

Small Enterprises, Big Impact: Role of MSMEs in Localising EV Supply Chains

Webinar | Automotive industry

About Climate Policy Initiative (CPI)

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has six offices - Brazil, India, Indonesia, Kenya, the United Kingdom, and the United States.

About Grant Thornton:

At Grant Thornton Bharat, we are committed to bringing positive change to all that we do. We are India's premium consulting firm and a member firm of the Grant Thornton international network. We offer diverse solutions for your business and go beyond for our people, clients, and communities to shape Vibrant Bharat. With 10,000+ people across 19 locations in India and access to a global network of 73,000+ people across 150+ markets, we are a truly Indian firm with global connections.

Background

India is the third largest automobile market in the world. The automotive industry contributes to 7% of the country's GDP and 49% of the total manufacturing GDP. In particular, the auto component industry accounts for 2.3% of the country's GDP, providing direct employment opportunities to over 1.5 million people in the country. While the industry hosts a plethora of global and domestic Original Equipment Manufacturers (OEMs) and Auto Component Manufacturers (ACMs) across the vehicle segments, the MSMEs act as the backbone of the industry. The MSMEs account for 75-80% of the total ACMs in India. The significant share of greenhouse gas emissions originating from road transport sector has resulted in a major shift in the automotive industry in the recent years. Electric mobility has gained vital momentum across the world. In India, the share of electric vehicles in the two- and three-wheeler segments is witnessing a significant growth aided by the Faster Adoption and Manufacturing of (Hybrid &) Electric vehicle scheme. Further, the Production Linked Incentive scheme on auto and auto-components is expected to accelerate the growth of the EV industry in the four-wheeler segment as well.

The EV transition brings forth a paradigm shift in the overall manufacturing value chain, with several components expected to become obsolete or irrelevant. This is a huge challenge for MSMEs and ACMs, especially the firms which have huge exposure to ICE vehicle manufacturing value chain. However, the EV industry also presents huge opportunities for the ACMs and MSMEs through new components. The larger players in the ecosystem have begun their shift towards EV manufacturing with huge investments in manufacturing facility, research and development, offering wide range of EV models in the market. For India to become a global leader in automotive industry and achieve "**Atmanirbhar Bharat**", MSMEs need to be facilitated and empowered to migrate towards EV component manufacturing.

Our work – EV transition and the automotive manufacturing value chain

Our work under this programme is divided into three phases:

1. Assessment of the impact of EV transition on automotive manufacturing value chain, readiness of auto component manufacturers and challenges faced by them.
2. Assessment of automotive policy and investment landscape, demand estimation of key EV components and potential for local manufacturing.
3. Analysis of challenges specific to MSMEs involved in auto-component manufacturing.

Objective of the Convenings

Under this programme, CPI is hosting a series of stakeholder (industry, policymakers, financiers, academia and think tanks) convenings for the automotive industry, with the objective of seeking inputs on:

1. Electric mobility and the new opportunities and challenges faced by ACMs
2. Importance of MSMEs in achieving Atmanirbhar Bharat in the EV industry, challenges unique to MSMEs and policies supporting MSMEs
3. Need for interventions focusing on MSMEs in the EV component manufacturing industry

Agenda

Date: 01.08.2024

Time: 14:00 – 15:00 hrs

Mode: Zoom

1. Context setting	Mr. Rishabh Sethi, Shakti Foundation	5 mins
2. Presentation on the current landscape of EV Transition in India	Mr. Arun Krishnan, CPI	10 mins
3. Panel Discussion on Challenges for ACMs and MSMEs in EV Transition		
<ul style="list-style-type: none"> • Opportunities for ACMs and MSMEs in EV manufacturing value chain • Challenges in establishing a local manufacturing value chain • Challenges for ACMs in transitioning to EV component manufacturing • Current policies, support available for MSMEs and need for focused intervention • Barriers to transition: Financing, Skill Development, Technology, Facility, Demand uncertainty etc. 	<p>Moderated By: Mr. Kulbhushan Kumar, Grant Thornton Bharat</p>	30 mins
Q&A Session		10 mins
Closing remarks	CPI	5 mins