



## PERFORMANCE OF AUTOMOBILE INDUSTRY IN INDIA – A CASE STUDY OF TAMILNADU

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**ABSTRACT-** The automobile industry in India has made considerable progress from its beginning state at the hour of India's freedom in 1947 to its current day dynamic structure. The industry delivers a wide scope of automobiles and auto-segments taking into account both the homegrown just as unfamiliar business sectors. The improvement of the industry has been formed by the interest from one viewpoint and the administration mediations on the other; the impact of the last being significant. The Automobile firms were needed to acquire licenses from Indian government for section development, enhancement and movement. The profited credit was joined by conditions with respect to control measures for spending shortfall just as the execution of economic auxiliary reforms. Basic reforms enveloping liberation of modern part, exchange and venture strategy reforms, money related area reforms, charge reforms and unfamiliar trade reforms were conceived for this reason. This paper attempts to look at the patterns in the automobile industry and its effect on the economy regarding GDP, Exports, FDI, Employment and so forth.; every one of these variables are emphatically affected by the development of Indian automobile industry. As a significant business and fare generator, GDP benefactor, FDI worker, the automobile industry is instrumental in forming the nation's economy.

**KEY WORDS:** Automobile Industry, Impact, Growth.

### I. INTRODUCTION

The automobile industry in India has made considerable progress from its beginning state at the hour of India's freedom in 1947 to its current day dynamic structure. When contrasted with the creation of simple 4,000 vehicles in 1950, the creation of the industry crossed the notable milestone of 10 million vehicles in 2006. Today, the industry delivers a wide scope of automobiles and auto-segments taking into account both the homegrown just as unfamiliar business sectors. The improvement of the industry has been formed by the interest from one viewpoint and the administration mediations on the other; the impact of the last being significant. The car industry in India was intensely directed until the 1970s. The car firms were obliged to acquire licenses from the Indian government for different firm exercises. The 1980s saw some unwinding in the guidelines and the passage of Japanese firms. In the mid 1990s, India embraced noteworthy economic reforms under which the car industry was changed. A rudimentary automobile industry developed in India in 1940's. Practically following 10 years driving business visionaries and the administration in the free India have stretched out endeavors to make an assembling industry. In any case, the development was moderately delayed in 1950s and 1960s because of the permit. The Automobile firms were needed to acquire licenses from Indian government for section development, enhancement and movement. Complete limitations for import of vehicles were set and after 1970 the car industry began to develop, however the development was chiefly determined by farm trucks, business vehicles and bikes; vehicles were as yet a significant extravagance thing. By the 1980, the automobile market was as yet overwhelmed by Hindustan and chief, who sold obsolete items in genuinely set number.

#### **PROGRESSIVELY LIBERALIZED ENVIRONMENT (1991 ONWARD)**

In 1990-91, India needs to experience with serious economic emergencies which implemented the nation to change its economic arrangements to an enormous degree. In January 1991, the administration acknowledged a credit from International Monetary Fund's Compensatory and Contingency Financing Facility. In this way in July 1991, the new government moved toward IMF for another credit. The profited credit was joined by conditions with respect to control measures for spending shortfall just as the execution of economic auxiliary reforms. In accordance with its consent to the conditions laid by the worldwide budgetary organizations, the administration received another economic arrangement in July, 1991. The new

approach proposed wide extending economic reforms trying to change and open up the economy. Basic reforms enveloping liberation of modern part, exchange and venture strategy reforms, money related area reforms, charge reforms and unfamiliar trade reforms were conceived for this reason. The broad changes in general modern arrangement significantly affected the development of India's car industry moreover. In spite of the fact that a couple of advancement measures had just been presented in 1980s, the approach reforms started in 1991 were significantly more exhaustive. The entire vehicles portion (aside from traveler vehicles) and the auto-segment fragment were delicensed in July, 1991. The traveler vehicle portion was likewise delicensed in May, 1993. Alongside annulment of the requirement for MRTTP clearances, this implied the car firms were allowed to enter, extend, enhance, consolidate or gain dependent on their business decisions.

#### **OBJECTIVES OF THE STUDY**

1. To estimate the growth and performance of automobile industry in India.
2. To study the overall production and sales trend of the automobile industry.

#### **PERIOD OF THE STUDY**

In this study the data analysis has been done for period 2010-11 to 2018-19, for a period of 9 years.

#### **DATA COLLECTION**

Methodology was adopted in accordance to the above mentioned objectives. The present research study is conducted on the basis of primary as well as secondary sources data and information published by several governmental and private institutions namely SIAM (Society of Indian Automobile Manufacturers), DIPP (Department of Industrial Policy and Promotion), IBEF (India Brand Equity Foundation), and BCG (The Boston Consulting Groups), Ernst & Young etc. Data has been collected from various sources like annual reports published by automobile companies on their websites, CMIE Data base, Library IIM-Indore, Central library DAVV and Library SVIM Indore were also referred for collecting secondary data.

## II. DATA ANALYSIS TECHNIQUE

Data can be analysed with the help of statistical tool like average, Percentage, CAGR (Compound Annual Growth Rate), AAGR (Average Annual Growth Rate), correlation, trend analysis line and bar graph etc.

**TABLE - 1**  
**SEGMENTATION WISE GROWTH RATES OF PRODUCTION AND SALES**

Period from 2010-2011 to 2018-19		
Category of Vehicles	Production of Growth Rate	Sales Growth Rate
Passenger Vehicles	18.75	17.19
Commercial Vehicles	11.25	11.90
Two Wheelers	14.37	13.17
Three Wheelers	9.18	9.88
Overall	9.7	9.5

**Source:** Annual Survey Industries ASI, Central Statistical Organisation, CSO.

The above table clarifies development paces of various classifications of vehicles for the long term time frame. Initially we figured total development pace of creation which clarifies general pattern of the industry. The unevenness development in various classes of vehicles in the industry will be better perceived by figuring division astute development rates. By watching and looking at division insightful development paces of various classifications of vehicles during the period referenced above will bring out valuable and fascinating data about the industry.

The creation and deals development pace of traveler vehicles is 18.75% and 17.19% which expresses that there isn't a lot of hole among deals and creation which shows that there is a decent interest for our automobile vehicles in India and in the worldwide market. The above table clarifies that the creation of traveler vehicles is more during the period than the other section of vehicles.

**TABLE-2**  
**GROSS TURNOVER OF AUTOMOBILE INDUSTRY**

TURNOVER OF AUTOMOBILE MANUFACTURERS	
Year	Rs. In millions
2010-11	942861
2011-12	971543

2012-13	912857
2013-14	1063853
2014-15	1125871`
2015-16	1173954
2016-17	1272461
2017-18	1247394
2018-19	13183272

Source: www.siamindia.com

The turnover of automobile industry is diagrammatically represented by the following bar diagram for the years 2010-11 to 2018-2019 The compound annual growth rate of gross turnover is 10.93% and the fitted growth model for the gross turnover is  $y = (292582) (1.1093)$ .

#### **EMPLOYMENT IN INDIA'S AUTOMOBILE SECTOR**

Employment in India's automobile sector offers an insight into the growth of this significant industrial sector of the economy.

**TABLE - 3**  
**NUMBER OF WORKERS EMPLOYED IN AUTOMOBILE INDUSTRY**

<b>Year</b>	<b>All Employees</b>
2011	2397453
2012	1927453
2013	2387261
2014	3871453
2015	3172156
2016	2910413
2017	4381052
2018	4914207
2019	5025132
Total	31685877
CAGR	16.17

Source: Ministry of Labour and Employment, Annual Survey of Industries.

The extension of the homegrown and fares showcases, the liberal strategies of the administration, increment in FDI (Foreign Direct Investment) and ascend in the creation have opened up new roads in the activity segment of Indian automobile industry. This industry is answerable for 7to 8 percent of India's complete utilized populace. According to Ministry of Labor and Employment report, number of laborers utilized in automobile industry (just makes of engine vehicle, bodies for engine vehicles, trailers and semi trailers, parts and extras for engine vehicle and their motors) during 2006-11 was 3511649, ascent with the CAGR of 14.1 percent.

#### **INDIA'S AUTOMOBILE PRODUCTION**

The center automobile industry bolsters wide scope of organizations sections, both upstream and downstream, alongside neighboring enterprises. This prompts multiplier impact for development and economic development. Automobiles leads to a few significant elements of countries building: producing government income, making economic development, empowering individual's development and encouraging R&D and advancement.

#### **EMPLOYMENT IN INDIA'S AUTOMOBILE SECTOR**

Work in India's automobile segment offers an understanding into the development of this noteworthy mechanical division of the economy. The quick development of Indian automobile industry is apparent from the way that this industry utilizes in excess of 30 million individuals (counting immediate and circuitous) according to SIAM. Work in India's automobile area is isolated into sorted out class, which is 33 percent and the sloppy classification, which is 67 percent of the aggregate. The extension of the homegrown and fares advertises, the liberal strategies of the administration, increment in FDI (Foreign Direct Investment) and ascend in the creation have opened up new roads in the activity part of Indian automobile industry. This industry is liable for 7to 8 percent of India's absolute utilized populace.

## GDP AND AUTOMOBILE INDUSTRY

The part of automobile industry in India GDP has been marvel. It is one of the quickest developing divisions in India. It tends to be effectively dissected the essentialness of a solitary industry which is offering in excess of 7 percent of the Gross Domestic Product of a nation.

### III. CONCLUSION

The Indian industry quick turns into an aspect of a business situation that is a getting savagely serious in Indian setting. Accomplishing seriousness in such a feel is significant upon the capacity of an organization to follow a very much expressed and characterized strategy helpful for persuading everybody to react rapidly to the changing business sector necessities. The automobile industry is among the most noteworthy mechanical parts on the cutting edge economy. It is an image of specialized wonder by humanity. Numerous other assembling ventures rely on this industry including steel, elastic, glass, machine devices, robots, gadgets, programming and some more. This paper attempts to look at the patterns in the automobile industry and its effect on the economy regarding GDP, Exports, FDI, Employment and so forth.; every one of these variables are emphatically affected by the development of Indian automobile industry. As a significant business and fare generator, GDP benefactor, FDI worker, the automobile industry is instrumental in forming the nation's economy.

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