

RECENT TRENDS IN INDIAN AUTOMOBILE SECTOR

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Abstract

Using data from the two fiscal years 2020–21 and 2021–22, this study examines the Production, Domestic Sales, and Export Patterns of the Indian Automobile Market and uses the results to predict the variability in this industry. The survey included all of the following categories: two-wheelers (mopeds, scooters, motorcycles, electric two-wheelers), passenger cars, utility vehicles, and vehicles with multiple uses, light- and medium-duty trucks, and three-wheelers (passenger carriers and good carriers).

Key Words: Automobile, Production; Sales, Export, Vehicles.

1. Introduction

One of the biggest automobile industry verticals is found in India. The middle - income populace is being encouraged to switch from two to four wheels by the easy accessibility of financing and growing economic status. High-end automobiles intended for export to China are discreetly becoming more and more manufactured in India. New inventions will play a major role in the future of the automobile industry, according to a comprehensive examination of developments the sector will experience in 2022. An incredible amount of industrial adoption of new technology is underway. Newer technologies like the internet of things (IoT) and blockchain, in conjunction to more established ones like artificial intelligence (AI) and big data & analytical, have many uses in the automobile industry.

2. Present Scenario & Policy Support

Growing market will be a result of increasing middle class income and a sizable young population. A record of 1,860,809 passenger vehicles, three-wheelers, two-wheelers, and quadricycles were produced as of January 2022. Between April 2000 and September 2021, the automotive industry attracted aggregate equity FDI inflows of around US\$30.78 billion. By 2023, the Indian government projects that the vehicle industry would bring in \$8–10 billion in international and domestic investments. **(IBEF, 2022)**

A PLI plan for automobiles and auto parts worth Rs. 25,938 crore (\$3.49 billion) was announced by the Indian government in September 2021. **(IBEF, 2022)**

The Government of India and the Indian Automotive Industry have collaborated to create the Automotive Mission Plan 2016–26, which lays out the industry's future path.

3. Literature Review

In their study, Pradeepta K. Sarangi et al. (2014) discovered that despite the highs and lows the Indian vehicle sector experienced over the years, their trials revealed favorable development across all categories. In his research, Jatinder Singh (2014) observed that the country's evolving regulatory landscape over the past 3 decades has ultimately aided in the expansion and export-heavy nature of the car sector. Various industry subsectors may all be shown to be affected by the shifting economic landscape. In the study she conducted, Vandana Singh (2017) discovered that the car sector has a significant multiplier impact and has the potential to generate economic growth. The vehicle sector is connected to a strong transportation infrastructure, which is crucial to the nation's rapid economic development. According to a 2012 (Nataraj.S) study, the Internet is increasingly

affecting every firm's foundation, including the auto sector. The Internet is thought to have a stronger impact on the sales process and will undoubtedly result in a higher degree of sales satisfaction since it increased consumer knowledge of the car and influenced the customer to make a purchase. (Sachin Maheshwari 2012) analysed the organizational structures of various Indian and international automotive parts companies and looked at the importance of the HR department in the organization. He also explored the status of the HR department reporting structure in the automobile manufacturing industry in Haryana.

4. Objectives of the study

- To examine the automobile sector's contribution and relative trends
- To recommend suggestions on the basis of outcomes for the further improvisations in the sector

5. Statement of the Problem

In both growing and developed economies, there are several possibilities and threats in the current global automobile sector. For the management of a succession of decisions, businesses need the proper policies to be applied wisely. Additionally, the nature of competition within a sector might occasionally be oligopolistic since the number of models within a segment may be restricted in a given model year. Currently, the study considered significant factors including the production, sales, and export trends of the Indian automotive industry

6. Research Methodology

6.1 Sampling and Data Collection

Two-wheelers (mopeds, scooters, motorcycles, electric two-wheelers), passenger cars, utility vehicles, multipurpose vehicles, commercial vehicles (light and medium-heavy trucks), and three-wheelers are the four categories that make up the automobile industry (passenger carriers and good carriers). The complete segment of the study is taken into consideration. Two fiscal years—2020–2021 and 2021–2022—make up the research period.

6.2 Interpretation and Analysis

By examining the behavior of production, sales, and export, the performance of the chosen sector over the period of the study has been assessed. The following tables have a presentation of them.

Table 1 VEHICLE PRODUCTION (In No's)

| Category | 2020-21 | 2021-22 | % Change |
|---------------------|------------|------------|----------|
| Passenger Vehicles | 3,062,280 | 3,650,698 | 0.19 |
| Commercial Vehicles | 624,939 | 805,527 | 28.89 |
| Three Wheelers | 614,613 | 758,088 | 23.34 |
| Two Wheelers | 18,349,941 | 17,714,856 | -0.034 |
| Quadricycle | 3,836 | 4,061 | 5.86 |
| Grand Total | 22,655,609 | 22,933,230 | 0.012 |

Source: SIAM & Computed

The number of vehicles were produced were increased by 0.012. The production of commercial vehicles increased by 28.89% and Three Wheelers by 23.34%. In the meantime there is a decline in the production of Two Wheelers by 0.034 in year 2021-22. The passenger vehicles productions have increased slightly by 0.19 %.

Table 2 DOMESTIC SALES (In No's)

| Category | 2020-21 | 2021-22 | % Change |
|---------------------|------------|------------|----------|
| Passenger Vehicles | 2,711,457 | 3,069,499 | 13.2 |
| Commercial Vehicles | 568,559 | 716,566 | 26.03 |
| Three Wheelers | 2,19,446 | 260,995 | 18.93 |
| Two Wheelers | 15,120,783 | 13,466,412 | -0.1 |

| | | | |
|--------------------|-------------------|-------------------|-------|
| Quadricycle | -12 | 124 | |
| Grand Total | 18,620,233 | 17,513,596 | -0.05 |

Source: SIAM & Computed

As per Table -2 sales of passenger vehicles segment increases by 13.2%. The commercial vehicles sales also recorded increase in sales by 26.03 % in year 2021-22. However -0.1% decrease's is accorded in two wheelers segment.

Table 3 EXPORT SALES (In No's)

| Category | 2020-21 | 2021-22 | % Change |
|---------------------|------------------|------------------|----------|
| Passenger Vehicles | 404,397 | 577,875 | 42.89 |
| Commercial Vehicles | 50,334 | 92,297 | 83.36 |
| Three Wheelers | 393,001 | 499,730 | 27.15 |
| Two Wheelers | 3,282,786 | 4,443,018 | 35.34 |
| Quadricycle | 3,529 | 4,326 | 22.58 |
| Grand Total | 4,134,047 | 5,617,246 | 35.87 |

Source: SIAM & Computed

Passenger vehicle exports increased from 404,397 to 577,875 units between April 2021 and March 2022, commercial vehicle exports increased from 50,334 to 92,297 units between April 2021 and March 2022, three-wheeler exports increased from 393,001 to 499,730 units between April 2021 and March 2022, and two-wheeler exports increased from 3,282,786 to 4,443,018 units between April 2021 and March 2022.

7. Findings and Suggestions from the study

- Fuel economy and the demand for greater fuel efficiency are major factors that affect consumer purchase decisions, which will bring leading companies across the two-wheeler and four-wheeler segment to focus on delivering performance-oriented products.
- Rising incomes among the Indian population will lead to increased affordability, increasing domestic demand for vehicles. Product innovation and market segmentation will channelize growth.
- The government's technological modernization fund is a major policy support mechanism for the industry, which will aim to boost sales by targeting rural regions, young people, women, and luxury consumers.
- It is advised that in order to succeed in the age of competition, the Indian automotive industry must continue to produce and sell a wide variety of goods, implement a stronger marketing strategy, and decrease costs while raising pricing.
- In order for leading Indian automakers to conduct world-class research and development within the next five years, the government should provide them with a certain amount of funding.

8. Conclusion

Although output has shown a rising tendency over the years, the percentage change in production has shown an accelerating pattern over time. Similar to that, there is an increasing tendency in the selling of automobiles. This study has demonstrated that the Indian car sector has been successful in scoring highly across the board, which has a favorable effect. Due to indications that the economy is improving and the rising trend in hiring, particularly, automobiles saw considerable demand. Decisions made by organizations will determine where the firms fit into the sector as well as how they monitor new prospects and developments; fluctuations in expanding markets, global economic trends, and shifting client demand will force enterprises to respond creatively.

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