

## “Performance Analysis of Auto Industry during 2015-2017”

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### Abstract

Indian Economy is currently going through bigger changes. Sentiment of economy is showing positive growth trend to many Industries. Time & years will actually suggest how these changes will take Indian economy. Increase in per capita income has increased spending capacity of individual both at Rural & Urban Market. Easy availability of Car loans from banks, increased competition between vehicle Manufacturers has led to reduce cost of car prices.

This research paper study represents the Indian Automobile Industry Production, Sale, Export trend analysis 2015-16 & 2016-17. Research paper will help Industry experts & Automobile students to have a quick review of Auto Industry Performance analysis of 2015-16 & 2016-17. To study Importance of Automobile Sector at Global level in Economy contribution, Employment opportunity etc.

For this research paper methodology used is Secondary Data collection & analysis is completed by studying Research Papers, Automobile sites & blogs, Research Agency reports etc.

**Key Words:** Automobile Industry, Passenger Vehicle, Commercial Vehicle

## 1. INTRODUCTION

Till early 80's, in India, the consumers had very low and limited choices for passenger cars. But for the past 25 years the automobile industry is blooming widely with strength and technological growth in the Indian government's policy for liberalization and freedom from license raj. Since early 1990's the Indian government has allowed having foreign joint venture in the automobile industry. The customers have changed their mindsets to new varieties and new models of cars to suit themselves with the changes in trends after the entry of new admirable and readily available cars with less delivery time. Automobiles signify freedom and economic growth of Nation.

Automobile is a liberating technology for people around the world. In ancient time people prefer to travel via Bullock cart, Horses as a mode of transport, but today personal automobile allows people to drive, live, work and play in ways that were unimaginable a century ago, Automobile has given easy accessibility to commute people to different places like markets, friends, relatives, business, doctors and jobs etc. Nearly every car trip ends with either an economic transaction or some other benefit to our quality of life. In virtue of Auto industry contribution to GDP, it is the single vital engine of economic growth in the world.

## 2. LITERATURE REVIEW

C. Gopalakrishnan [1], studies recent trends in Indian Automobile Sector using data from FY 2012-13 and FY 2013-14. Study shows positive impact on economy.

Amarjit Singh, Vinod Gupta [2], this paper gives an overview of Indian Automobile Industry. Author concludes Indian Automobile Industry holds scope for expansion of both Domestic & International level.

Govind P. Shinde, Manisha Dubey [3], studies Automobile Industry and Performance of Key Players. Study represents figures of Indian Automobile Industry from 2005 -2010. Segments studied, such as Passenger Vehicles, Commercial Vehicles, UVs, MPVs, two wheelers and three wheelers. Current and future market trends for each section has explained.

Nikhil Monga, Bhuvanender Chaudhary, Saurabh Tripathi [4], this research attempts to answer some of the questions regarding brand personality of selected cars in India by conducting the Market Research. This helps to study what customer thinks about a given brand of car and factors guiding for purchase. Brand perception and brand image got studied. Primary research conducted by author to study and analyze applicability of existing research concepts, theories and tools to evaluate Customer satisfaction.

Vikram Shende [5], studies factors influencing customer preferences for particular segment of cars. Paper also consolidates findings and suggestions to overcome present scenario of stagnancy in sales and cultivate future demand for automobile car market.

### 3. OBJECTIVES OF STUDY

- i. To study performance of Auto Industry during FY2015-16 and FY 2016-17
- ii. To study performance of Auto industry during April-February 2018 vs April-February 2017

### 4. RESEARCH METHODOLOGY:

For this research paper, methodology used is Secondary Data collection. Analysis is completed by studying Research Papers, Automobile sites & blogs, Research Agency reports etc. Auto Industry Performance analysis study carried out for FY2015 -16 and FY 2016 -17 and also April - February 2018 vs April - February 2017.

### 5. DATA ANALYSIS & INTERPRETATION

After partial impact of Demonetization in the initial months of the year 2017 and the introduction of the GST - Goods and Services tax from July 2017, which made bigger and premium cars expensive. India is 5th biggest Automobile market, had grown 7% in 2016.



Data shows, apart from India and Japan, sales of top countries is either have reasonable growth or remained flat in 2017. Industry experts claimed Indian passenger car market is projected to remain on a growth journey in 2018.

SIAM data shows China has grown by 1.94% to 22 million units during the specified period in 2017. 8.09% growth achieved by Japan. Germany has grown by 2.98% in the 11 months of 2017 to 3.18 million units.

Indian passenger car automobile industry sale has grown by 9.15%, Jan - Nov 2017 reports showed the domestic passenger vehicle market grown to 2.98 million units against 2.73 million units in the Jan – Nov 16 of 2016.

According to auto expert's opinion India Passenger Car market would emerge as the world's 3<sup>rd</sup> largest market by 2020, when it can sell up to 5 million units.

### 5.1. Production Trend:

Indian Automobile industry produced a total 25.31 million units, includes passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2017 against 24.01 million units in April-March 2016, and registered a growth of 5.41 %.

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	31,46,069	32,31,058	30,87,973	32,21,419	34,65,045	37,91,540
Commercial Vehicles	9,29,136	8,32,649	6,99,035	6,98,298	7,86,692	8,10,286
Three Wheelers	8,79,289	8,39,748	8,30,108	9,49,019	9,34,104	7,83,149
Two Wheelers	1,54,27,532	1,57,44,156	1,68,83,049	1,84,89,311	1,88,30,227	1,99,29,485
Grand Total	2,03,82,026	2,06,47,611	2,15,00,165	2,33,58,047	2,40,16,068	2,53,14,460

**Production Trend Source: SIAM India**

### 5.2. Domestic Sales Trend:

In April - March 2017 domestic sale of Passenger Vehicles has grown by 9.23% over the same period last year. Under Passenger Vehicles, Passenger Cars, Utility Vehicles (UVs) and Vans grown by 3.85%, 29.91% and 2.37% respectively during April-March 2017.

The overall Commercial Vehicles segment ended with a growth of 4.16% over the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grown by 0.04% and Light Commercial Vehicles (LCVs) grown by 7.41% respectively during April-March 2017.

Three Wheelers sales displayed growth by -4.93% over the same period last year. Passenger Carrier sales declined by -8.83% and Goods Carrier sales grown by 12.75% in April-March 2017 over April-March 2016.

Two Wheelers sales recorded a growth of 6.89% over the same period last year. Under Two Wheelers segment, Scooters, Motorcycles and Mopeds grown by 11.39%, 3.68% and 23.02% respectively during April-March 2017.

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	26,29,839	26,65,015	25,03,509	26,01,236	27,89,208	30,46,727
Commercial Vehicles	8,09,499	7,93,211	6,32,851	6,14,948	6,85,704	7,14,232
Three Wheelers	5,13,281	5,38,290	4,80,085	5,32,626	5,38,208	5,11,658
Two Wheelers	1,34,09,150	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,851	1,75,89,511
Grand Total	1,73,61,769	1,77,93,701	1,84,23,223	1,97,24,371	2,04,68,971	2,18,62,128

**Domestic Sales Trends Source: SIAM India**

### 5.3. Export Trend:

Indian Automobile exports declined by - 4.53% during April - March 2017. While Passenger Vehicles and Commercial Vehicles exports recorded a growth of 16.20% and 4.99% respectively, Three Wheelers and Two Wheelers exports shown de-growth by -32.77% and -5.78% respectively over April-March 2016.

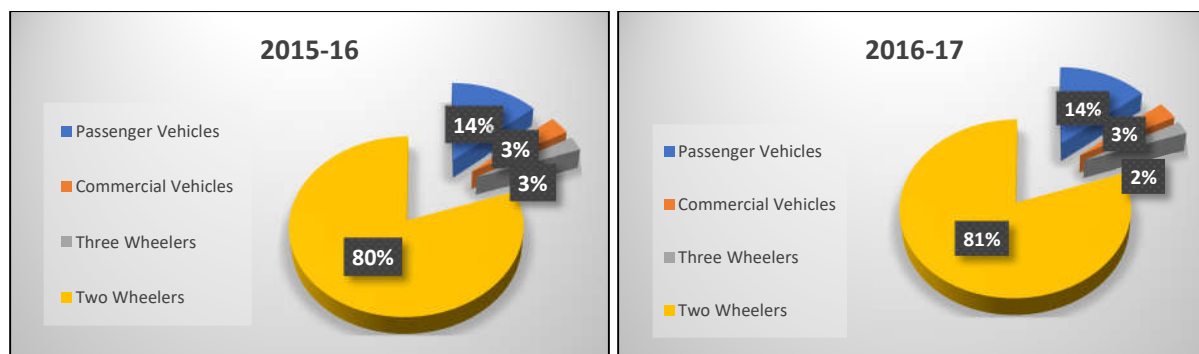
Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	5,08,783	5,59,414	5,96,142	6,21,341	6,53,053	7,58,830
Commercial Vehicles	92,258	80,027	77,050	86,939	1,03,124	1,08,271
Three Wheelers	3,61,753	3,03,088	3,53,392	4,07,600	4,04,441	2,71,894
Two Wheelers	19,75,111	19,56,378	20,84,000	24,57,466	24,82,876	23,39,273
Grand Total	29,37,905	28,98,907	31,10,584	35,73,346	36,43,494	34,78,268

**Source: SIAM India**

### 5.4. Industry Composition – Domestic Market Share Category wise:

Category	% Share (2015-16)	% Share (2016-17)
Passenger Vehicles	13.63	13.93
Commercial Vehicles	3.35	3.27

<b>Three Wheelers</b>	<b>2.63</b>	<b>2.34</b>
<b>Two Wheelers</b>	<b>80.39</b>	<b>80.45</b>
<b>Grand Total</b>	<b>100</b>	<b>100</b>



Source: SIAM India

### 5.5. April-February 2018 vs April-February 2017:

Indian Automobile industry produced a total 26,402,671 vehicles, together with Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle during April-February 2018 against of 23,078,120 in April-February 2017, and recorded a **growth of 14.41%**.

**Passenger Vehicle segment has grown by 8.04%** in April-February 2018 over the same period last year. Under Passenger Vehicles, Passenger Cars, Utility Vehicle and Vans has grown by 3.62%, 21.34% and 4.25% respectively in April-February 2018 over the same period last year.

**Total Commercial Vehicle segment has grown by 19.30%** in April-February 2018 over the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grown by 11.91% and Light Commercial Vehicles (LCVs) has grown by 24.64% in April-February 2018 against the same period last year.

**Total Three Wheelers segment has grown by 19.11%** in April-February 2018 over the same period last year. Under Three Wheelers, Passenger Carrier & Goods Carrier sales recorded a growth of 22.36% and 6.80% individually in April-February 2018 against the same period last year.

**Total Two Wheelers sales recorded a growth of 14.47%** in April-February 2018 against of April-February 2017. Under Two Wheelers segment, Scooters and Motorcycles sales shown a growth of 21.18% and 12.66% respectively, but Mopeds declined by -4.83% percent during April-February 2018 over the same period last year April-February 2017.

Indian Automobile export increased in April-February 2018 by **15.81%**. Two and Three Wheelers Segments recorded a growth of 20.30% and 37.02% respectively, but Passenger Vehicles and Commercial Vehicles shows de-growth by -1.80% and -13.26% independently during April-February 2018 over the same period last year.

(Source: SIAM India)

## 6. GLOBAL AUTO INDUSTRY: AN OVERVIEW

Globally also Auto industry is a key sector for the economy and for every major country in the world. This industry continues to grow and recorded a 30% increase over the decade 1995-2005.

Auto Industry design, Manufacture & Sales Car and at the same time create and contribute in Employment.

Roughly 9 million manpower is required directly in the manufacturing of around 60 million vehicles. This is over 5% of the world's total manufacturing employment.

Many people are employed in related manufacturing and services in connection with Automobile.

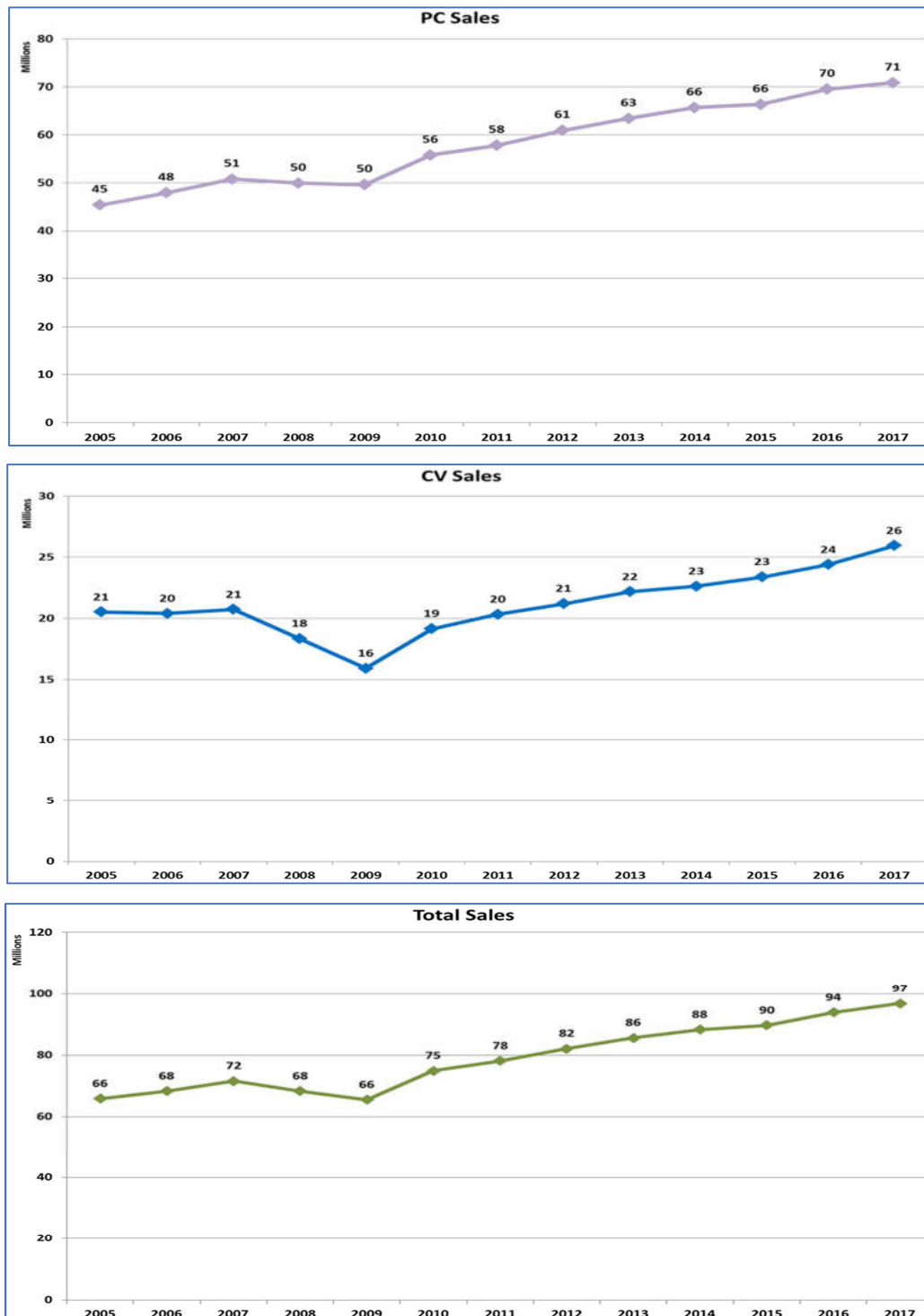
Automobile also supports other industries like steel, iron, aluminum, glass, plastics, carpeting, textiles, computer chips, rubber and vinyl etc. Raw material from these industries gets utilized in the manufacturing of a vehicle.

In this dynamic industry every direct job supports at least other 5 indirect jobs in the community, results into more than 50 million jobs owed to the auto industry.

The world's automobile industry manufactured over sixty-six million cars, vans, trucks and buses in 2005. These vehicles are essential for working of global economy and to satisfy transportation needs.

This level of output is equivalent to a global turnover of € 1.9 trillion. If vehicle manufacturing was a country it would be the sixth largest economy in the world.

### 6.1. World Motor Vehicle Sales 2005 To 2017 (2017 data are provisional) – in Million



Source: <http://www.oica.net/category/sales-statistics/>

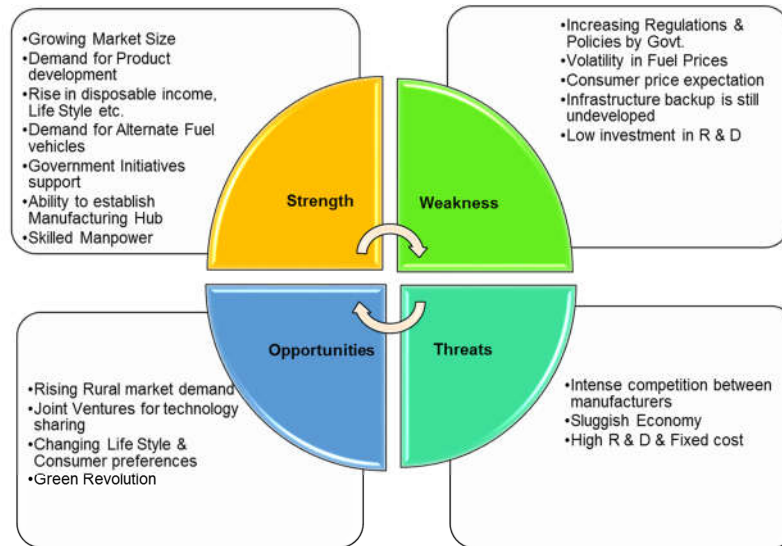


**6.2. Provisional New Passenger Car Registration or Sales Report:****Asia /Oceania / Middles East Countries:**

REGIONS/COUNTRIES	2011	2012	2013	2014	2015	2016	2017
ASIA/OCEANIA/ MIDDLE EAST	27,663,855	30,192,359	32,463,001	34,835,123	36,109,867	39,488,189	40,747,025
AUSTRALIA	803,450	882,680	899,965	883,949	924,154	927,274.0	915,219
AZERBAIJAN	10,000	14,000	21,000	23,300	9,100	4,300	2,180
BAHRAIN	26,000	40,000	43,500	49,600	47,700	39,200.0	32,066
BANGLADESH	20,800	24,600	24,000	29,300	28,500	15,400.0	20,297
BRUNEI	15,000	15,000	14,700	18,100	13,900	13,400.0	13,748
CAMBODIA	2,000	2,000	2,000	2,400	1,000	800.0	819
CHINA	14,472,416	15,495,240	17,927,730	19,707,677	21,210,339	24,376,902.0	24,961,948
HONG-KONG	35,043	35,985	38,884	40,557	44,261	36,304.0	39,245
INDIA	2,510,313	2,781,919	2,553,979	2,570,736	2,772,270	2,966,637.0	3,227,701
INDONESIA	602,291	780,785	880,032	863,268	755,566	834,920.0	824,901
IRAQ	71,500	80,000	78,200	61,000	33,500	16,000.0	15,568
IRAN	1,452,965	901,268	691,709	1,106,700	1,055,400	1,320,300.0	1,592,282
ISRAEL	210,000	190,000	200,000	228,000	247,300	276,900.0	271,362
JAPAN	3,509,036	4,572,333	4,562,282	4,699,591	4,215,889	4,146,459.0	4,391,100
JORDAN	11,000	11,500	14,500	15,700	14,700	12,400.0	12,648
KAZAKHSTAN	38,348	86,959	153,664	151,424	81,500	86,706.9	92,343
KYRGYZSTAN	5,000	4,000	4,000	4,000	4,000	1,800.0	1,895
KUWAIT	95,000	116,500	125,000	126,300	124,200	95,400.0	87,959
LAOS	4,000	5,000	6,000	9,800	5,600	4,200.0	3,116
LEBANON	31,000	35,500	35,500	38,300	38,700	35,600.0	36,205
MALAYSIA	535,113	552,189	576,657	588,348	591,275	514,545.0	519,690
MONGOLIA	3,000	2,000	1,500	1,100	700	1,300.0	1,340
MYANMAR	1,800	2,100	2,000	1,000	1,000	1,300.0	2,068
NEPAL	3,000	3,600	3,500	5,300	4,000	6,400.0	2,720
NEW CALEDONIA	7,525	7,250	6,272	6,469	6,068	5,662.0	6,189
NEW ZEALAND	63,471	76,871	82,433	90,131	94,964	102,514.0	108,460
OMAN	115,000	130,000	140,000	138,600	121,100	115,700.0	98,692
PAKISTAN	140,184	136,026	121,122	123,950	182,231	177,222.0	203,274
PALESTINE	19,700	21,600	21,100	21,100	21,100	21,100.0	21,754
PHILIPPINES	57,768	64,165	76,822	90,287	116,381	133,188.0	156,363
QATAR	45,000	60,000	65,000	71,500	69,200	50,200.0	37,349
SAUDI ARABIA	460,000	540,000	570,000	632,700	672,300	549,400.0	438,421
SINGAPORE	33,493	32,724	27,955	32,807	61,512	91,096.0	94,467
SOUTH KOREA	1,293,501	1,256,403	1,243,868	1,359,834	1,533,670	1,533,813.0	1,495,468
SRI LANKA	7,000	8,000	10,000	13,800	12,500	26,300.0	14,228
SYRIA	33,160	36,300	35,500	33,400	33,400	33,400.0	33,734
TAJIKISTAN	7,500	6,000	6,000	6,100	6,100	1,900.0	2,001
TAHITI	4,000	3,000	2,500	2,500	2,300	2,700.0	3,848
TAIWAN	235,205	211,578	211,824	235,480	212,236	206,092.0	208,153
THAILAND	360,441	660,214	663,746	411,402	356,063	328,053.0	401,537
TURKMENISTAN	5,000	4,500	4,500	4,600	4,600	4,500.0	4,802
UNITED ARAB EMIRATES	193,268	211,500	206,700	206,700	214,000	166,400.0	149,760
UZBEKISTAN	48,000	45,000	45,500	46,000	46,000	43,900.0	46,227
VIETNAM	64,564	44,070	59,857	79,813	117,288	159,501.0	152,642
YEMEN	2,000	2,000	2,000	2,500	2,300	1,100.0	1,238

Source: <http://www.oica.net/category/sales-statistics/>

## 7. SWOT: INDIAN AUTOMOBILE INDUSTRY



### 7.1. Facts about Automobile Industry Growth:

#### 7.1.1. Government Initiatives:

1. Make in India
2. Automotive Mission Plan 2026
3. NEMMP 2020 – National Electric Mobility Mission Plan
4. NATRIP – National Automotive Testing and R & D Infrastructure Project
5. FAME – Faster Adoption and Manufacturing of Hybrid and Electric Vehicles

#### 7.1.2. Future Advancements:

1. Green Revolution - Each OEM currently seems to be pursuing multiple technologies such as CNG, bio-fuel, hybrids, hydrogen, fuel cells, Plug-ins or EVs.
2. Mobility Revolution – Upcoming metro projects will affect Public Transport use, Industries must take care of same.

#### 7.1.3. Growth propelling factors:

1. India's changing demographic profile
2. Sufficient Skilled Manpower availability

#### 7.1.4. Future challenges:

1. Fuel Economy
2. Changing Customer Preferences

3. Government support to manufacturers by issuing National Policy
4. Setup of Electric Vehicle infrastructure – Fueling/Charging stations
5. Need of more CNG pumps as compare to Petrol/Diesel pumps
6. Environmental Restrictions

## 8. CONCLUSION

The industry produced a total 26,402,671 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in April-February 2018 against 23,078,120 in April-February 2017, registering a **growth of 14.41%** over the same period last year. In April-February 2018, overall **automobile exports increased by 15.81%**. Indian automobile industry is growing at a very high rate, in domestic & international markets. The sale of **Passenger Vehicles grew by 8.04%** in April-February 2018 over the same period last year.

India, most experts claimed, would emerge as the world's third-largest market by 2020, when it can sell up to five million units.

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