

Development of Indian Automobile Industry: A Descriptive Study.

NISHANT SINGH CHAUHAN

M.Com (Jamia Millia Islamia, New Delhi).

UGC-NET(Commerce).

Email:nishantschauhan15@gmail.com

Abstract

Auto industry is viewed as a significant driver and pointer of financial development. Lately car area has quickly expanding its piece of the overall industry. The business procedures received via auto producer has zeroed in on little vehicles and eco-friendly vehicles with low market cost to target most extreme market. This article will distinguish development factor and critical elements that have prompted the development of car industry. It will serve to identify the commitment of different states that have prompted the development of auto industry around the world.

KEYWORDS: *Automobile industry, Financial factors, Development.*

INTRODUCTION.

India became the fourth largest auto market in 2019 displacing Germany with about 3.99 million units sold in the passenger and commercial vehicles categories. India is expected to displace Japan as the third largest auto market by 2021. The two wheeler segment dominates the market in terms of volume owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. India is also a prominent auto exporter and has strong export growth expectations for the near future. In addition, several initiatives by the Government of India and major automobile players in the Indian market are expected to make India a leader in the two-wheeler and four-wheeler market in the world by 2020. . Different activities are being taken by the Government and predominant players to make India an innovator in the section of two wheeler and Four Wheeler market by 2020.

INDIAN AUTOMOBILE INDUSTRY OVERVIEW

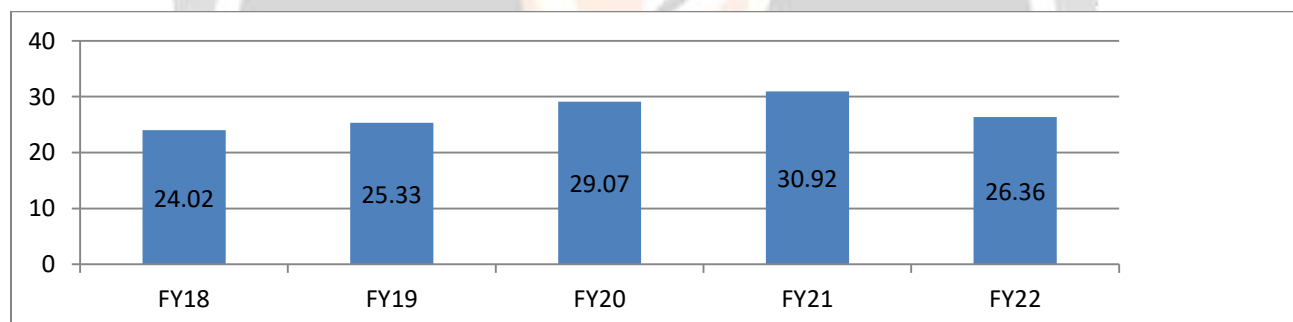
The auto business assumes a critical part as it has utilized 9 million individuals and incorporates around 5% of world's complete work in assembling unit. Creation of world's car industry has spread across three significant districts that incorporates North America, Europe and Asia. World's vehicle Industry has gone through major rebuilding and India has become a main player alongside countries like China, south Korea, adjacent to the monster Japan. Post-Independence, The vehicles created by Maruti was moderate for Indians, little in size and reasonable for Indian roads.[2] The traveler vehicle market in India is overwhelmed by Suzuki , Hyundai Motors and Tata Motors where Suzuki has ruled with over half of the traveler vehicle piece of the overall industry also, has covered over 90% of both brand and value intensity [3]. Indian car industry has its root in 40's and has considered becoming because of monetary progression incorporating 100% FDI in the sector[4]. The Indian car industry is making progress toward worldwide seriousness and is obvious from the way that the producers are the second-biggest after Japan for the quality for Deming [5]. Indian economy has given to its residents the best fuel rates as well as reasonable expense of ownership [6]. In this way, purchaser choice interactions are the dynamic which is taken by customers in light of a possible market previously, during and after the acquisition of an item or service [7]. Luxury

vehicles, Luxury car market in India is expected to grow at 25 % CAGR during 2017 -2020. In April 2020, TVS Motor Company bought UK's iconic sporting motorcycle brand, Norton, for a sum of about Rs . 153 core (US \$ 21 .89 million), making its entry into the top end (above 850cc) segment of the superbike market. In January 2021, Lamborghini announced it is aiming to achieve sales in India higher than the 2019 -levels, after recovering from pandemic -induced disruptions. 2 Catering to Indian needs

- Most firms including Ford & Volkswagen have adapted themselves to cater to the large Indian middle - class population by dropping their traditional structure and designs . This has allowed them to compete directly with domestic firms, making the sector highly competitive .
- Hyundai has entered a strategic alliance with shared mobility company, Revv , under which it will provide cars on subscription in six cities in India . This will provide customers the opportunity to use Hyundai's models with hassle -free ownership, flexibility and limited commitment . Sources: Society of Manufacturers of Electric Vehicles, MoneycoNew financing options
- HDFC Bank Ltd . started providing customised car loans to its customers in Mumbai to help them buy cars at lower EMI .
- Under Union Budget 2019 -20 , the Government provided an additional income tax deduction of Rs. 1.5 lakh (US\$ 2,146) on interest paid on the loan taken to purchase EVs .
- In November 2020 , Mercedes Benz partnered with the State Bank of India to provide attractive interest rates, while expanding customer base by reaching out to potential HN

Current trend in automobile sector India's automobile market is flooded with opportunities and has wide scope of development. Indian automotive industry has its roots in the 40's and has seen substantial rise due to economic liberalization including 100% FDI in the sector[4]. The industry contributes 7%.

NUMBER OF AUTOMOBILES PRODUCED IN INDIA (in millions)



Performance of Auto Industry during 2018-2022

The car business in India is the world's fourth biggest. India was the world's fourth biggest maker of vehicles and seventh biggest producer of business vehicles in 2019. Indian car industry (counting part producing) is required to arrive at Rs. 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. The business pulled in Foreign Direct Investment (FDI) worth US\$ 24.5 billion between April 2000 and June 2020 representing ~5% of the absolute FDI during the period as indicated by the information delivered by Department for Promotion of Industry and Internal Trade (DPIIT).

- Homegrown auto creation expanded at 2.36% CAGR between FY16-FY20 with 26.36 million vehicles being made in the country in FY20. In general, homegrown cars deals expanded at 1.29% CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY20.
- Bikes and traveler vehicles rule the homegrown Indian auto market. Traveler vehicle deals are overwhelmed by little and average sized vehicles. Bikes and traveler vehicles represented 80.8% and 12.9% piece of the overall industry, individually, representing a joined offer of over 20.1 million vehicles in FY20.
- Generally, car trade arrived at 4.77 million vehicles in FY20, developing at a CAGR of 6.94% during FY16-FY20. Bikes made up 73.9% of the vehicles sent out, trailed by traveler vehicles at 14.2%, three wheelers at 10.5% and business vehicles at 1.3%.

- The electric vehicle (EV) market is assessed to be a Rs. 50,000 crore (US\$ 7.09 billion) opportunity in India by 2025. A few innovation and car organizations have communicated revenue as well as made interests into the India EV space.
- Auto organizations like Hyundai, MG Motors, Mercedes, and Tata Motors, have dispatched EVs on the lookout. A new report led by Castrol discovered, a large portion of Indian purchasers would consider purchasing an electric vehicle constantly 2022. The investigation likewise featured for a normal Indian buyer, value point of Rs. 23 lakh (or US\$ 31,000), a charge season of 35 minutes and a scope of 401 kilometers from a solitary charge will be the 'tipping focuses' to get standard EV selection.
- The Government intends to create India as a worldwide assembling and innovative work (R&D) center point. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) focuses just as National Automotive Board to go about as facilitator between the Government and the business.
- Under (NATRiP), five testing and examination focuses have been set up in the country since 2015. NATRiP's proposition for "Award In-Aid for test office framework for Electric Vehicle (EV) execution Certification from NATRIP Implementation Society" under FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) plot was affirmed by Project Implementation and Sanctioning Committee (PISC) on January 03, 2019.

Major Accomplishment of the Indian automobile Industry in India for recent four years:

In H12019, car producers put US\$ 501 million in India's auto-tech new businesses as indicated by Venture knowledge. Venture stream into EV new businesses in 2019 (till end of November) expanded almost 170% to arrive at US\$ 397 million. On 29th July 2019, Inter-pastoral board authorized 5,645 electric transports for 65 urban areas. NATRiP's proposition for "Award In-Aid for test office foundation for EV execution Certification from NATRIP Implementation Society" under the FAME Scheme was affirmed by Project Implementation and Sanctioning Committee (PISC) on third January 2019. Under NATRiP, following testing and examination focuses have been set up in the country since 2015. Worldwide Center for Automotive Technology (ICAT), Manesar. Public Institute for Automotive Inspection, Maintenance and Training (NIAIMT), Silchar. Public Automotive Testing Tracks (NATRAX), Indore. Auto Research Association of India (ARAI), Pune. Worldwide Automotive Research Center (GARC), Chennai. SAMARTH Udyog - Industry 4.0 focuses: 'Demo cum experience' focuses are being set up in the country for advancing shrewd and progressed fabricating assisting SMEs with carrying out Industry 4.0 (mechanization and information trade in assembling innovation).

Government Initiatives

The Government plans to create India as a worldwide assembling and innovative work (R&D) center point. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) focuses just as National Automotive Board to go about as facilitator between the Government and the business.

Under (NATRiP), five testing and examination focuses have been set up in the country since 2015. NATRiP's proposition for "Award In-Aid for test office framework for Electric Vehicle (EV) execution Certification from NATRIP Implementation Society" under FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) conspire was endorsed by Project Implementation and Sanctioning Committee (PISC) on January 03, 2019.

- The Indian Government has additionally set up an eager objective of having just EVs being sold in the country. The Ministry of Heavy Industries, Government of India, has shortlisted 11 urban areas in the country for presentation of EVs in their public vehicle framework under the FAME conspire.
- The principal period of the plan was stretched out to March 2019 while in February 2019, the Government affirmed FAME-II plan with an asset prerequisite of Rs. 10,000 crore (US\$ 1.39 billion) for FY20-22. Under Union Budget 2019-20, Government reported to turn out extra revenue charge derivation of Rs. 1.5 lakh (US\$ 2146) on the interest paid on the advances taken to buy EVs. EV deals, barring e-carts, in India saw a development of 20% and arrived at 1.56 lakh units in FY20 driven by bikes.

- The Government of India expects auto area to draw in US\$ 8-10 billion in neighborhood and unfamiliar speculation by 2023. The Government of India empowers unfamiliar interest in the car area and has permitted 100% unfamiliar direct speculation (FDI) under the programmed course.
- A portion of the new activities taken by the Government of India are - Under Union Budget 2019-20, the Government declared to turn out extra revenue charge derivation of Rs. 1.5 lakh (US\$ 2,146) on the interest paid on the advances taken to buy EVs
- . The Government expects to create India as a worldwide assembling place and a Research and Development (R&D) center point. Under NATRiP, the Government of India is intending to set up R&D focuses at an all-out cost of US\$ 388.5 million to empower the business to be comparable to worldwide guidelines. The Ministry of Heavy Industries, Government of India has shortlisted 11 urban areas in the country for presentation of EVs in their public vehicle frameworks under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) plot.
- The Government will likewise set up brooding place for new companies working in the EVs space. In February 2019, the Government of India affirmed FAME-II plan with an asset necessity of Rs. 10,000 crore (US\$ 1.39 billion) for FY20-22.

Future Trends in the Automobile Industry

In the car expo of February 2016, the business guaranteed a mix of innovation and automotives. With the downturn pattern breaking its rope structure the previous two years, 2016 expected to refocus with the deals of cars in the country. Almost Self-administering vehicles are anticipated to be in the city by 2020 More than a large portion of the vehicles on the roads will be controlled by diesel by 2020 Industry watcher Gartner demonstrates that 30% of drivers need stopping data. The office is probably going to come up after glitches in the framework get up to speed. High Performance Hybrid vehicles are probably going to acquire more prominent prominence among shoppers. The Indian car industry has a conspicuous future in India. Aside from meeting the propelling homegrown requests, it is infiltrating the worldwide market as well. Supported with different advantages, for example, all around the world cutthroat autoancillary industry; creation of steel at least expense; modest and high expertise labor; dug in testing and R and D focuses and so on, the business give tremendous speculation and work

Openings Demonetization effect on Auto Industry

As indicated by the reports of producers, sellers and brokers, demonetization has gravely influenced the market with request debilitating in Gujarat, Punjab , the National Capital Region. Used vehicles deal is likewise expected to fall by half prompting the deficiency of income of Rs.3,900 crore. Footfall at Showroom of Hero MotoCorp has dropped by 15% in the initial two days of demonetization drive The larger effect is found in the disorderly trade-in vehicle market, which is driven for the most part by cashbased deals.

Factors determining the growth of the industry

- To stay aware of the developing interest, a few automobile producers have begun putting vigorously in different sections of the business during the most recent couple of months. The business has pulled in Foreign Direct Investment (FDI) worth US\$ 24.53 billion between April 2000 and June 2020, as per the information delivered by Department for Promotion of Industry and Internal Trade (DPIIT).
- A portion of the new/arranged speculations and advancements in the car area in India are as per the following In November 2020
- , Mercedes Benz cooperated with the State Bank of India to give appealing loan fees, while extending client base by contacting potential HNI clients of the bank. Hyundai Motor India contributed ~Rs. 3,500 crore (US\$ 500 million) in FY20, so as to acquire the piece of the overall industry. This speculation is a piece of Rs. 7,000 crore (US\$ 993 million) responsibility made by the organization to the Tamil Nadu government in 2019.
- In October 2020, Kinetic Green, an electric vehicles producer, reported arrangement to set up an assembling office for electric golf trucks other than a battery trading unit in Andhra Pradesh. The two activities including setting up an assembling office for electric golf trucks and a battery trading unit will involve a speculation of Rs. 1,750 crore (US\$ 236.27 million).

- In October 2020, Japan Bank for International Cooperation (JBIC) consented to give US\$ 1 billion (Rs. 7,400 crore) to SBI (State Bank of India) for financing the assembling and deals business of providers and sellers of Japanese car producers and giving car credits to the acquisition of Japanese vehicles in India.
- In October 2020, MG Motors reported its premium in contributing Rs. 1,000 crore (US\$ 135.3 million) to dispatch new models and grow activities notwithstanding the counter China opinions.
- In October 2020, Ultraviolette Automotive, a producer of electric cruiser in India, brought a revealed sum up in an arrangement B speculation from GoFrugal Technologies, a product organization. In September 2020, Toyota Kirloskar Motors declared speculations of more than Rs 2,000 crore (US\$ 272.81 million) in India coordinated towards electric parts and innovation for homegrown clients and fares.
- During early September 2020, Mahindra and Mahindra sealed a MoU with Israel-based REE Automotive to work together and create business electric vehicles
- . In April 2020, TVS Motor Company purchased UK's famous wearing bike brand, Norton, for an amount of about Rs. 153 crore (US\$ 21.89 million), making its entrance into the top end (above 850cc) fragment of the superbike market. In March 2020, Lithium Urban Technologies banded together with environmentally friendly power arrangements supplier, Fourth Partner Energy, to fabricate charging foundation the nation over.
- In January 2020, Tata AutoComp Systems, the auto-parts arm of Tata Group entered a joint endeavor with Beijing-based Prestolite Electric to enter the electric vehicle (EV) segments market.
- In December 2019, Force Motors wanted to contribute Rs. 600 crore (US\$ 85.85 million) to create two new models over the course of the following two years.
- In December 2019, Morris Garages (MG), a British car brand, reported designs to contribute an extra Rs. 3,000 crore (US\$ 429.25 million) in India.
- Audi India intended to dispatch nine all-new models including Sedans and SUVs alongside advanced E-tron EV by end of 2019.
- MG Motor India intended to dispatch MG ZS EV electric SUV in mid 2020 and have plans to dispatch moderate EV in the following 3-4 years.
- BYD-Olectra, Tata Motors and Ashok Leyland will supply 5,500 electric transports for various state divisions.

Indian Automobile Industry – Challenges Ahead

The vehicle business is upheld by different factors like accessibility of gifted work requiring little to no effort, hearty R&D focuses, and ease steel creation. The business likewise gives incredible freedoms to venture and immediate and aberrant work to talented and incompetent work. Indian auto industry (counting segment producing) is required to arrive at Rs. 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. Innovative work In India innovative work program is low when contrasted with different pieces of the world. Variances in fuel costs Fluctuation in costs of the fuel influence the interest for the vehicle. The cost of fuel influences the driving propensities for purchasers and the sort of the vehicle they purchase. Change in the cost of petroleum has changed the inclination of individuals to change to more productive vehicles. Helpless Infrastructure - Poor streets framework is the greatest issue by a long shot in the Indian auto industry. Traffic laws are not very much upheld and followed prompting one of the greatest per capita mishap rates in the world. Development – The seriousness of any area relies upon the ability to advance and update. It is moreover important to comprehend that work cost, obligations, interest and economies of scale are viewed as the determinant of intensity. It likewise includes center items and innovation development separated from profitable human asset. The automakers should search for the strategies of the express that energizes development. Hardened Competition - There exists an extreme rivalry among the auto players and all craving to catch a enormous portion of the market. The edges of the producers are crushed out and which thusly they slice cost to be productive and serious.

CONCLUSION

The vehicle business has a gigantic development and has made colossal interest among the investigator, policy producers and analysts. The elements that has prompted the development of vehicle industry is its great government strategy and the pretended by supporting ventures .Thus , it very well may be situated as one of the world's generally appealing auto business sectors for the two makers and purchasers and its advantages which offers help to economy, employment , security for families utilized by the auto business

REFERENCES

- [1] Thomas, K. (2013), "The Automotive Supply Chain in the New Normal: Analysis of the Industry Opportunities", Available: www.scmresources.ca/documents/. [November, 2015]
- [2] Syed Nasir Aziz Rizvi and Debrotto Mukherji, A Comparative Study of Global Competitiveness of Indian and Chinese Auto Components Industry, Saarbrücken: Lambert Academic Publishing, 2011
- [3] Michael Porter, Hiraoka Kuwajima, Lilian Rivera, Ravinder Saroop, Jun Takai, Daisuke Ueda, Automotive Cluster in the State of Maharashtra in India, (Final Report, 2010), accessed October 2016. http://www.isc.hbs.edu/pdf/Student_Projects/India_%28Maharashtra%29_Automotive_2010.pdf
- [4] Automotive (2006), "Automotive Mission Plan 2006-2016 – A Mission for Development of Indian Automotive Industry", Ministry of Heavy Industries & Public Enterprises, Government of India. <http://dhi.nic.in>.
- [5] Souresh Bhattacharya, "Supply Chain Management in Indian Automotive Industry : Complexities, Challenges and Way Ahead in", International Journal of Managing Value and Supply Chains (IJMVSC) Vol. 5, No. 2, June 2014.
- [6] KPMG (2006), "Indian Automotive Supply Chain– A Discussion paper" Available: www.in.kpmg.com. [Sep. 6, 2013].
- [7] Dr. Govind P. Shind, "Automobile Industry and Performance of Key Players" in Asian Journal of Technology & Management Research, Vol. 01 – Issue: 02 (Jul. - Dec 2011).
- [8] <http://www.siamindia.com/statistics.aspx?mpgid=8&pgidtrail=9>
- [9] <http://www.ibef.org/industry/india-automobiles.aspx>
- [10] <http://economictimes.indiatimes.com/industry/auto/post-demonetisation-auto-industry-fear-november-retailsales-drop-by-30/articleshow/55531664.cms>
- [11] <http://info.shine.com/industry/automobiles-auto-ancillaries/3.htm>

