



A Review of Indian Automobile Industry

Mrs. Pooja Vidyarthee

poojavid87@gmail.com

Abstract

India's automobile sector is a major contributor to the country's economic prosperity and improvement in technology. About 32 million people are employed directly and indirectly by the automobile sector, which now contributes more than 7% of the total GDP. The Indian automobile sector has risen to the position of world leader as a result of strong local demand and favourable government policy. Electric vehicles (EVs) and intelligent transportation systems (ITS) are likely to undergo big changes in the Indian auto industry, as they do in many other nations, in an effort to address current problems such as traffic congestion, fuel dependence, air and noise pollution, and so on.

Key Words: Automotive, Industry, Indian, Economy, Environmental etc.

Introduction

Economic growth has resulted in a rise in the use of raw materials and energy, reducing their availability and creating environmental issues. When it comes to keeping consumers and the natural environment safe and healthy, this has become a huge concern for businesses. Keeping environmental concerns in mind, organisations are embracing green business practises because they see the benefits of doing so. Businesses are being compelled to use green marketing strategies by government laws, public concern about global warming, and other environmental problems. This is a distinct definition of "green marketing," which is the total of efforts by corporations to make their goods less harmful to the environment by producing, promoting, packaging, and reclaiming them. There was a glaring omission from their criteria, however, when it came to the environmental impact of consumption and disposal of goods. Although material procurement and transportation in an environmentally friendly manner were not included in these standards. It is essential for companies to obtain raw materials from green sources and build green supply chain management systems in order to execute entire green marketing strategies. The term "green marketing" refers to all of the strategies used to attract and keep environmentally conscious consumers.

Indian Passenger Car Industry

There has been a dramatic rise in industrial activity in recent decades, resulting in environmental damage and serious consequences. Since 1962, environmental issues have been brought into closer emphasis. Governments and non-governmental organisations in affluent nations are increasingly concerned about environmental issues. North American, European, and Asian industrialised nations have made significant efforts to conserve the environment, yet many of these efforts have failed to provide the expected effects. Consumer environmental consciousness is rising along with environmental legislation at the national and international levels in today's technologically advanced globe. Consumers are becoming more concerned about the environment, which is prompting companies to implement environmental policies. Companies are increasingly taking the lead in efforts to promote sustainable production and consumption patterns as a problem to be tackled by private players rather than governments. Companies began developing environmentally friendly goods to combat environmental deterioration in response to government laws and an increase in consumer environmental consciousness. They are also adopting green marketing methods including environmental advertising, eco-labelling, and eco-branding to capitalise on their environmental initiatives. Customers' awareness and understanding of green product traits and characteristics can assist firms develop a positive image of their brands as a result of these efforts.

Review of literature

(Deniz and Onder 2017) studied "*Determinants Of Brand Equity In Green Products: The Relationships Among Green Brand Image, Green Trust And Green Satisfaction*" and discovered that "Brand" is a widely talked and researched marketing term. Name, word, symbol, or any other element that distinguishes one seller's goods and services from those of other sellers is defined as a brand by the American Marketing Association. While marketing activities help companies position items that are similar in terms of quality, usefulness, and effectiveness, brands offer a connection and relationship with customers that are distinct from those established by marketing activities.

(Hussain and Waheed 2016) studied "*Building green brand relations: The role of green brand image as significant driver*" The impact of green brand image in generating trust, connection, and commitment to a green brand was discovered by researchers. An additional benefit of the research was the creation and validation of scales to assess two new concepts: "green brand



attachment" and "green brand commitment". The research provided an integrated theoretical model after conducting a literature assessment and identifying gaps. Validation using confirmatory factor analysis showed that the results were reliable, convergent, and discriminatively valid.

(Fonseca 2015) studied "*the impact of green marketing practices on consumer buying decision*" as well as discovered that colour may be a powerful motivating factor for consumers. Since then, corporations have been using green marketing methods, such as making goods more environmentally friendly and including features that have a less effect on the environment.

(Jagdev n.d.) studied "*Decoding the Indian Passenger Vehicle Market*" that the Indian automobile sector is presently responsible for roughly 7% of GDP, with a goal of increasing this to 10% by 2026 under the automotive mission plan. As the world's third biggest car market, India is expected to be a lucrative one in the not-too distant future. Passenger car demand is on the rise because of rising incomes and expectations. International passenger car manufacturers are eager to invest and join the Indian market or expand their current operations in light of these favourable developments.

(2019) studied "*Indian automotive sector: Creating future-ready organisations*" and uncovered that Now, the Indian automotive sector is experiencing five megatrends that are predicted to have a significant impact on the industry. In today's global and Indian auto markets alike, rapidly changing consumer demands, disruptive technological influence, dynamic regulatory environments, shifting patterns of mobility, and global interconnection are all having an effect on how automakers conduct business. Until recently, the sector has never seen such a wide-ranging transformation. Technology like self-driving cars and ride-hailing services are changing the way people get around.

(Miglani, 2019) studied "*The Growth of the Indian Automobile Industry: Analysis of the Roles of Government Policy and Other Enabling Factors*" and noted that India's car sector is one of the country's most significant drivers of economic development and one that participates heavily in global value chains. Because of the significant government backing, this industry has been able to carve out its own niche in Indian manufacturing. Autos made in this nation are specifically targeted towards the low- and middle-income segments of the population, making it unusual among the countries that create automobiles.

(Mu 2019) studied "*Indian Automobile Industry Analysis*"



The car industry in India is the fourth biggest in the world. During 2019, India ranked fourth in the world for automobile production and seventh for commercial vehicle production. This sector in India will generate between Rs 16.16 and 18.18 trillion (US\$ 251.4 and 282.8 billion) in revenue by 2026. According to statistics given by the Department for Promotion of Sector and Internal Trade (DPIIT), the industry received US\$ 24.21 billion in FDI from April 2000 to March 2020. (DPIIT). Between FY16 and FY20, domestic vehicle manufacturing climbed by 2.36 percent CAGR, resulting in a total of 26.36 million cars produced in the nation.

(Hasan et al. 2019) studied "*Green business value chain: a systematic review*" Since environmental repercussions must be taken into account promptly, conventional corporations are becoming more and more environmentally conscious. The findings of this research have consequences for environmental protection, social security, and commercial stability.

Overview of the Indian Automobile Industry

Until the country's independence, the Indian automobile market was seen as a market for foreign automobiles, although General Motors and other manufacturers' cars were manufactured there. Servicing, dealership, financing, and maintenance of automobiles were the primary functions of the Indian automotive business. Manufacturing began after a decade of independence. Until the 1950s, India's transportation needs were mostly provided by the Indian Railways. India's car sector has experienced several difficulties since independence. The government's primary goal was to spur economic growth by implementing long-term, capital-intensive initiatives like steel manufacture. Priority was given to product quality and customer satisfaction. The government requires a licence to set up a manufacturing facility. Despite these difficulties, the industry expanded. Passenger automobile manufacturing was restricted to 40,000 units for over three decades after the country's independence. Production was limited to three companies: Standard Motors, Hindustan Motors, and Premier Automobiles. In the industry, there was no R&D or specialisation. In the beginning, workers were inexperienced and had to learn on the job via trial and error. It was in the 1950s when Morris Oxford and Fiat 1100 were dubbed Ambassador and Premier Padmini, respectively. Nearly all of the automobiles on the road in the 1960s were designed and built in the United States. The car industry had seen considerable transformations by the decade's conclusion in the 1970s. Joint ventures for light commercial cars, for example, were strong attempts that failed. The new models, Contessa, Rover, and the Premier 118NE, went on sale. As far back as the 1980s,



India's economy remained mostly socialist and closed to the outside world. Delicensing of the sector and subsequent opening up of the sector to 100 percent FDI via the automatic method marked a fresh beginning for the Indian automobile industry in 1991. India's economic reforms and deregulation have made it a desirable investment location. India has already become one of the world's fastest-growing car markets.

Global automobile manufacturers –

Increasingly, Japanese automakers Suzuki and Honda, as well as Korea's Hyundai Motor Company, depend on their Indian operations to help them grow. The fact that nine out of the top 10 global automakers have a presence in India shows just how critical the country's automotive sector is. By aggressively investing in new product development and product technology advancements, global rivals are increasingly focusing on India and generating India-centric goods. In addition, the cost structures of multinational firms are becoming competitive due to the rising use of local sourcing and development in India. Hatchbacks and sedans were the primary emphasis of many MNC OEMs when they first entered the Indian market. As a result, there is a lot of severe rivalry in the UV market. Future rivalry is projected to be more intense as global rivals bring decades of international expertise, global size, sophisticated technology, and huge financial resources with them. A decade after setting up shop in India, MNC OEMs have taken 84.9 percent of the domestic Passenger Vehicles (PV) market share and are increasingly utilising India as an export base, with 22.1 percent of their output exported. However, with a market share of 96.1%, Indian original equipment manufacturers (OEMs) continue to rule the commercial vehicle business.

Government Policy

The development of India's car sector would not have been possible without the government's strong policy backing. With no minimum investment requirements and refunds on R&D spending, the government announced Auto Policy 2002 in 2002, which gave automatic clearance for foreign equity investment up to 100% and boosted R&D. The government's "Make in India" policy will play a major role in the expansion of the car sector after the shift from the UPA to the NDA. Faster Adoption & Manufacturing of Electric Hybrid Cars (FAME) was introduced by the government in April 2015 and would encompass all vehicle sectors,

including hybrids and pure electric vehicles, until 2020. In order to make electric vehicles more accessible and popular, this programme provides subsidies. It is the goal of the government to turn India into a worldwide centre for manufacturing and for research and development. According to the Automotive Mission Plan (AMP) 2016–26, which was announced in January 2016, India's car industry was expected to increase fourfold between 2016 and 2026.

Conclusion

Environmental and consumer expectations are always putting pressure on the global automobile sector. Fuel efficiency, gas emissions, safety, and affordability are some of the challenges confronting the business. More than ever, automobile manufacturers are under intense pressure to provide automobiles that are both affordable and high quality, as well as easy to manufacture. Vehicle efficiency and fuel economy will improve as a result of the automotive industry's use of lightweight materials that fulfil these performance and cost standards. As a result, EU safety and economic requirements are impacting the selection of automobile materials, notably the vehicle mass and performance. The company's employees should be well-versed on environmental issues. When it comes to hiring new employees, companies should look for those that are environmentally sensitive and pose probing questions.

References

1. Deniz, Arzu, and Leyla Onder. 2017. "Determinants Of Brand Equity In Green Products : The Relationships Among Green Brand Image , Green Trust And Green Satisfaction." 2(11):1–8.
2. Fonseca, Joana Cristina Gamboia. 2015. "The Impact of Green Marketing Practices on Consumer Buying Decision." *ISCTE Repositório - Master Dissertation in Business Administration Supervisor*: 0(0):0.
3. Hasan, Md Morshadul, Md Nekk Mahmud, Lu Yajuan, and Masum A. Patwary. 2019. "Green Business Value Chain: A Systematic Review." *Sustainable Production and Consumption* 20(5):326–39. doi: 10.1016/j.spc.2019.08.003.
4. Hussain, Khalid, and Ajmal Waheed. 2016. "Building Green Brand Relations: The Role of Green Brand Image as Significant Driver." *International Journal of Environment, Workplace and Employment* 4(2):116–38. doi: 10.1504/IJEWE.2016.080447.



5. Jagdev, Suman. n.d. “Bajaj Aurangabad Plant Workers to Get 50% Salary, Only If They Turn up on 8th and 9th of July.”
6. Miglani, Smita. 2019. “The Growth of the Indian Automobile Industry: Analysis of the Roles of Government Policy and Other Enabling Factors.” 439–63. doi: 10.1007/978-981-13-8102-7_19.
7. Mu, Ari. 2019. “Indian Automobile Industry Analysis.” *Journal of Chemical Information and Modeling* 53(9):1689–99. doi: 10.1017/CBO9781107415324.004.
8. PWC. 2019. “Indian Automotive Sector : Creating Table of Contents.” (May).