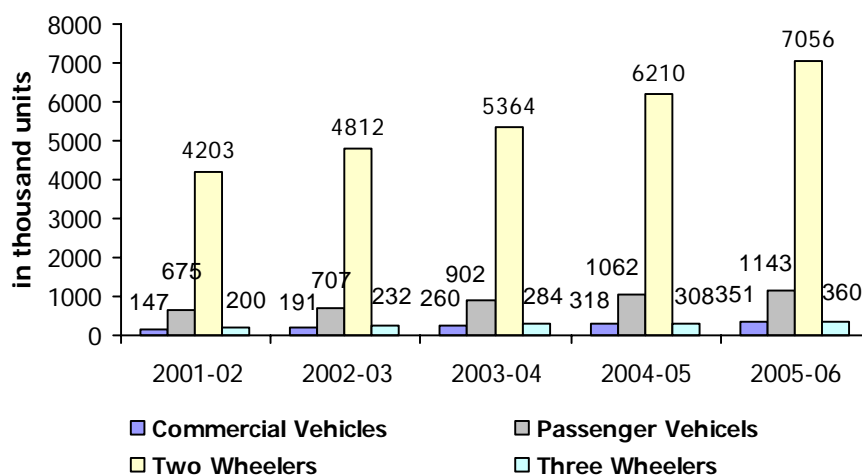


Source: Society of Indian Automobile Manufacturers

### 1.2.2 Domestic Auto Sales

The passenger car sales rose by nearly 23 per cent during April-August 2006 compared with same months last year. Utility Vehicles (UVs) sales grew at 12 per cent during the same period. The cumulative growth of overall passenger vehicles during April-August 2006 was 20.6 per cent. Overall Two Wheeler market grew by 14.7 per cent during April-August 2006 over the same period of 2005. Motorcycles grew by nearly 17 per cent; Scooters grew by about 4.2 per cent and Mopeds Grew by 4.5 per cent. Three Wheelers sales grew at 20.6 per cent. Goods carriers grew by 24.2 per cent and Passenger Carrier grew at 18.3 per cent during the April-August 06, over the same period last year. Overall Commercial Vehicles segment grew at nearly 38 per cent. Growth of Medium & Heavy Commercial Vehicle's was 41.5 per cent. Light Commercial Vehicles also performed well with a growth of nearly 33 per cent.

### India's domestic automobile sales trend

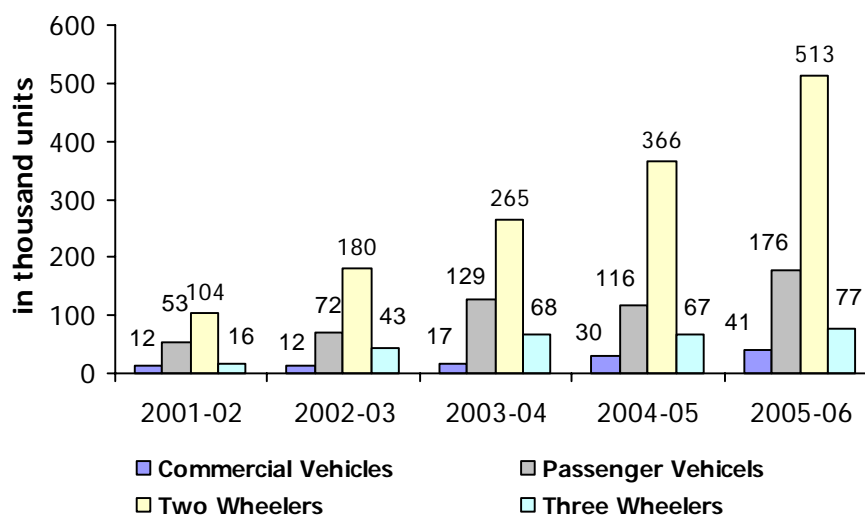


Source: Society of Indian Automobile Manufacturers

### 1.2.3 India's Automobile Exports

Automotive industry of India is now finding increasing recognition worldwide and a beginning has been made in exports of vehicles as well as components. Overall automobile Exports registered a 28 per cent growth rate in April-August 2006 over the same period last year. Passenger Vehicles Exports grew at 14 per cent. Two Wheelers Exports grew by 28.8 per cent and Commercial Vehicles by 28.4 per cent.

### India's automobile export trend



Source: Society of Indian Automobile Manufacturers

## 2. COMPETITION OVERVIEW

At present the industry has a mix of large domestic private players such as Tata, Mahindra, Ashok Leyland, Bajaj, Hero Honda and major international players including GM, Ford, Daimler Chrysler, Toyota, Suzuki, Honda, Hyundai and Volvo.














### 2.1 Maruti Udyog

Maruti was formed as a partnership between the Government of India and Suzuki of Japan in the year 1981. It brought India its first 'affordable' car, the Maruti 800. Maruti once had a market share of approximately eighty per cent, but with the entry of competition with companies like Tata, Hyundai etc. Maruti Udyog's market share has dropped to around forty per cent.

The company has a portfolio of 11 brands, including Maruti 800, Omni, premium small car Zen, international brands Alto and WagonR, off-roader Gypsy, mid size Esteem, luxury car Baleno, the MPV, Versa, Swift and Luxury SUV Grand Vitara XL7.

In recent years, Maruti has made major strides towards its goal of becoming Suzuki Motor Corporation's R and D hub for Asia.

Market share of major players

													
<b>Passenger Cars</b>	52%	17%	19%	-	1%	5%	2%	2%	2%	1%	-	<1%	<1%
<b>Utility Vehicles</b>	2%	18%	1%	42%	21%	1%	10%	1%	<1%	-	4%	-	<1%
<b>Multi Purpose Vehicles</b>	100%	-	-	-	-	-	-	-	-	-	-	-	<1%

Figures denote Mkt Share (Apr-Oct 05)

Source: Society of Indian Automobile Manufacturers

### 2.2 Hyundai

When Hyundai entered India in 1997, the brand was virtually unknown in the Indian market. They signed up Bollywood actor Shah Rukh Khan and their excellent advertising campaign made Hyundai a household name and helped it reach the second place behind market leader Maruti Suzuki.

HMIL presently markets 16 variants of passenger cars in six segments. The Santro in the B segment, Getz in the B+ segment, the Accent and Verna in the C segment, the Elantra













in the D segment, the Sonata Embera in the E segment and the Tucson in the SUV segment.

### 2.3 Tata Motors

Tata Motors, also known as Telco is the third largest car producer in India after Maruti and Hyundai. It was responsible for developing India's first indigenous vehicle, the Indica. It has proved to be a success in the market after initial quality problems. The company also exports the car to many countries. Tata Motors recorded revenue of with revenues of US\$ 5.5 billion in the financial year 2005-06.

Tata Motors also has an interest in the commercial vehicle segment of which it controls around 70 per cent.

**Market Share of major players**

									
	64%	24%	-	8%	-	3%	-	<1%	<1%
	40%	30%	7%	5%	10%	6%	1%	1%	-
	59%	<1%	32%	4%	3%	3%	<1%	-	-

Figures denote Mkt Share (Apr-Oct 05)

Source: Society of Indian Automobile Manufacturers

### 2.4 Mahindra & Mahindra Limited

The automotive section of Mahindra started off when a first batch of seventy five Utility Vehicles (UVs) was imported in CKD condition from Willys in 1947. It has come a long way not just manufacturing Jeeps but also agricultural equipment and light trucks.

### 2.5 Honda Siel Cars India Ltd., (HSCI)













Honda Siel Cars India Ltd., (HSCI) was incorporated in December 1995 as a joint venture between Honda Motor Co. Ltd., Japan and Siel Limited, a Siddharth Shriram Group company, with a commitment to providing Honda's latest passenger car models and technologies, to the Indian customers. While the company sold its first 50,000 units in nearly five years, it is today geared to sell more than 50,000 units in a single year. The Honda City, its first offering introduced in 1997, revolutionized the Indian passenger car market and has ever since been recognized as an engineering marvel in the Indian automobile industry.

## 2.6 Hero Honda Motors Limited

Hero Cycles and Honda Motor Company of Japan inked their joint venture in India in April 1984. In two decades, Hero Honda has built two world-class manufacturing facilities at Dharuhera and Gurgaon in Haryana that now churn out over 3 million bikes per year.

In this period, Hero Honda has set up over 2400 customer touch points, comprising a mix of dealers, service centres and stockists across rural and urban India. Today, Hero Honda is an amalgam of winning networks and relationships with internal and external stakeholders, including investors, dealers, vendors and employees.

**Market Share of major players**

									
	50%	30%	13%	4%	1%	2%	<1%	-	<1%
	-	15%	28%	-	2%	46%	9%	<1%	-
	-	-	82%	-	-	-	8%	10%	-

Figures denote Mkt Share (Apr-Oct 05)

Source: Society of Indian Automobile Manufacturers

## 2.7 Bajaj Auto

Formed in the year 1945, Bajaj Auto is India's largest and the world's 4th largest two- and three-wheeler maker. It is based in Pune, Maharashtra, with plants in Waluj near Aurangabad, Akurdi and Chakan, near Pune. Bajaj Auto makes and exports motorscooters, motorcycles and the auto rickshaw.

The company has consciously honed in-house engineering skills and this has culminated in the creation of successful products like Pulsar range of motorcycles. It is India's largest exporter of 2/3 –wheelers. It is highly regarded for its quality mass manufacture, its strong vendor and distribution chains, financial soundness and business ethics.

## 2.8 TVS Motor Company Ltd.

TVS Motor Company Limited. The Group's principal activity is to manufacture and sell two-wheelers and components. The Group operates in two segments: Automotive Vehicles and Automotive Components. Automotive Vehicles include motorcycles,

mopeds and ungeared scooters. Its plants are located at Hosur, Tamil Nadu and Mysore, Karnataka.

TVS Motor Company has closed the financial year 2006-07 with 15% growth in the sale of motorcycles. The motorcycles sales recorded 9,24,813 units in the financial year 2006-07 compared to 8,06,708 units 2005-06.

### 3. AUTO ANCILLARIES SECTOR

#### 3.1 Background

Surge in automobile industry since the nineties has led to robust growth of the auto ancillaries sector in the country. The auto Components Manufacturing in India took the shape of an industry in the early 1940s. Since then passing through various phases of ups and downs, the industry has emerged as one of the fastest growing manufacturing sectors that is globally competitive as well.

A close look at the evolution of the industry gives us a vivid picture of three different stages of development.

- Period prior to the entry of Maruti Udyog Ltd,
- Period after the entry of Maruti Udyog Ltd and
- Period post Liberalization

The period prior to the entry of Maruti Udyog Ltd was characterized by small number of auto majors like Hindustan Motors, Premier Automobiles, Telco, Bajaj, Mahindra and Mahindra, low technology and assured business for most of the auto-component manufacturers.

The entry of Maruti in the 1980s marked the beginning of the second phase of the industry. The autoancillary industry in the country really showed a spurt in growth during this period. This period witnessed the emergence of a new generation of auto ancillary manufacturers who were required to meet the stringent quality standards of Maruti's Korean collaborator Suzuki of Japan. The good performance of Maruti resulted in an upswing for the domestic auto ancillary industry. It was during this period that auto components from India began to be exported.

The entry of foreign automobile manufacturers ranging from Mercedes Benz, Ford, and General Motors to Daewoo following the government liberalizing the foreign investment limits saw the beginning of the third phase of the evolution of the industry.

In tandem with the industry trends, the Indian component sector has shown great advances in recent years in terms of growth, spread, absorption of new technologies and flexibility. At present there are around 500 key players, which contribute more than 85 per cent of India's production.

India has also emerged as an outsourcing hub for auto parts for international companies such as Ford, General Motors, Daimler Chrysler, Fiat, Volkswagon, and Toyota.

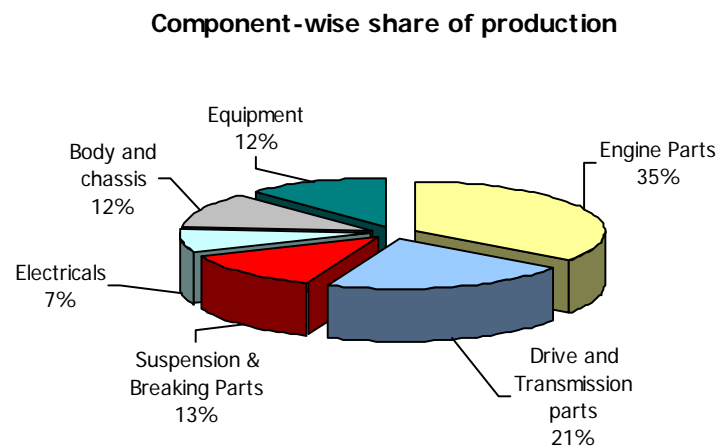
India enjoys cost advantage with regard to castings and forgings. The manufacturing costs in India are 25 to 30 per cent lower than its western counterparts. India's competitive advantage does not come from costs alone, but from its full service supply capability.

### 3.2 Current Status

Indian auto component industry is quite comprehensive with around 500 firms in the organised sector producing practically all parts and more than 10,000 firms in small unorganised sector, in tierized format. The sector has been growing at 20 per cent per annum since 2000 and is projected to maintain the high-growth phase of 15-20 per cent till 2015.

The industry, over the years, developed the capability of manufacturing all components required to manufacture vehicles, which is evident from the high levels of indigenization achieved in the vehicle industry as well as the components developed for the completely Indian made vehicles like the Tata Indica, Tata Indigo, Mahindra Scorpio, Bajaj Pulsar, TVS Victor and TVS star.

The industry has now holistic capability to manufacture the entire range of auto-components e.g. Engine parts, Drive, Transmission Parts, Suspension & Braking Parts, Electricals, Body and Chassis Parts, Equipment etc.

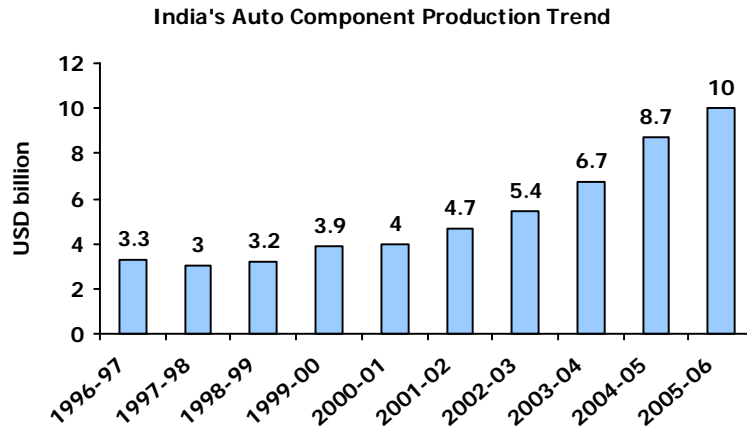


*Source: Auto Component Manufacturers' Association of India*

Over the last few years the Indian Auto Component Industry has created a robust capacity base and all of the world's major manufacturers have set up their manufacturing units in the country. The quality of the components produced by the component industry in the country is certified by the fact that, out of the 498 ACMA members, 9 are Deming Prize winners, 4 are JIPM award winners and 1 is Japan Quality Medal winner.

### 3.3 Auto-component Production

Production of auto ancillaries was estimated at USD 10 billion in 2005-06 and has been growing at a robust 20 per cent per annum since 2000.

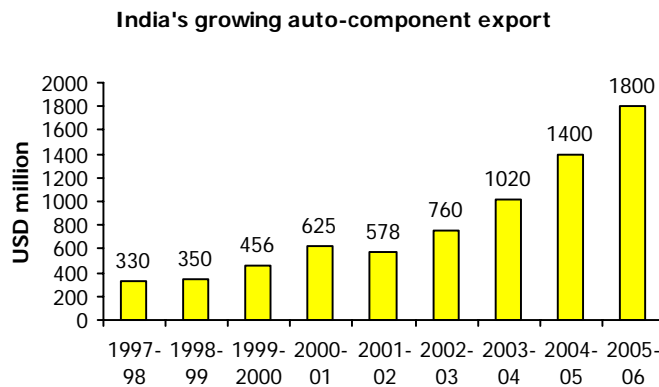


Source: Auto-component Manufacturer's Association of India

### 3.4 Auto-component Export

Till the 1990s, the auto component industry was solely dependent on the domestic automobile industry to drive the demand for ancillary products. This composition of the market however is undergoing radical changes with global outsourcing gaining momentum. In recent times, exports has emerged as a significant driver of growth, and the demand emanating from global OEMs and Tier I manufacturers has opened new opportunities for the auto component industry in India. At the same time, a bright outlook for the domestic automobile industry also offers significant growth potential, given the fast rising income levels with a rapidly growing middle and high income consumers.

Exports of auto components have been strong growing at 24 per cent per annum since 2000. This growth in exports if sustained for another five years will see India's auto components exports will touch USD 5 billion by 2011 from the USD 2 billion at present.



Source: Auto-component Manufacturer's Association of India

## 4. COMPETITION OVERVIEW

The automotive component industry is an important sector of the Indian economy and a major foreign exchange earner for the country. There are around 400 major players in the auto component sector. Most of them are distributed in the north, south, and, western parts of India around major Automotive Vehicle Manufacturers (AVMs). These AVMs contributed largely towards the development of component suppliers through technical and or financial collaborations.

The automotive component industry manufactures a wide range of parts including castings, forgings, finished, semi-finished components, assemblies, and subassemblies for all types of vehicles produced in India.

Presently, the Indian automotive component industry is highly fragmented. This industry can be divided into the organized and the unorganized categories of manufacturers. The organized component manufacturers supply components to at least one of the Original Equipment (OE) vehicle manufacturers. They also have access to technology due to their tie-ups with some of the foreign collaborators or through associate AVM. The unorganized sector predominantly caters to the

The OE market is predominantly catered to by the organized sector. The 400 odd organized producers contribute around 80 percent to this market. Presently, these manufacturers have grown in size and numbers beyond the control of OE manufacturers. They control about 65 percent of the aftermarket.

There are 402 medium and large key players in auto components in the organized sector along with 6000 ancillary units. However in the unorganized sector there are approximately 5000 SSIs. The direct employment generated by the medium and large firms in the organized sector is 2,50,000. No figures are available for unorganized sector.

The geographical spread of medium and large companies as per records of Automotive Component Manufacturers Association of India (ACMA) is as under

North region	161
Western region	123
Southern region	91
Eastern region	27

### 4.1 Major Players

#### 4.1.1 Bharat Forge Ltd

Established in 1966, Bharat Forge Limited (BFL) is the flagship company of the USD 1.50 billion Kalyani Group. The company has manufacturing operations across nine locations and six countries – 2 in India, 3 in Germany and one each in Sweden, Scotland UK, USA & China.

Its customer base includes virtually every global automotive OEM and Tier I supplier. Daimler Chrysler, Toyota, BMW, General Motors, Volkswagen, Audi, Renault, Ford, Volvo, Caterpillar - Perkins, Iveco, Arvin Meritor, Detroit Diesel, Cummins, Dana Corporation, Honda, Scania and several others source their complex forging requirements including machined crankshafts, front axle beams and steering knuckles from Bharat Forge.

#### **4.1.2 Denso**

Denso India Limited (Formally Nippondenso India, DIL), a joint Subsidiary of three Japan companies Denso Corp., Asmo Co. Ltd. and Sumitomo corp. was incorporated in November 1984 and is into manufacture of automotive electrical equipments.

This includes, alternators, generators, magnetos, wiper motor among others. The company manufactured 193,770 alternators, 196,590 starter motors and various other automotive electrical components in FY 2002. Till FY 1993, DIL was incurring losses because of the rising value of the yen and high custom duties. The company's performance improved considerably after the collaborator, Denso Corporation, Japan (Formerly Nippon-Denso, Japan) assumed effective control of the DIL from 26 per cent to 37.90 per cent, while Sumitomo, Japan, and Maruti Udyog (Maruti) picked up 9.5 per cent each.

#### **4.1.3 Lucas - TVS**

Lucas - TVS was set up in 1961 as a joint venture of Lucas Industries plc., UK and T V Sundaram Iyengar & Sons (TVS), India, to manufacture Automotive Electrical Systems. One of the top ten automotive component suppliers in the world, Lucas Varsity was formed by the merger of the Lucas Industries of the UK and the Varsity Corporation of the US in September 1996.

Lucas TVS reaches out to all segments of the automotive industry such as passenger cars, commercial vehicles, tractors, jeeps, two-wheelers and off-highway vehicles as well as for stationary and marine applications.

#### **4.1.4 Motor Industries Company Ltd (MICO)**

MICO was incorporated in 1951 as a subsidiary of Robert Bosch AG, Germany, is India's largest auto-ancillary company. MICO Engineers are skilled in the design and application of brake systems and components.

#### **4.1.5 Lumax industries**

Established as a trading company in 1945, today a manufacturing company, Lumax accounts for over 60% market share in Indian Automobile Lighting Business, fueled in no small measure by its two decade old technical and financial collaboration with Stanley

Electric Company Limited, Japan, a world leader in Vehicle Lighting and illumination products for Automobiles.

Lumax has seven ultra modern manufacturing plants in India. Of these, two are located in cities of Gurgaon, Dharuhera in the state of Haryana, near New Delhi and three plants in Pune, near Mumbai in Maharashtra and one plant near Chennai.

Lumax is listed on major stock exchanges in India and depicts a shareholding holding of 39% by Indian Promoters, 19% is held by Stanley Electric and 42% by Public and Corporate Bodies.

#### ***4.1.6 Sundaram-Clayton Limited (SCL)***

Sundaram-Clayton Limited (SCL) is part of the US \$2.6 billion TVS group of companies, the largest automotive component manufacturing and distributing group in India. SCL began its operations in Chennai in 1962, in collaboration with Clayton Dewandre Holdings Plc, UK, (presently WABCO Vehicle Control Systems, UK) which is a part of the US \$9.5 billion American Standard Inc. SCL has pioneered the manufacture of air-assisted and air brake systems for commercial vehicles in India.

SCL established its Die casting division in 1968 for quality and high precision aluminium castings. The division's two plants, one at Chennai and the other at Hosur are equipped with the latest technology in Pressure Die Casting, Gravity Die Casting and Low Pressure Die Casting.

SCL established its state-of-the-art Software design centre in 2005, an export oriented unit catering to the embedded and business application software needs of American Standard Companies

## 5. INVESTMENT POLICY AND INITIATIVES

With the idea of establishing a globally competitive automotive industry and to double its contribution to the economy by 2010, the government of India in the year 2002 announced its **Auto policy and Vision 2010**.

The Auto Policy allows automatic approval for foreign equity investment upto 100 per cent in the automotive sector and does not lay down any minimum investment criteria, removing all the quantitative restrictions that were in place till 2001.

In February 2007, Indian government announced the **Automotive Mission Plan (AMP)** for transforming the country into a global destination for design and manufacture of auto components. The plan envisions the sector's turnover to swell to US\$ 145 billion by 2019 from the current USD 9.8 billion, thereby contributing 10 per cent to the GDP against 1 per cent now. The proposals include a tax holiday for investments over Rs 5 billion. Also proposed are 100 per cent tax deduction on export profits and 50 per cent deduction on foreign exchange earnings.

Earlier, the Finance Bill 2006 has given a further boost to the Automotive Industry by reduction of the excise duty on the small motor vehicles, the reduction in the duty for raw material which is now between 5 to 7.5 per cent as compared to the previous level of 10 per cent, and the thrust on infrastructure development.

As a result of constant persuasion by the Department of Heavy Industry, some of the objectives like imposition of excise duty on body building activity of Commercial Vehicles, lower excise duty on the small cars, extension of 150 per cent weighted deduction on R&D expenditure to the automotive sector, increased budgetary allocation for R&D activities in the sector and moving towards a lower duty regime have been achieved and steps are being taken to further strengthen the capability of the sector.

### 5.1 National Automotive Testing and R&D Infrastructure Project (NATRIP)

The most critical intervention of the Government thus far in the automotive sector has come in the form of an ambitious project on setting up world-class automotive testing and R&D infrastructure in the country to deepen manufacturing, encourage localized R&D, boost exports, converge India's unparalleled strengths in IT and electronics with automotive engineering sectors to firmly place India in US\$ 6 trillion global automotive business. NATRIP aims at facilitating introduction of world-class automotive safety, emission and performance standards in India and also to ensure seamless integration of Indian automotive industry with the global industry. The project aims at addressing one of the most critical handicaps in the overall growth of automotive industry today, i.e. major shortfall of testing and pre-competitive common R&D infrastructure.

## 6. CHALLENGES AND OPPORTUNITIES

### 6.1 Investment opportunities

India has several advantages making it an attractive destination for investment in the automobile sector

- Low-cost, high-skill manpower with an abundance of engineering talent – the second largest in the world
- Well developed, globally competitive Auto Ancillary Industry
- Established automobile testing and R&D centres.
- Among the lowest-cost producers of steel in the world.

Opportunity to address the global auto market while leveraging the domestic market

- Hyundai and Suzuki are already considering India as a global hub for manufacture of small cars
- Opportunity to set up R&D and Engineering centres
- Potential for investment of over US\$13 billion in the next 5 years

Global majors including Suzuki, Hyundai and Honda have committed resources of over US\$2 billion for capacity expansion.

### 6.2 Key Challenges

#### 6.2.1 *Sustaining the growth rate*

There is a potential for much higher growth in the domestic market due to the fact that the current car penetration level in India is just 7 cars per thousand. The increase in purchasing power at the top echelon of about 300 million people in the country, where the per capita income is over USD 1000, implies that passenger car growth in the domestic market is on the verge of a major and sustained boom. It is expected that the passenger car market which was 1 million in 2003-2004 can easily cross the 3 million mark by 2015. This can lead to an increase in the size of the domestic auto-component market from the current level of USD 9.8 billion (2005-06) to at least USD 15 billion by 2015.

#### 6.2.2 *Need for innovation*

The competitiveness in the sector will largely depend on the capacity of the industries to innovate and upgrade. The industry will also benefit if it has strong domestic competition, home based suppliers and demanding local customers. There is no denying the fact that the factors like labour cost, duties, interest rate and economies of scale are the most important determinants of competitiveness. But productivity is the prime determinant of the competitiveness and also impacts the national per capita income. The globally successful OEMs and auto makers will ultimately make their base in places which are high on productivity factor and where essential competitive advantages of the

enterprise can be created and sustained. It would also involve core products and process technology creation apart from maintaining productive human resource and reward for advanced skills. The OEMs also look for the policies of the state which stimulates innovations in new technologies.

### ***6.2.3 Enhancement of share of auto component in global trade***

The global auto component industry is estimated to be USD 1.2 trillion in value and is likely to increase to USD 1.7 trillion by 2015 as per ACMA. Sourcing from low cost countries is likely to increase from USD 65 billion in 2002 to USD 375 billion by 2015. Although India's exports are still small (USD 1.8 Billion in 2005-06), it could leverage this off shoring trend and the quality of its supply base to build dominant top two position in auto component exports from low cost countries by 2015. A position in the top two would enable India to achieve export of USD 20-25 billion by 2015. This would increase India's share of world auto component trade from 0.9 percent in 2005-06 (Provisional) to 2.0-2.5 percent by 2015, inclusive of domestic consumption. Such a high growth in the Auto component Sector is expected to lead to an additional 750,000 direct jobs in its sector alongwith indirect employment of 1.8 million people over the next 10 years. In addition to creating incremental employment of about 2.5 million people in direct and indirect jobs, it is also expected to result in incremental revenue of USD 3.8 billion to the exchequer. Investments in this sector would also grow by USD 15 billion from the current level of USD 3.1 billion.