



The Automobile Industry: a growth engine for Uttar Pradesh Economy

Aditya Pratap Singh ⁽¹⁾, Raj Bihari Lal Srivastava ⁽²⁾

⁽¹⁾ Research Scholar ,Department of Commerce ,CMP Degree College, University of Allahabad

⁽²⁾ Associate Professor ,Department of Commerce, CMP Degree College, University of Allahabad

ABSTRACT

Uttar Pradesh or better we call it " Uttam " Pradesh because the economy of Uttar Pradesh is increasing by leaps and bounds . The economy of Uttar Pradesh is the third largest state in India with Nominal GDP of Rs 21.74 trillion for the year 2022 - 2023 . GDP growth rate is expected to be 17.1% in 2022 - 23 as compared to 2021 - 22 and this is mainly due to the Automobile sector.

Automobile industry is the key driver of any economy. That's why once Peter Drucker has called the automobile industry " The Industry of Industries " . The economy of any region , country or state is directly related to the automobile sector . The growth of the economy without automobiles is like " Life without oxygen " which is not possible .

The contribution of the automobile industry in India is 12.1% in Gross Value Added (GVA) in the manufacturing sector . It is recognized as a core sector . As per Economic Times , The auto Industry is contributing to 49% in India manufacturing GDP and this sector is responsible for 32 million jobs . In this Research paper you will come to know Automobile roles , benefits , Contribution of Automobile industry in Uttar Pradesh economy.

Uttar Pradesh economy aims to reach 1 trillion-dollar economy , In this research paper you will come to know how it is possible through Electric Vehicle policy 2022 .According to the mercomindia.com , Uttar Pradesh economy aims to invest Rs. 400 Billion till 2024 in the Electric Vehicles automobiles sector . Uttar Pradesh registered more than 139000 electric vehicles (EV_s) which is highest in India and the third largest of

Faster Adaptations and manufacturing of Hybrid and Electric Vehicles (FAME) . In this research paper you will have a look at this too.

KEYWORDS : Uttar Pradesh Economy , Automotive Industry , Gross state domestic product, Per capita income, Sectoral growth, Economic infrastructure , Electric mobility , Uttar Pradesh Electric vehicle policy 2019 , Uttar Pradesh Electric Vehicle policy 2022.

INTRODUCTION :

Uttar Pradesh, is India's fourth-largest state with a total area of 243,290 square km (93,935 sq mi) in terms of land area which is equal to 7.3% of the total area of India . Uttar Pradesh with a population of over 200 million inhabitants, is the most densely populated state in India . Uttar Pradesh is successor to the United Provinces (UP) which was established in 1935. It is divided into 18 divisions and 75 districts including Lucknow , which is a state capital and Prayagraj as a judicial capital. Ganges and Yamuna, the two holy rivers of this state meet at the Triveni Sangam in Prayagraj . Uttar Pradesh shares a border with Other states such as Rajasthan to the west , Bihar to the east , Madhya Pradesh to the south . It also touches the other states such as Jharkhand and Chhattisgarh to the southeast. It also shares an international boundary with Nepal in the north.

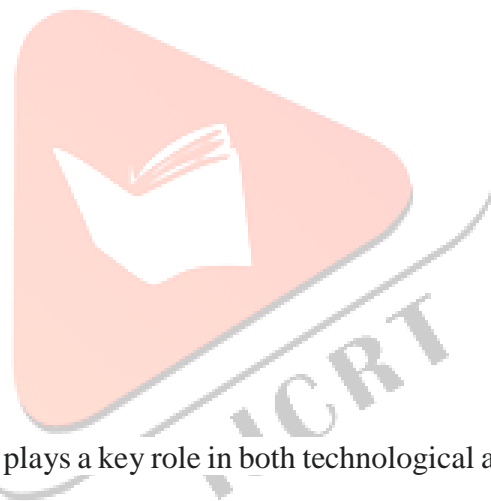
The Uttar Pradesh Economy with ₹17.05 lakh crore (US\$210 billion) is the third largest state economy in Gross Domestic Product and It has a per capita GSDP of ₹65,431 (US\$820). Nominal GDP of Uttar Pradesh for the year 2022-23 is Rs. 21.74 trillion (US\$ 294.90 billion) in the year 2021-22. According to the Planning Commission of India , 29.4% of Uttar Pradesh's total population was poor in the year 2011 - 12 . However , NITI Aayog estimated that 37.79 % of the population was poor in the year 2015 - 16 which is based on NFHS

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Table 1 : GROSS STATE DOMESTIC PRODUCT AT CURRENT PRICE

YEAR	Gross State Domestic Product (figures in crores of Indian Rupees)
1980 - 81	15554
1985 - 85	27748

1990 - 91	55506
1995 - 96	106249
2000 - 01	173068
2005 - 06	241196
2010 - 11	532218
2015 - 16	1137808
2016 - 17	1288700
2017 - 18	1416006
2018 - 19	1584764
2019 - 20	1687818
2020 - 21	1705593
2021 - 22	1749469 (approx.)



The Automobile sector is the key driver for any economy , It plays a key role in both technological advancement and macroeconomics expansion . The Indian economy is also dependent on the automobile sector . India enjoys a very strong position in the vehicle market . It is the largest producer of tractors ; second largest manufacturer of buses and it is third largest manufacturer of heavy trucks in the world . India's annual production with 22.93 million vehicles in FY22 in automobile .

The Government of India has several initiatives for automobiles such as Automotive Mission Plan 2026 , production linked incentives schemes and scrappage policy .The Indian electric vehicle (EV) market by the end of 2025 is estimated to reach Rs. 50,000 crores .Indian automotive industry by the year 2016 - 26 is targeting to increase the export of vehicles (all wheelers) by five times . Total automobile exports from India are expected at 5,617,246.

OBJECTIVES OF STUDY :

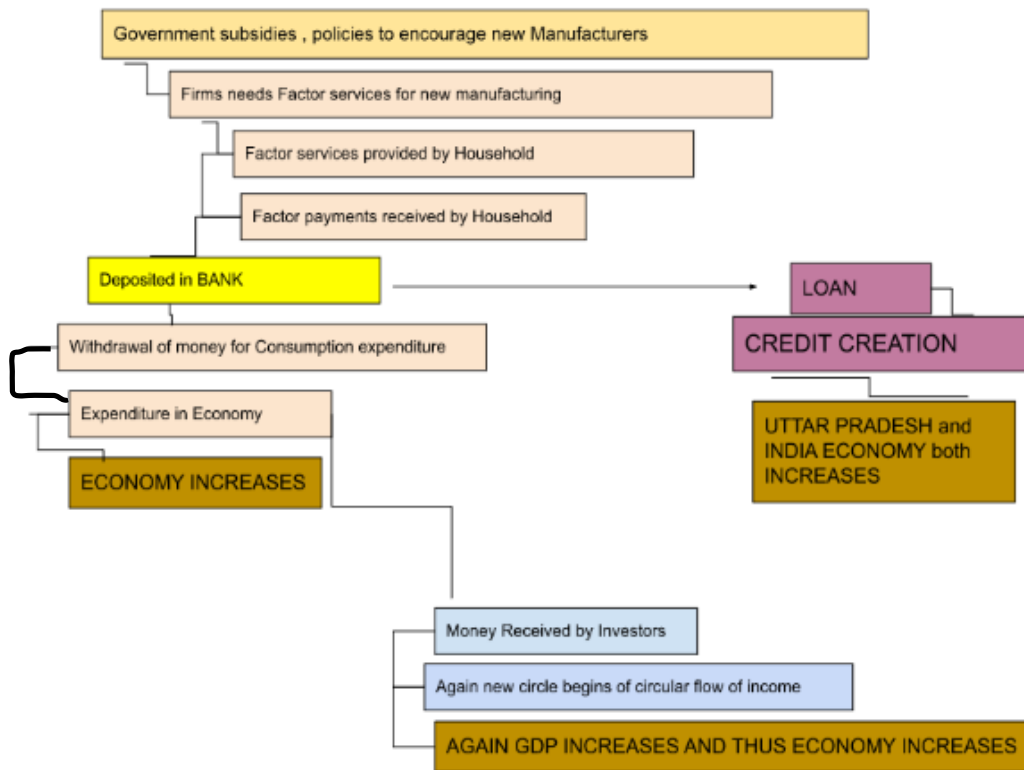
1. To find job opportunities in Uttar Pradesh by various automobile investments , policies .
2. Impact of Various policies and investment on Uttar Pradesh economy.

UTTAR PRADESH INVESTMENT OF RS . 400 BILLION TILL 2024 FOR ELECTRIC MOBILITY.

Uttar Pradesh government launched its Electric Mobility Policy 2019 in the mid of 2019 to promote the electric vehicles adoption and to support the economy of UP through infrastructure . According to this , 1 million Electric vehicles (EVS) are expected to roll by 2024 , with this all Uttar Pradesh has been the 3rd largest beneficiary of the FAME program . Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India (FAME) program registered more than 138000 electric vehicles which is highest among Indian states.

This policy also aims to start 1000 electric buses either of Fuel cell electric vehicle or of Battery electric vehicles around UP cities and aims that till 2030 electric public transportation in earmarked ten cities . Ten identified cities being Ghaziabad , Agra , Meerut , Noida , Allahabad , Kanpur , Lucknow , Varanasi ,Gorakhpur ,and Mathura are expected to be phased out by commercial fleets to electric vehicles by 50 % till 2024 .Similarly , Government vehicles including ambulance of government are expected to be converted into EV till 2024 . This policy plans to establish more than 200000 charging and swapping stations till 2024 . UPEIDA and UPERC are also approved for electric charging.

This huge investment will directly and indirectly affect the Uttar Pradesh economy . This investment will not only increase the GSDP of the state economy but also create more than 100000 jobs directly and indirectly . This investment amount will the Uttar Pradesh Economy.



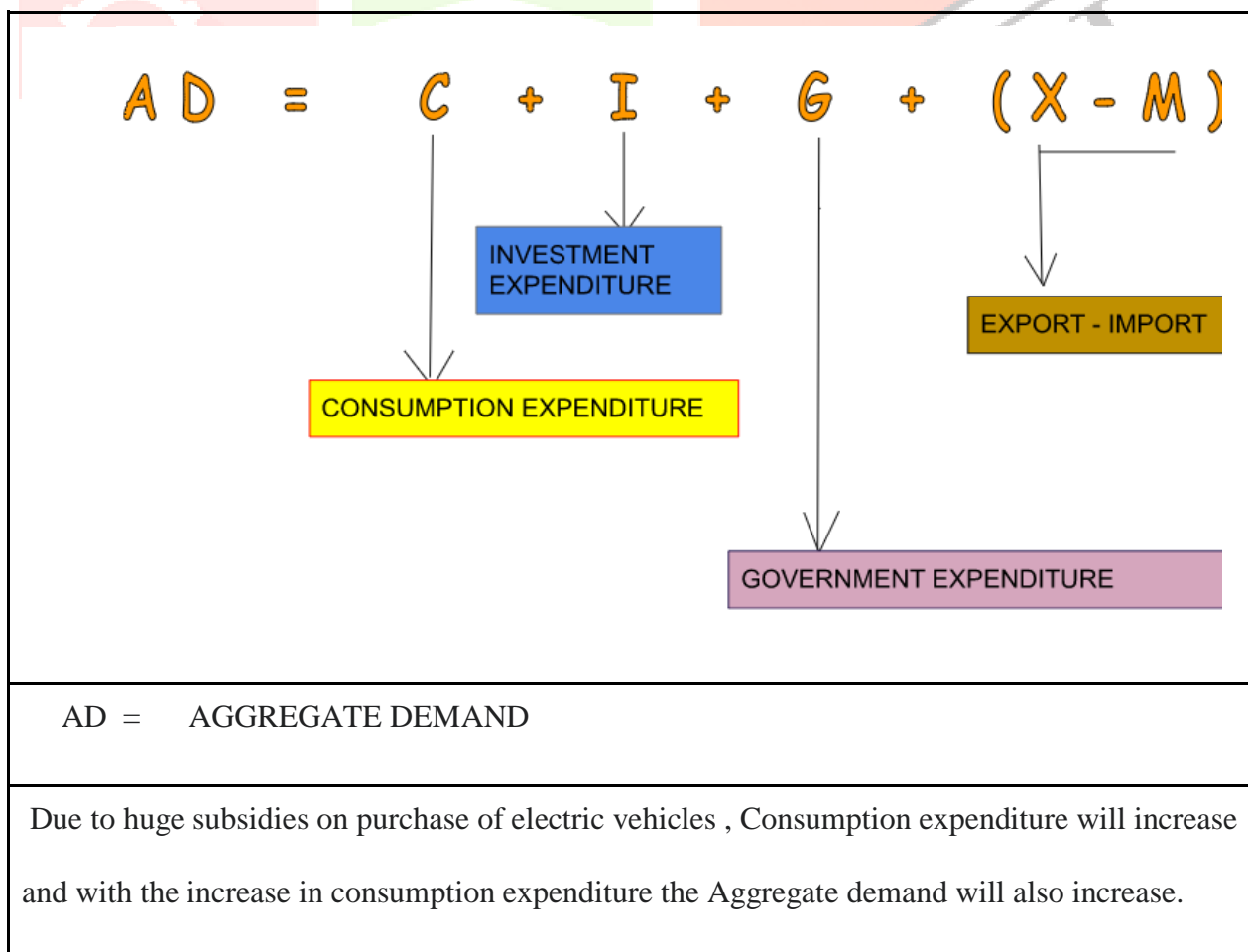
UP ELECTRIC VEHICLE POLICY 2022 AIMS TO MAKE UTTAR PRADESH 1 TRILLION DOLLAR ECONOMY

Uttar Pradesh Electric vehicle policy 2022 Aims to achieve 3 different objectives , the first one being to provide a subsidy. Under this policy 15% subsidy on factory cost is provided to those who purchase electric vehicles of either two wheelers , three wheelers or four wheelers but in four wheelers this is only provided on the car and buses . According to this policy on purchase of the first 2 lakh two-wheeler electric vehicles there will be a subsidy of rupees 5000 per vehicle .Rs 12000 subsidy on purchase of first 50000 three-wheeler electric vehicles . Rs 100000 subsidy on first 25000 four wheelers electric vehicle purchase . Rs 20 lakh subsidy for first 400 Electric buses . 10% subsidy on first 1000 purchase of e - goods carrier worth Rs. 1 lakh. Second objectives being manufacturing of new electric vehicles and third one being charging and swapping stations. This policy will provide benefits not only to consumers and manufacturers but also to service providers. According to new policy 100 % Exemption is provided on vehicle registration fees and they are free from road tax also during the initial three years but this exemption will continue for fourth and fifth year if vehicles are Manufactured - Purchased - Registered (MPR) in Uttar Pradesh. This policy provides capital subsidy at the rate of 30 % and maximum Rs. 1000 crore in two ultra-Mega battery projects which have investment of Rs. 1500 crore .These projects have a minimum capacity of 1 GWH .According to this policy ,

all MSME projects either small or large would receive a capital subsidy of Rs. up to 5 crore and Rs. up to 90 crores respectively.

Impact of this policy on Uttar Pradesh Economy :

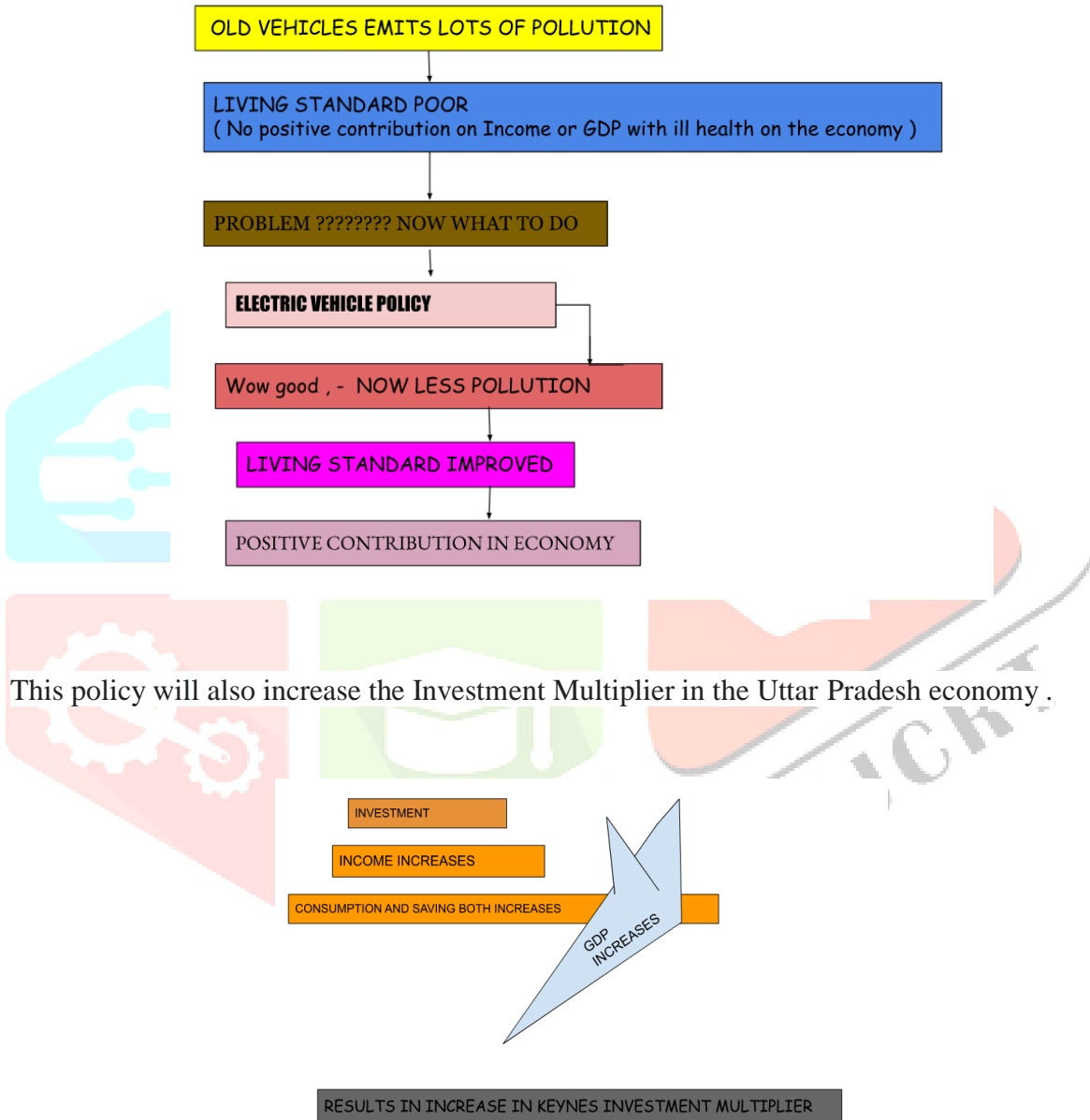
- This policy will create more than 1000000 jobs by direct and indirect ways.
- Due to the huge amount of subsidy , lots of consumers who are willing to buy vehicles but unable to afford it are not able to purchase it.
- This policy will help Uttar Pradesh economy to reach 1 trillion-dollar economy.
- This policy aims for investment of more than Rs 30,000 crore .
- Large amounts of FDI and FPI will also increase , which will make Uttar Pradesh's economy a stronger one .
- This policy also helps in keeping Uttar Pradesh a green and sustainable state.
- With the large amounts of purchases of electric vehicles , GDP of Uttar Pradesh will increase directly.
- This policy will increase Aggregate demand for the economy.



As Producers are getting huge capital subsidies , Investment expenditure will increase and thus Aggregate demand will also increase.

Government expenditure increases with mega projects and MSME projects .

- This policy will increase the per capita income in Uttar Pradesh.
- This policy will increase the living standard of the people of Uttar Pradesh .



- This policy will also increase the Investment Multiplier in the Uttar Pradesh economy .

UTTAR PRADESH SMALL COMMERCIAL VEHICLE MARKET FROM 2023 - 2027 :

Due to lots of infrastructural activities in Uttar Pradesh and due to increase in E - commerce channel across UP , It is expected that this will increase the CAGR in period 2023 - 2027. Small commercial vehicles are needed to carry goods in different cities , remote areas such as towns or villages in Uttar Pradesh . Uttar Pradesh various construction projects such as expressways (Ganga expressways ,Bundelkhand expressways , Purvanchal Expressways , Gorakhpur Link Expressway) to connect different cities and remote locations create

the demand for smaller commercial vehicles .Uttar Pradesh's massive construction of schools , offices , railway, and building is expected to increase the demand for small commercial vehicles from 2023 - 2027 .

Uttar Pradesh is the source of industries raw materials , minerals and gems such as Silica sand , sulfur , dolomite , limestone etc. and for all this transportation and logistics small commercial vehicles are needed .Uttar Pradesh has a significant amount of revenue from various plants such as Mirzapur cement plants , Patanjali food & herbal park noida private limited , Bajaj Hindustan sugar limited, Haldiram , snacks private limited , Dhampur sugar mills limited , Havells India limited etc.. This increases the manufacturing and thus small commercial vehicles . Around 40,000 units were sold in 2021 Uttar Pradesh Small commercial vehicles .

This will not only create more than 1000000 jobs but also increase the GDP of Uttar Pradesh economy . Construction of expressways , highways will help each section of society whether it is consumer or producer .Construction of schools from 2023 - 2027 will help Uttar Pradesh to increase the Gross Enrollment Ratio (GER) and literacy rate of Uttar Pradesh which is 81.8 % for male , 63.4 % for female and average literacy rate is 73.0 % (according to findeasy.in on December 7th , 2022) for the literacy rate 2022 .

CENTRAL GOVERNMENT TARGETS TO INCREASE AUTO SECTOR TURNOVER TO RS 15 LAKH CRORE IN NEXT 5 YEARS.

Union Road Transport Minister Nitin Gadkari while inaugurating Maruti Suzuki and Toyota Tsusho group ,which is first government approved policy of scrapping and recycling facility announced that central government targets to increase the auto sector turnover to Rs. 15 lakh crores in next 5 years , which is Rs 7.5 lakh crore at present .

In the COP26 summit , Prime Minister Narendra Modi announced that India targets for net zero carbon emissions by 2070 . This net zero carbon emission will encourage the use of green hydrogen , electric vehicles , ethanol fuel , CNG etc. This auto sector turnover target also brings scrapping policies which will generate more than 2 lakh crore jobs directly or indirectly . This target also increases the GST revenue by Rs. 30000-40000 lakh crore by vehicle sales. However , this is for complete India but this will help Uttar Pradesh Economy more , this will increase the economy of Uttar Pradesh and will help Uttar Pradesh to reach the target of 1 Trillion-dollar Economy.

AUTOMOBILE SECTOR CONTRIBUTION IN DEVELOPMENT OF UTTAR PRADESH**ECONOMY**

FINANCIAL YEAR	NUMBER OF REGISTERED MOTOR VEHICLES ACROSS UTTAR PRADESH FROM FY 2007 - 2019
Financial Year 2019	32.72
Financial Year 2018	29.4
Financial Year 2017	26.27
Financial Year 2016	23.94
Financial Year 2015	21.64
Financial Year 2014	19.12
Financial Year 2013	17.05
Financial Year 2012	15.45
Financial Year 2011	13.29
Financial Year 2010	11.99
Financial Year 2009	10.78

Financial Year 2008	9.83
Financial Year 2007	9.09

Source : [India: registered vehicles in Uttar Pradesh | Statista](#)

Above table shows the number of automobiles registered in Uttar Pradesh from Financial year 2007 to 2019 .

The increase in the number of vehicle registration shows that Uttar Pradesh GDP and economy also increases

NUMBER OF AUTOMOBILES PRODUCED IN INDIA (IN MILLIONS)

Financial Year 2017	25.33
Financial Year 2018	29.07
Financial Year 2019	30.92
Financial Year 2020	26.36
Financial Year 2021	22.65
Financial Year 2022 (Till Oct. 2021)	12.95

Source : https://www.google.com/search?q=Automobile+registered+in+INDIA+by+ibef&client=ms-opera-mini-android&sxsrf=ALiCzsbRkQn28xpCiA5BdvZf6DnZtlYHxQ:1669116594406&source=lnms&tbm=isch&sa=X&ved=0ahUKEwi9t8rt18H7AhV67HMBHUfiDD0Q_AUIBygC&biw=360&bih=500#

Above table shows the number of automobile production in India in millions. In this chart we can see that automobile production increased till FY 2019 , but it showed decline in FY 2020 and FY 2021 . This decline may be due to covid 19 pandemic. Now , if we see the economy in FY 2020 and FY 2021, we find that the economy also declines . So, it can be said that the automobile sector has a major role in a country's economy.

According to NITI Aayog , India 's Electric Vehicle finance is expected till 2030 to reach Rs . 3.7 lakh crore . Total automobile exports in FY22 is 5617246. Now , if India 's electric vehicles finances increase it will increase the Uttar Pradesh economy too.

CONCLUSION :

So , It is true to say that Uttar Pradesh economy is becoming “ UTTAM “ Pradesh . In this paper we have seen how the investment of Rs. 400 billion , Uttar Pradesh electric vehicle policy 2022 affects the Uttar Pradesh economy. In this research paper we have seen various impacts on Uttar Pradesh economy due to the auto industry. We have also seen Uttar Pradesh small commercial vehicle market from 2023 to 2027 . At last, we also came to know about Central Government aims , In which it sets a target to increase auto sector turnover to Rs. 15 lakh crores in next 5 years . This target is according to Prime Minister Narendra Modi's target of net zero carbon emissions by 2070 in the COP26 summit.

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