

A Study on Performance of Indian Automobile Industry

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ABSTRACT

This study focuses on the performance of Indian Automobile Industry which is based on its overall production, sales and exports of each sector.

1. Introduction

In recent years, India has a fastest growing economic for the reason beyond is Indian automobile industry. It has been contribute to the growth of ancillary industries, such as the Auto component, steel, Petroleum products, Construction, travel businesses and so on. This sector also gives more employment opportunity directly and indirectly, and also developing new entrepreneurs. It happened, since 1991 onwards this sector is de-licensing and the successive years opening up of 100 percent FDI. Today, almost every global automobile manufacturer has set up own plant or make a joint-venture with an Indian companies. Because of, Indian government and (SIAM) Society of Indian Automobile Manufacturers makes all the facilities to global automobile manufacturer to start a business in the country. It will be reflect automatically in overall production, sale and export of the vehicles.

2. Automobile Sector in India

The Indian automobiles sector is compartmentalized into four sectors which are as follows

- **Two-wheelers** which comprise of mopeds, scooters, motorcycles and electric two-wheelers
- **Three Wheelers** that are passenger carriers and goods carriers.
- **Passenger Vehicles** which include passenger cars, utility vehicles and multi-purpose vehicles
- **Commercial Vehicles** that are light and medium-heavy vehicles

3. Objectives of the Study

- ❖ To analysis of Performance of an Indian Automobile industry.

4. Methodology

The data and information required for this study for the period 2012-13 to 2017-18 has been collected from the (SIAM)

Society of Indian Automobile Manufacturers. The data can be analysis through (CAGR) Compounding Annual Growth Rate have been used. The formula for the CAGR is:

$$CAGR = (\text{Ending value} / \text{Beginning value})^{(1/\text{number of years})} - 1$$

5. Performance of an Indian Automobile industry

The performance of an Indian Automobile Industry is analysis with the help of three key indicators i.e., Production, Sales and Exports of sector-wise.

6. Production of Automobile

Table: 1 Sector-wise Production of Automobiles in India (Number of Vehicles)

Years	Category			
	Passenger Vehicles	Three Wheelers	Two Wheelers	Grand Total
2013-14	30,87,973	8,30,108	1,68,83,049	2,15,00,165
2014-15	32,21,419	9,49,019	1,84,89,311	2,33,58,047
2015-16	34,65,045	9,34,104	1,88,30,227	2,40,16,068
2016-17	38,01,670	7,83,721	1,99,33,739	2,53,29,383
2017-18	40,10,373	10,21,911	2,31,47,057	2,90,73,892
CAGR	4.5%	3.5%	5.4%	5.2%

Source: SIAM

The sector-wise analysis of CAGR (Table 1) shows that automobile production of passenger vehicles sector which is 4.5%, commercial vehicles sector is 4.2%, three-wheelers sector is 3.5% & two-wheelers sectors is 5.4%. Comparing all the above sectors reveals that the two-wheelers sector has maintained increasing trend in the production, followed by passenger vehicles sector, commercial vehicles sector and except three wheelers sector (decreased in the year 2016-2017 and following year increased) during the period of study. An Indian automobile production increased at 5.2 per cent compounding annual growth rate between Financial Year 2013-2018, it shows growing demand in both domestic as well as in foreign markets.

7. Domestic Sales of Automobile

From the analysis, the below Table.2 shows that an Indian automobile domestic sale increased at 5.2 per cent compounding annual growth rate between Financial Year 2013-2018 because of growing demand due to rising income level of people and a huge young population, easy availability of credit and financing options and more attractive and new technology introduced based on consumer needs through Research and Development. The sector-wise analysis of CAGR of automobile domestic sale of passenger vehicles sector which is 4.6%, commercial vehicles sector is 5.2%, three-wheelers sector is 4.8% & two-wheelers sectors is 5.3%. Comparing all these sectors, the two-wheelers sector has registered increasing domestic sales trend, followed by commercial vehicles sector, passenger vehicles sector, and except for three wheelers sector which had decline in FY 2016-2017 and increased in next FY during the period of study.

Table: 2 Sector-wise Sales of Automobiles in India (Number of Vehicles)

Years	Category			
	Passenger Vehicles	Three Wheelers	Two Wheelers	Grand Total
2013-14	25,03,509	4,80,085	1,48,06,778	18423223
2014-15	26,01,236	5,32,626	1,59,75,561	19724371
2015-16	27,89,208	5,38,208	1,64,55,851	20468971
2016-17	30,47,582	5,11,879	1,75,89,738	21862128
2017-18	32,87,965	6,35,698	2,01,92,672	24972788
CAGR	4.6%	4.8%	5.3%	5.2%

Source: SIAM

8. Exports of Automobile

Table: 2 Sector-wise Exports of Automobiles in India (Number of Vehicles)

Years	Category				
	Passenger Vehicles	Commercial Vehicles	Three Wheelers	Two Wheelers	Grand Total
2013-14	5,96,142	77,050	3,53,392	20,84,000	31,10,584
2014-15	6,21,341	86,939	4,07,600	24,57,466	35,73,346
2015-16	6,53,053	1,03,124	4,04,441	24,82,876	36,43,494
2016-17	7,58,727	1,08,271	2,71,894	23,40,277	34,79,169
2017-18	7,47,287	96,867	3,81,002	28,15,016	40,40,172
CAGR	3.8%	3.9%	1.3%	5.1%	4.5%

Source: SIAM

During the period 2013-14 to 2017-18, exports of automobiles have grown gradually. Overall, Indian automobile exports indicating a compounding annual growth rate of 4.5 per cent between financial year 2013-2018. The sector-wise analysis of automobile exports of compounding annual growth rate of passenger vehicles sector which is 3.8%, commercial vehicles sector is 3.9%, three-wheelers sector is 1.3% and two-wheelers sectors is 5.1%. Among automobiles sectors, though two-wheelers sector has consistent growth of exports, followed by commercial vehicles sector, passenger vehicles sector, and except for three wheelers sector which had decline in financial year 2016-2017 and increased in next financial year during the last five years.

9. Conclusion

From the present study, it is observed that the performance of an Indian automobile industry has seen sector-wise with help of three parameters i.e., production, sales and exports. Taking a look at the past five financial years (2013 – 2018) of production, sales and exports of passenger vehicles, commercial vehicles and two-wheelers have registered consistent growth, thus indicating increasing demand in these sectors. But three-wheelers has been shown fluctuating trend, it reveals that the demand is marginal decline during the FY 2016-2017. In overall, Indian automobile industry has grown slowly and steadily during the study period, indicating the automobiles manufactured from India is international standards and acceptance the global automobile market.

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