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India's Auto Industry: Racing Ahead But Is the Road Ready?

India's automotive engine is running at full throttle. From contributing just **2.77% to GDP in 1992–93**, the sector now powers **7.1%** of the national economy and nearly **half of India's manufacturing GDP**. With **31 million vehicles produced in FY25**, India has become the third-largest automobile market in the world - a roaring symbol of aspiration, industrial ambition, and middle-class momentum.

But as the speedometer climbs, a warning light flashes:

Are India's roads, highways, bridges - and its air - truly ready for this boom?

The Numbers Shine, but the Lanes Are Crowding. The story so far is impressive:

- **Two-wheelers** dominate, with a **76.57% market share** and **1.96 crore units sold, up 9.1% year-on-year**.
- **Passenger vehicles** hold **16.8%**, with **43 lakh units sold** - Maruti Suzuki still steering the segment.
- **Three-wheelers**, now **57% electric**, show how rapidly India adapts to change.
- **Commercial vehicles** - a modest **3.74%** - grow with every new bridge and freight corridor.

It's a portrait of a vibrant, inclusive market. Yet, beneath this momentum lies a simple truth: **mobility is outpacing infrastructure**. The roads that carry India's progress are groaning under its weight.

A Growth Story That Defies Gravity

Between **April 2000 and December 2024**, the auto sector attracted **₹2.45 lakh crore (\$37.5 billion)** in FDI. Exports jumped **17%** in FY25, touching **52.6 lakh units**. Indian two-wheelers now rule the streets of **Africa, Latin America, and Southeast Asia** - the quiet ambassadors of "Make in India."

But success brings new responsibilities. Global buyers increasingly demand **sustainability, safety, and traceability**. The challenge for India's manufacturers is no longer producing more vehicles - it's producing **better, cleaner, and smarter ones**.

Policy at Full Speed - But Infrastructure Stuck in Traffic. The Government's intent has been bold and visible:

- **PM E-DRIVE** and **FAME-III**, each backed by **₹10,900 crore**, aim to electrify mobility.
- The **PLI scheme** (₹2,818.9 crore) incentivises advanced technology.
- The **Clean Tech Framework** (\$3.5 billion) supports ethanol, flex-fuel, and sustainable engines.
- And **GST 2.0** - a long-awaited correction - reduced taxes on small cars to **18%** and tractors to **5%**, while imposing a luxury premium of **40%** on SUVs and high-end motorcycles.

It's a masterclass in policy alignment. Yet, policy can only go so far before **concrete, steel, and asphalt** must take over.

Every year, India adds **3 crore new vehicles**, but only a fraction of new roads. Congestion isn't just a nuisance - it's a **drag on productivity, a cost to fuel, and a burden on urban health**.

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