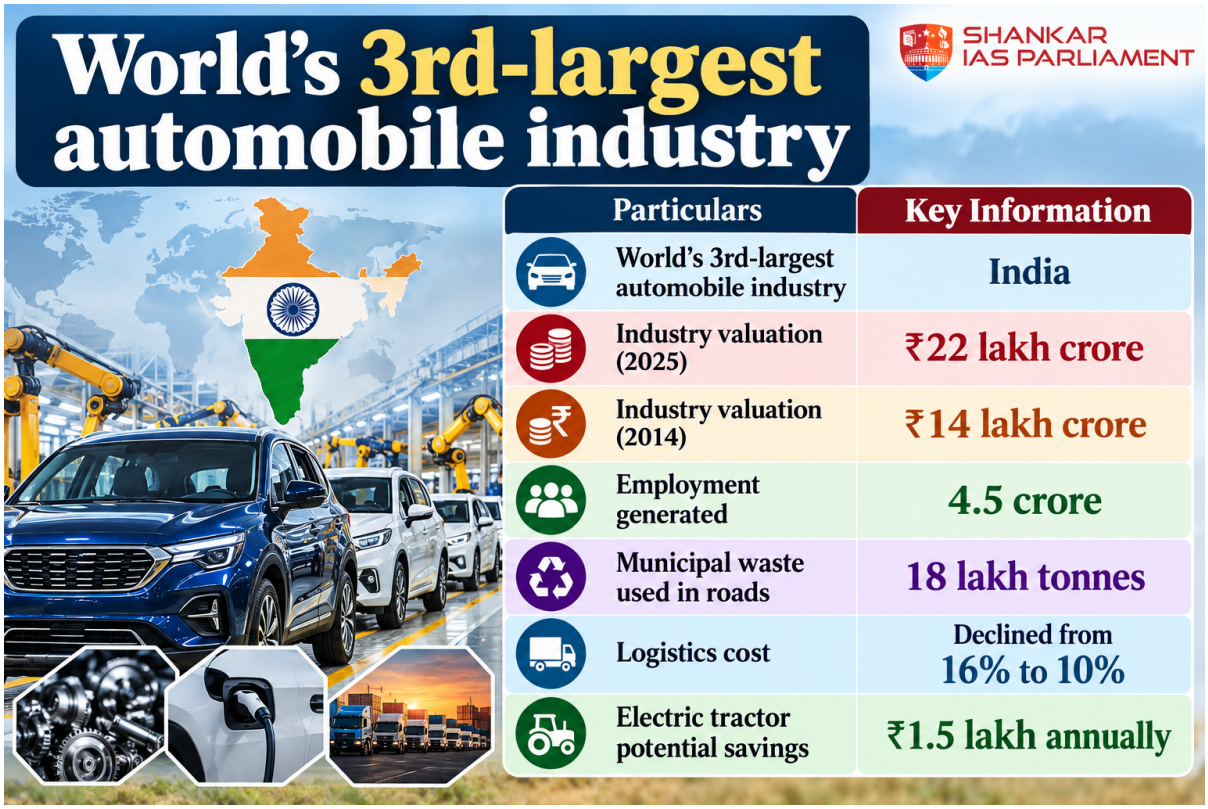
India Becomes the World's Third-Largest Automobile Industry

Prelims: *Current events of national and international importance | Economy*

Why in News?

The Union Minister for Road Transport and Highways announced that India has become the world's 3rd-largest automobile industry, surpassing Japan.

India's Automobile Industry



- **Global ranking** – 3rd largest automobile market.
- The only countries ahead are:
    1. United States.
    2. China.
    3. India.
- The industry's valuation has grown from ₹14 lakh crore in 2014 to an estimated ₹22 lakh crore by 2025.
- The sector generates approximately 4.5 crore jobs.
- It also contributes significantly to India's export sector.

- India aims to become the world's largest automobile industry within the next five years.

Infrastructure Development and Logistics

- Enhancements in road infrastructure have led to a reduction in logistics costs.
- Logistics costs have reportedly decreased from 16% to 10%, with an additional reduction target of 9% by December.
- The development of expressways and highways has resulted in the following outcomes:
    - Reduction in travel time.
    - Improved connectivity.
    - Promotion of economic development in areas surrounding highways.
    - Enhanced supply-chain efficiency.

Sustainable Practices in the Automobile and Road Sector

- **Waste-to-Road Initiative**
    - Municipal waste is utilised in road construction projects.
    - Approximately 1.8 million tonnes of municipal waste have been incorporated into road construction.
    - This initiative advances waste management and supports circular economy principles.
- **Alternative Fuel-Based Vehicles –** Tractor manufacturers are encouraged to introduce the following technologies:
    - Flex-fuel engines.
    - Ethanol-powered engines.
    - Compressed Natural Gas (CNG) engines.
    - Electric engines.
- Electric tractors have the potential to help farmers save up to Rs.1.5 lakh annually.
- **Hydrogen Economy –** Indian farmers are increasingly involved in the production of hydrogen and other alternative energy products.
- This approach promotes the adoption of alternative energy sources and reduces reliance on imported fuels.
- There is potential for this strategy to transform India into an energy-exporting nation.

Significance

- Boosts economic growth and employment through stronger manufacturing, industrial output, exports, and direct/indirect job creation.
- Promotes sustainable and inclusive development by improving infrastructure, enhancing energy security, supporting EVs and alternative fuels, and creating opportunities for the rural economy.

Reference

News on Air | World's Third-Largest Automobile Industry

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