Prime Minister Modi Prepares for the Next Revolution

Tractus
Building Business in Asia

Robotics in Manufacturing

Sector Overview — May 2019

Opportunities for Foreign Companies

- The total number of industrial robots sold in India is projected to grow at a CAGR of 19% until 2021.
- The International Federation of Robotics (IFR) reports that India has 3 robots per every 10,000 employees while Europe has 99, the U.S. 84, and Asia 63 robots per every 10,000 employees.
- The surgical robotics market is expected to grow at a CAGR of 20% between 2017 and 2025 valued at US$350 million, compared with a value of US$64.9 million in 2016.
- The key growth drivers of the industry are the increasing incidence rate of chronic diseases, an ageing population, and the increasing demand for advanced technologies and minimally invasive surgeries.

Risks to New Technology Adaptation

- The cost and procurement of hardware and electronic components to build robots is expensive and importing these components to India requires extensive regulatory and customs paperwork.
- Acquiring and retaining quality talent remains a challenge.
- Customers are expecting a faster Return on Investment (ROI) and are consistently looking for cost–competitive products.
- Backlogs for industrial robots from companies like Fanuc and KUKA Robotics due to the rise in global demand can cause companies to produce below full capacity levels.
- Concerns from companies over the safety of their intellectual property data against cyber crime attacks could prolong the release of a fully automated manufacturing line.

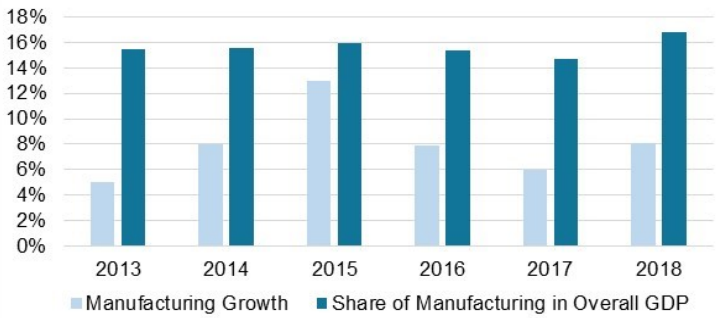
Highlights

- Recently, India emerged as the fastest growing global economy and is expected to continue as the key economic engine of Asia. The services sector in India accounts for 60% of Gross Value Added while the manufacturing sector only contributes by roughly 17%.
- Recent economic growth has orginated from the growing middle class, higher savings rates, lower inflation, and rising government spending. These have helped the country achieve an average GDP growth rate of 7% over the past 15 years.
- India's Government recognizes that the manufacturing sector's contribution (17%) is significantly lower when compared to its neighboring countries such as Thailand 35%, China 32%, the Philippines 30%, and Indonesia 29%. The country aims to reach 25% of GDP by 2022. To support this growth, India will need an elevated level of sophistication, automation and quality focus.

Government Initiatives

- *Make in India*— Launched in 2014 to focus on infrastructure development, reducing bureaucratic complexities, job creation, and fostering further innovation in the manufacturing sector.
- *Startup India*— Launched in 2016 to help creating a strong ecosystem for nurturing innovation and driving economic growth through employment opportunities. This initiative has led to the establishment of over 7,500 new startups and has provided more than 40,000 jobs across multiple sectors.
- These initiatives lead to India climbing 65 spots in the ease of doing business rank over the past 4 years, from 142nd to 77th.
- Its Foreign Direct Investment (FDI) policy has allowed India to move up 19 spots in the World Economic Forum's Global Competitiveness Index, from 58th in 2017 to 39th in 2018.

Growth and Share of Manufacturing



Source: ***Press Information Bureau, Government of India***

Tractus Asia Limited
SHANGHAI | HONG KONG | YANGON | BANGKOK | HO CHI MINH | SINGAPORE | JAKARTA | CHENNAI | NEW DELHI | LOS ANGELES
T: +66.2.260.8200 | info@tractus-asia.com | www.tractus-asia.com | Tractus-Asia