



# Indian Automobile Industry - A Review

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**Abstract:** *Automobile industry is the key driver in the growing economy. It's play a vital role in county's and industrial development. In India automobile industry is one of the largest industries, showing good growth rate over the last few years and contributes in development of Indian economy. The main Objective of the study is to find out the Current scenario and the future outlook of the Indian automobile industry with the help of various aspect that was production of passenger vehicle in India, passenger vehicle exports from India, market share of Indian automobile industry by volume and FDI in Indian automobile industry with the help of graphic presentation of data and statistical tools percentage for this study.*

**Keywords:** *Automobile Industry, Current Scenario, FDI, Future Outlook, India*

## I. INTRODUCTION

Automobile industry is the key driver in the growing economy. It plays a vital role in county's development. The Indian automobiles sector is insulate in various sector like two wheelers that are includes bike, mopeds, motorcycles and battery operated two wheelers, Passenger Vehicles that are includes utility vehicles, passenger cars and multi-purpose vehicles, Commercial Vehicles which was light utility and medium-heavy utility vehicles and three Wheelers that are includes passenger carriers and material or goods carriers. In India automobile industry is one of the largest showing good growth rate over the last few years and contribute in development of Indian economy. Now this time Indian automobile industry is second largest manufacturer in the world after china. In various types like in two wheelers India has second in manufacturing in two wheelers, fourth in manufacturing passenger car and fifth in manufacturing commercial vehicle. The Indian automobile sector 100 percentage is open for FDI. In the world the Indian automobiles industry standing as per divided segment, largest three wheeler market, second largest two wheeler market, fourth largest tractor market, Fifth largest commercial vehicle market, Fifth largest heavy utility i.e. bus and truck and tenth largest passenger car market.

**Amarjit Singh, & Dr. Vinod Gupta (2012)** analysed "Review of Indian Automobile Industry" He can analyse the market share of Indian automobile industry, forecast for Indian automobile industry and swot analysis of Indian automobiles industry. He can conclude that the Indian automobiles industry holds significant scope for expansion in domestic and international market.

**Prof. Sarbapriya Ray (2012)** examined "Economic Performance of Indian Automobile Industry: An Econometric Appraisal" she can examined It estimates econometrically rate of capacity utilization in the industry at aggregate level and analyses its trend during the post liberalization period 1991-92 to 2005-06. The study also analysed to assess the impact of various factors influencing capacity utilization. Researcher also examined optimal output is defined as the minimum point on the firm's short run average total cost curve and the rate of capacity utilization is merely ratio of its actual output to capacity output level.

## II. RESEARCH METHODOLOGY

The study is based mainly on secondary data which is collected from the books, magazine, in-house materials and websites of automobile industry. Quantitative approach is used for this study. In this study automobile industry of India was selected to analyze the Current scenario. The main Objective of the study is to find out the Current scenario and the future outlook of the Indian automobile industry with the help of various aspect that was production of passenger vehicle in India, passenger vehicle exports from India, market share of Indian automobile industry by volume and FDI in Indian automobile industry with the help of graphic presentation of data and statistical tools percentage for this study.

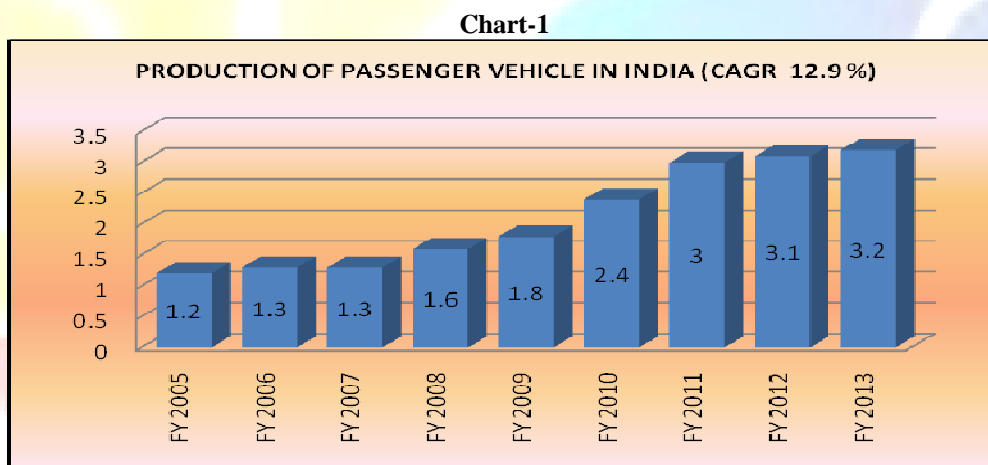
## III. RESULT AND DISCUSSION

In this part covers the analysis of Indian automobile Industry. For the analysis purpose for this study covers analysis of production of passenger vehicle, Market share of Indian automobile industry by volume, Passenger vehicle exports from India, FDI in Indian automobile industry and current and future scenario of automobile industry.

➤ **CURRENT SCENARIO AND FUTURE OUTLOOK OF INDIAN AUTOMOBILE INDUSTRY**

The Indian automobile industry was third largest in the world, in Indian automobile industry currently the world's second largest two-wheeler manufacturer in the world. Automobile sector of in India registered a growth rate of 7.31 % in financial year 2014. Production of Indian automobile industry sales projected to increase from 15.9 million in financial year 2013 to 34 million in financial years 2020. Our automobile industry produce a various types of vehicle segment, like two wheeler, three wheeler, four wheeler, and passenger vehicle, In Indian automobile industry passenger vehicle sales is increase from 3.2 million in financial year 2013 to 8.6 million in financial year 2021. In Indian people per capita income was increase due to high standard of living so this reason demand of automobile product demand is increase, other reason of increase of automobile product is growing middle class and a young population. Automobile export volumes increased with the compound annual growth rate (CAGR) of 19.1 % during financial year 2005 to 2013, total growth rate of increase export volume out of which two-wheelers contribution is 67 % in Financial year 2013. Indian Government has set up National Automotive Testing and R&D Infrastructure Project centres as well as a National Automotive Board to give the platform between the automobile industry and government. The government main objective is to develop India as a global manufacturing and automobile hub. Some other Indian government initiatives step like including Auto Policy 2002, Automotive Mission Plan 2006-2016 and funds allocated in the Union Budget 2014-15 could go a long way in ensuring the growth of automobile sector. This industry has provided alternative fuel option to provide for the country's energy demand in the auto sector as the CNG. The distribution network of automobile product in India is increase to 250 cities in financial year 2018. Automobile Industry of India contribute in GDP 22 % of county manufacturing gross domestic product and provide various types of directly and indirectly job. Indian automobiles industry was seventh largest producer in the world with the 17.5 MN various types of vehicle.

➤ **PRODUCTION OF PASSENGER VEHICLE IN INDIA**



Above Chart-1 represents the production of passenger vehicles in India. From the above chart we can analyse the production of passenger vehicles was increase 12.9 percent compound annual growth rate. It can also analysis from 2005 to 2007 there are no changes in production of passenger vehicle, and then after 2008 to 2013 there are increase with tremendous growth rate. In 2005 production of passenger vehicles was 1.2 MN to increase in financial year 2013 was 3.2. It clearly indicates that the production was increase with the high growth rate.

➤ **PASSENGER VEHICLE EXPORTS FROM INDIA**

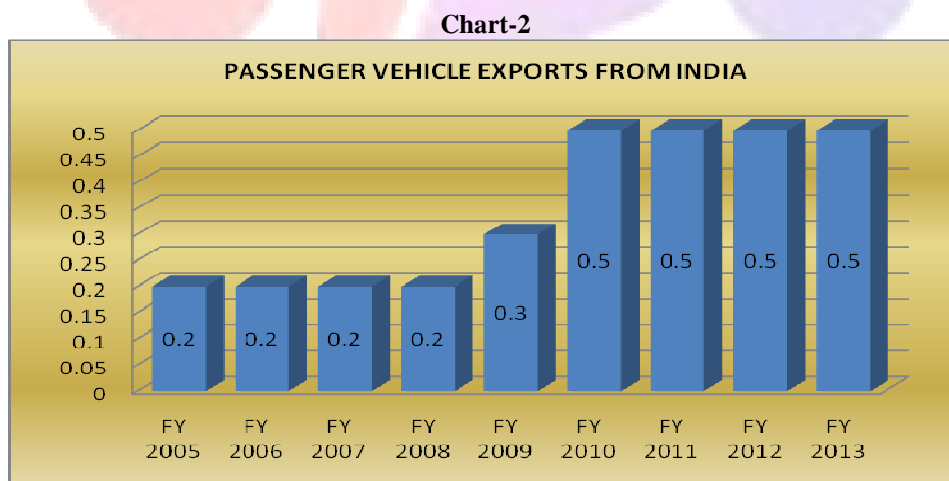
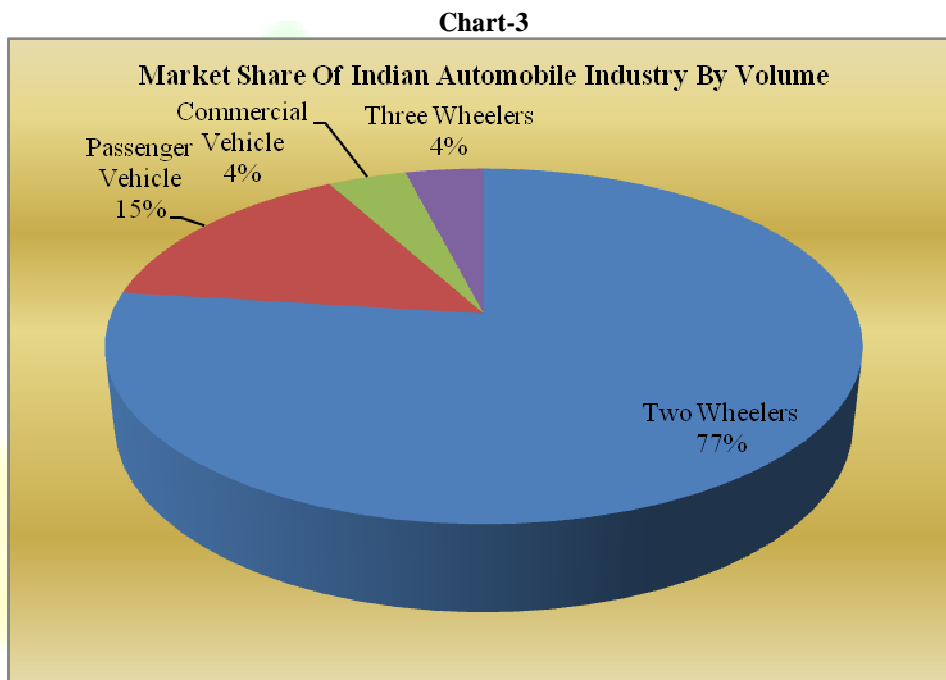


Chart-2 represents data regarding Passenger Vehicle Export from India. We can analyse from the chart-2 first four years was 2005 to 2008 shown no trend in the export of the passenger vehicle, the export volume was 0.2 million in all four years then after in 2009 the export was increase with 0.1 million, But in 2010 to 2013 that was increase up to 0.3 million. It clearly indicate there is no major growth in the export of the passenger vehicle. So here we suggested the Indian government to introduce a various benefits regarding export of the automobiles product for raising the export.

➤ **MARKET SHARE OF INDIAN AUTOMOBILE INDUSTRY BY VOLUME**



Above Chart-3 Exhibits market share of Indian automobile Industry by volume. From the above chart we can analyse the market share of automobile Industry was distribute in 4 factor like, Two wheelers, Passenger Vehicles, Commercial wheelers and three wheelers. We can also analysis the major market share in Indian automobile industry that was two wheelers with 77 % contribution followed by passenger vehicles with 15 %, and a very small market share of commercial vehicle and three wheelers was 4 % and 4 % respectively, So it is clearly indicate the major part of market share in Indian automobile Industry was a two wheelers.

➤ **FDI IN INDIAN AUTOMOBILE INDUSTRY**

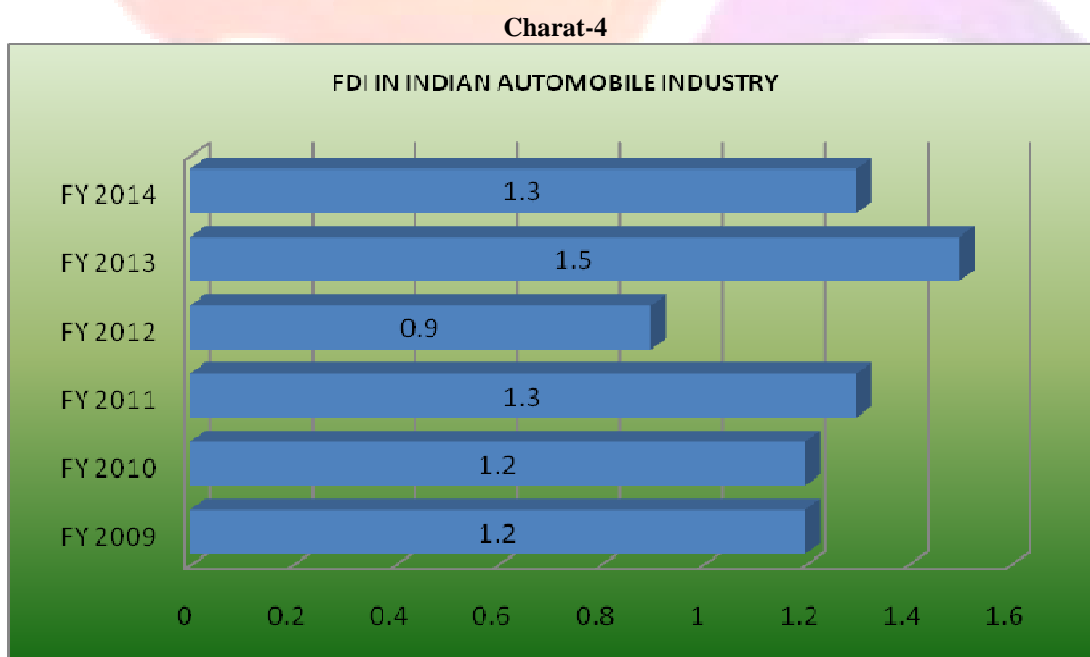




Chart-4 exhibits FDI in Indian automobile Industry. We can analyse from the above chart in financial year 2009 FDI in Indian automobile Industry was \$ 1.2 BN to rise in financial year 2014 that was \$ 1.3 BN. In the year 2012 FDI in this Industry was very low that was only \$ 0.9 BN because of some reason. It can also analyse from the chart from 2009 to 2014 six year period only \$ 0.1 BN FDI was Increase, So here I suggested to government to take some steps to increase FDI in Indian automobile Industry.

#### IV. CONCLUSION

He can conclude that the Indian automobiles industry holds significant scope for expansion in domestic and international market. He also concluded that the Indian automobile Industry was continually grow but not at satisfactory level, so the Indian government take some beneficial step to increase export of automobile product, take some step for increase FDI in this industry and give some benefit to this industry like tax benefit, subsidy and other benefit to increase its production capacity.

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