

Uttar Pradesh Auto Component Industry

'the backbone of India's mobility'



Uttar Pradesh, India's most populous state, is steadily carving a niche in the automotive industry, particularly in the auto component sector. With its strategic location, abundant skilled workforce, and supportive government policies, UP is becoming a significant player in the country's automotive value chain.

Uttar Pradesh's Role in the Auto Component Sector

- **Strategic Importance:** Uttar Pradesh stands out as a key player in the auto component manufacturing sector, leveraging its prime location, a strong base of small and medium enterprises (SMEs), an abundant skilled workforce, and well-developed infrastructure.
- **Industry Overview:** Home to large OEMs and tier-1 suppliers, along with a vibrant ecosystem of small and medium enterprises (SMEs). Contributes significantly to the state's economy, particularly in manufacturing, due to proximity to major automobile hubs like Lucknow, Noida, Greater Noida, and Agra.
- **Industrial Clusters:** Major clusters in Ghaziabad, Lucknow, Kanpur, Baghpat, Agra host numerous auto component manufacturers, including Tata Auto Comp, Bosch, RACL Geartech and Minda Industries, specializing in gear parts, electronics component, lighting, engine components, tyres etc.

Strategic Advantages of Uttar Pradesh

The state enjoys a strategic geographical location, serving as a gateway to northern and eastern India. Its extensive road and rail network ensures seamless connectivity to major markets, making it a preferred destination for manufacturing units. The presence of industrial hubs like

Noida, Kanpur, Ghaziabad, and the developing regions along the **Yamuna Expressway** further enhances UP's position in the auto component sector.

Sector Highlights

Geographical Clusters:

- **Noida and Greater Noida:** Major hubs for auto component manufacturing, serving Domestic and International markets, with logistical advantages due to proximity to the National Capital Region (NCR).
- Lucknow and Kanpur: Significant contributions to commercial vehicle and tractor manufacturing supply chains.

Product Range:

- Manufacturers produce a variety of components, including engine parts, transmission systems, suspension systems, electronics, and body components, supplied to leading OEMs in India and abroad.

Export Potential:

- The State is enhancing its export capabilities through infrastructure and government incentives, such as the Product Linked Incentive (PLI) Scheme, which boosts exports and encourages capacity expansion.
- Global shifts in supply chains are attracting international firms to invest in Uttar Pradesh as an alternative manufacturing hub.

Government Initiatives:

- Policies aligned with the "Make in India" initiative create a business-friendly environment, with Special Economic Zones (SEZs), tax incentives, and improved road infrastructure supporting industry growth.
- Industrial Areas in Amroha, Ghaziabad and Greater Noida provide a supportive ecosystem for large manufacturers and SMEs.

Growth Drivers:

- Increased vehicle production and a focus on electric mobility (EV) and smart technologies drive demand for advanced components like electronics, batteries, and infotainment systems.
- Highest number (> 40%) of electric 3-wheelers share in India.
- Government policies such as GST simplification enhance the ease of doing business, reducing bottlenecks for the industry.

Government Initiatives and Policies

The Uttar Pradesh government has launched several initiatives to foster industrial growth and attract investments in the auto component sector. The **Uttar Pradesh Industrial Investment and Employment Promotion Policy 2017** offers a range of incentives, including capital subsidies, interest-free loans, and tax benefits, to encourage manufacturing units to set up operations in the state. In addition, the **Electronics Manufacturing Policy 2020** indirectly supports the auto sector by promoting the production of electronic components essential for modern vehicles, such as sensors and control units. The development of the **Jewar Airport** and the **Freight Village** near Varanasi are also key projects aimed at improving logistics and reducing transportation costs, benefiting industries like auto components.
