

## Demand Supply Analysis

The Automotive Industry, by its very nature, has considerable forward and backward linkages and thus employs a significant number of personnel. The Society of Indian Automobile Manufacturers (SIAM) has estimated that the Indian Automotive Industry provides direct and indirect employment to over 13 million people. Direct employment includes personnel working with automobile OEM's and auto component manufacturers (about 30% to 40%). Indirect employment includes personnel working in the enabling industries, such as vehicle finance and insurance industry, vehicle repair, vehicle service stations, vehicle maintenance, vehicle and component dealers, drivers, cleaners etc (about 60% to 70%).

The following exhibit provides the incremental employment opportunities provided by the Indian auto industry:

*Exhibit 17: Employment Creation in the Indian Auto Industry*

	2 Wheelers	3 Wheelers	Cars	CV
Additional Vehicle Production (in units)	1	1	1	1
Value of Vehicle (Rs.):	30,000	100,000	300,000	600,000
Additional Direct Employment at OEM level:	0.005	0.050	0.300	0.400
Additional People Engaged at Component level:	0.089	0.272	1.037	1.630
Additional People Engaged at RM level:	0.070	0.249	0.692	1.492
<b>Employment Generated in Manufacturing:</b>	<b>0.16</b>	<b>0.57</b>	<b>2.03</b>	<b>3.52</b>
Additional Indirect Employment generated:	0.28	0.93	2.80	5.60
Additional employment for Drivers:		2.00	0.25	3.00
Other Employment Generated (e.g. Driving Schools)	0.044	0.350	0.483	1.212
<b>Indirect Employment Generated:</b>	<b>0.32</b>	<b>3.28</b>	<b>3.53</b>	<b>9.81</b>
<b>Total Employment Generated/ Additional Vehicle</b>	<b>0.49</b>	<b>3.85</b>	<b>5.56</b>	<b>13.33</b>

Note:

Source: IMaCS analysis

- The employment at the OEM level includes all employees of the concerned company and also other personnel working directly with the companies like material handling staff, transport staff, etc.
- Employment at Component Manufacturing level includes employees on all level of component suppliers (Tier I, Tier II, etc.) and also other people working directly with the companies like material handling staff, transport staff, etc.
- Indirect employment includes all people associated with automobile production through its backward and forward linkages with the rest of the economy. These include personnel involved in auto finance, car insurance, fuel distribution, car repairs, tyre retreading, vehicle