



## INDIAN AUTOMOBILE INDUSTRY VISION "2020"

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**ABSTRACT**

*India's automobile market is one of the fastest growing auto markets in the world. The global automotive industry is currently dominated by seven large automobile producing countries. India is one of the seventh largest global automobile manufactures, producing 12.7 million vehicles per year. India trail behind China, Japan, Germany, USA, South Korea and Brazil and followed by India and biggest automobile market in the world. The motor vehicle industry has attracted the attention of economists the world over. But the Indian motor vehicle industry was impartial growth starting from mid-twentieth century to last quarter of the twentieth century. The 21st century the industry to produce all type of vehicles produced and assembling. The structure of the assembling segment of the industry at one level covered by the regulatory policy at more fundamental level, the crucial factor is technology, diversification and collaboration has governed and promote strength the segment of the firm. The automobile company in India is one of the key contributors to GDP in the country. In recent years, automobile industry in India has grown by leaps and bounds. This Phenomenal growth rate is owing two factors, mainly which are better standard of living of the Indian middle class people and a subsequent rise in their disposal of income which in turn increasing the purchasing of power adding to the growth of automobile industry as a whole.*

**KEYWORDS :** Overview of automobile industry in India, Transport share in all automobiles vehicles, Key growth of the Indian automobile industry, Future vision the automobile industry in "2020", Conclusion.

**Introduction**

In recent years technology and innovation have been cited as important drivers of competitive positioning of a company. The enlarge business opportunities in both developed and growing markets. The lengthened number of suppliers of products and services will also get change to the way these goods and services are consumed and received. The market place pressure to deliver these products and increase their utility from the consumer's perspective will drive continuing innovations in both existing and rising market. While emerging markets will fight to provide value for the end user while sustaining profitability, developed market will increasingly try to guard their existing market share by flanking itself with cooperating allies and looking to expand service of innovations. The industry rapid growth in the last couple of decades has been primary driven by services sectors like technology and process of business expansion. The contribution of gross domestic product, manufacturing and service sectors in top more than half of the percentage GDP, industry sectors second place it contribute twenty seven percentage and rest of them agriculture allied sectors. The increased in domestic car sales in year by year the result in liberalisation of financial sector reforms and reducing the rate of interest in commercial bank and approved financial institutional borrowings.

**Overview of automobile industry in India**

Today rules and regulations had been changed in favourable the automobile industry the first reason for this knowledge about new technologies spreads quickly to different parts of the country. Another reason is that ability to attract customers and tools to apply knowledge at the disposal of individual income and organizations expenditures. Particularly in the automobile market survey result the sale of passenger car have increased by three folds than what it used to be five years down the line. The emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion accounting for more than 10% of the GDP and providing additional employment to 25 millions of people by 2016.

The Government of India takes necessary steps not only to maintain the high rate of growth but also retain the attractive of Indian market for further attractive the competitive strength of Indian companies. The Government was setup through the development council on automobile and allied industries, constituted a task force to draw up a decade mission plan for Indian automotive industry, the challenge was to give a shape of innovative plan of action with full participation

of stakeholders and to complexity it into a mission mode to remove barrier coming in the way of growth industry. Automobile industry to meet the customer demands and changing business needs, they raise a strategy to accomplish the demands of consumers as well as face the competitor's challenge with the aid of new technology and innovative ideas. The industry service to the society next advance stage introduction of new electric cars in the place of LPG, petrol and diesel cars due to continuous hiking of fuel prices as well as to reduce the emission of carbon-dioxide in the earth. The focus of the research enhances the passenger car segments and how to develop with sophisticated technologies is used in production of cars; sales of vehicles in the particular segment, revenue generation etc and create millions of employment opportunities both direct as well as indirect nature for rural and urban areas in this sector.

There are various reasons for the growth of the Indian automobile market such as:

The people have more disposable income as economy is growing.

Increase in the need of mobility due to urbanization and leisure travel.

Car finance options available from Financial Institutes at reasonable rate of interest and length of repayment.

Availability of service centres, spare parts across the nation in near locality.

Improvement in highway infrastructure and reduce cost of service and time.

**Review of literature**

**Marcy.G, (1981)** the strong analyses on the history of industry particularly the car segment from the beginning of the twentieth century and every stage of the technology, innovative development of the car industry many other theme are explored in this important study which sets out some controversial new argument about the future of the industry and on trends in production, assembly of cars import, export new registration of the passenger cars in every year upgrade in the country.

**Stuart Sinclair, (1983)** analyses the automobile industry major issues in the future development in the world car market, and developed markets reached saturation point, will the third world countries

be the powerhouse of the industry over the next decade, will demand in the product increased and reduction of cost in favour to customers. The government control, will energy costs continue to be major problems for the industry and the dynamic growth in vehicles exports continue to the segment lead economic growth in the sectors.

**Narayana, D, (1989)** discussed about analyses the attitude of Indian automobile firms to technology development and explains its role in the growth of the motor vehicles industry. The design and manufacturing aspects of the technology in the context of a developing country with its own specificities of demand and scale define one set of parameters. The ambivalent policies of the government towards foreign collaborations, indigenisation, entry and expansion define yet another set of parameters. The firms responded to these parameters in various ways: in terms of technology development, foreign collaborations and diversification. The inter-play of these factors influenced the growth path of the industry. The liberalisation of the early eighties, leading to a transformation of the industry and its implications for the import of the petroleum products and urban transport planning are also considered and value of the industry in the society.

**Bhargava R C and Seetha (2010)** in their book, *The Maruti Story*, focuses on the journey & developments of Maruti Suzuki India Limited established new standards of quality, productivity, industrial relations and customer care in the Indian automobile industry and the manufacturing sector at large. He also mentioned that Maruti Suzuki not only dominate the Indian car market within a short period of time but also showed that India could manufacture and export a sophisticated product to all demanding markets of western Europe.

**Dharmaraj A and Kathirvel N (2012)** in a paper “Analysing the Financial Performance of Selected Indian Automobile Companies” gave an insight into the Indian automobile industry. It is observed that the Indian Automobile Industry is growing at an average rate of 17 per cent for the past few years. During April-March 2012 production growth was 13.83 percent. An attempt is made to study the financial strength of this industry. The data were collected for fifteen years for selected fifteen companies from the annual reports.

**Balakrishnan Menon, Jagathy Raj V.P, (2012)** the study findings shows that due to price difference in Gasoline and Diesel, about one third of the car owners were having diesel vehicles. The research results showed that about one seventh of car for the city drive for family usage, while using the second car for office and business usage. Foreign brand cars show clear preference in the Kerala car market. Also it was observed that in the information gathering and consumer purchase initiation stage, TV commercials on car models and brands, search on internet website of the manufacturer and visit to dealers or distributors were the prime sources where customers gathers information on car models.

**Krishnaveni P (2013)** in her article focuses on historical developments, financial analysis and various brands of Maruti Suzuki. The article highlighted the performance of Maruti Suzuki with respect to Production, Manufacturing and Exports of company. The article also describes the various innovations of the company for example introduction of Electronic power steering, introduction of superior quality of 16 X 4 hyper-tech engines.

**Vikram Shende (2014)** observed that the Indian car industry is now the seventh largest car manufacturer in the world. The overall Indian automobile industry has grown at a high rate of around 15% (CAGR 2007-12) on the back of a healthy macro-economic growth and overall positive sentiments. As India is a developing economy with relatively low GDP per capita, the Indian automobile industry is dominated by 2-Wheelers which comprise nearly 77% of the overall market. Passenger vehicles are the 2nd largest segment of the industry with a share of around 15% and commercial and three wheelers comprise of 8% of the market share. In India Passenger Vehicle market is further classified into three segments as follows Passenger Cars, Utility Vehicles and Vans. Passenger Cars sub-segment dominates the passenger vehicle market in India nearly 70% share. The next biggest sub-segment is the Utility Vehicles segment which has a share of merely 20%, followed by Mini Vans.

Domestic transport share in all automobiles vehicles

The year 2012-13, the total value of Automobile in Domestic market was estimated at 58,583 Million US \$. The growth rate for overall domestic sales for 2012-13 was 12.24 percent amounting to 17,376,624 vehicles. In the month of only March 2013, domestic sales grew at a rate of 10.11 percent as compared to March 2012. The Indian Automobile industry consists of four market segments viz., (i) two-wheelers, (ii) three-wheelers, (iii) commercial vehicles and (iv) , passenger vehicle. The two wheelers market is dominated by motorcycles (80%), Scooters (14%), Mopeds (6%). In this segment Hero-motor cycles has 35% of market shares and Bajaj has 32%. The passenger vehicle market is dominated by cars (78%), MUV/SUV (22%). Major players are: Maruti (46%), Tata motors-15%, Hyundai (14%). The three-wheeler market is dominated by Passenger Carriers with (64%) share, Goods Carrier (36%). The major players are Bajaj (42%), Piaggio (41%). In Commercial vehicles category, under M&HCV – Goods (48%), Passenger (38%), rest by LCV (14%). The major players are Tata motors and Ashok Leyland (15%). The table show transport occupied in all automobile vehicles in India.

**Transport occupied in all automobiles vehicles in India**

Category of vehicles	Percentage of area occupied (2012-13)	Number of Vehicles (2012-2013)
Passenger Vehicles	15.07	2,618,072
Commercial Vehicles	4.66	809,532
Three Wheelers	2.95	513,251
Two Wheelers	77.32	13,435,769
TOTAL	100	17,376,624

(Sources: SIAM & Company websites)

**Key growth of the Indian automobile industry**

- Proven Product Development Capabilities. There are more than 500 R&D centres in India.
- Proximity to markets in India and proximity to other Asian economies.
- Shipment to Europe is cheaper than those from Brazil and Thailand.
- Availability of Manpower. 8, lakhs Engineering graduates every year and 7 0 lakhs people enter into workforce every year.
- High quality standards. 11 Indian component manufacturers have won the “Deming Award” for quality. And most leading component manufacturers are QS and ISO certified.
- Demand growth of 14% CAGR makes India one of the fastest growing Markets.
- Skill labour costs amongst the lowest in India.

**Future vision the automobile industry in “2020”**

The auto-shows began in January 2014, the industry promised a blend of technology and automobiles. With the recession trend breaking its leashes form the past two years, 2016 is expected to get back on track with the sales of automobiles in the country. The future vision of the industry as follows

- Almost Self-governing cars are predicted to be on the streets by 2020<sup>th</sup> year.
- More than half the cars on the streets are going to be powered by diesel by in the year 2020.
- High Performance Hybrid cars are likely to gain greater popularity among consumers.
- An approximately two digits percentage increase in global industry vehicle sales in 2020.
- Improved mix of full-size SUVs and full-size pick-up trucks
- Lower overall restructuring costs
- Partially offset by higher marketing and engineering costs and
- Forecasted consolidated EBIT-adjusted margins of 9% to 10% by the Year 2020.

The Indian automobile industry has a prominent future in India. Apart from meeting the advancing domestic demands, it is penetrating the international market too. Favoured with various benefits such as glob-

ally competitive auto-ancillary industry; production of steel at lowest cost; inexpensive and high skill manpower; entrenched testing and R & D centres etc., the industry provide immense investment and employment opportunities.

### Conclusion

Automotive mission plan started in the year 2006 and ended in the year 2016, with the Government's support and special focus on exports operations, the automotive sector's contribution was 5.9 percent to the GDP in the year 2010, in the year 2013, and it was 8.02 percent. It recorded high in the year 2014 at 10.08%, and is expected to reaches the figure 12 percentage in the year 2016.

The automobile industry with it increased research and development, is able to provide higher level of customer satisfaction year after year. The automobile industries are continuing to build automotive centres of excellence across different part of India. The government takes necessary steps, to introduce credit facility at low interest rate to the borrowers through in commercial bank and financial institutions, to organizes the special economic zone in all cities, to simplifying the customs regulations, to reduce the tariff and duties for import of automobile inputs and finally to improve the export opportunities of vehicle to make the industry more attractive in future and attain the goals of "VISION 2020".

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