A Study on automobiles export from India

Submitted for the partial fulfilment of the requirement of the degree of

Master of Business Management

In

International Transportation and Logistics Management

By

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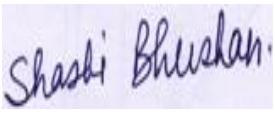
Declaration

The project work titled "**A Study on automobiles export from India"** has been carried out by me under the direction of Dr M Sekar in partial fulfilment of the requirements for the award of the degree of Master of Business Administration in International Transportation and logistics Management to be submitted to the School of Maritime Management, Indian Maritime University, Chennai Campus.



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Chapter 1
Introduction

1.1 Background

The automotive industry is made up of a diverse group of businesses and organisations that are involved in the design, development, production, marketing, and sale of automobiles.

The first car was driven on an Indian road in 1897. Cars were only imported in modest numbers until the 1930s.

Following India's independence in 1947, the government and business sector collaborated to establish an automotive component manufacturing industry to supply the car industry. Imports of fully built-up cars were limited beginning in 1953 as part of an import substitution programme.

Between 1947 to 1970. There were various changes made in automobiles sector and one of the biggest changes made the 1952 Tariff Commission.

The government established the first Tariff Commission in 1952, with one of its goals being to develop a feasibility plan for the indigenization of the Indian automobile sector.

The commission issued a report in 1953 that advocated categorising existing Indian automobile businesses based on their manufacturing facilities, with approved capacity to manufacture a specific number of vehicles and future capacity expansions allowed based on demand.

The recommendations of the Tariff Commission were adopted with new laws that would eventually exclude enterprises that just imported parts for assembly and those that did not have an Indian partner.

Following the establishment of the Tariff Commission in1954, General Motors, Ford, and the Rootes Group, who had assembly-only operations in Mumbai, decided to move out of India.

The Licence Raj was born out of the Tariff Commission policies, which included similar restrictions that applied to other industries, and proved to be the greatest undoing of the Indian automotive industry, with bureaucratic red tape causing demand to outstrip supply, resulting in month-long waiting periods for cars, scooters, and motorcycles.

Various types of automobiles present in Indian market which are:

- Passenger car
- Utility and light commercial vehicles
- Medium and Heavy Commercial Vehicles
- Two Wheelers Vehicle

Between 1970 to 1983, However, due to nationalisation and the licence raj, which impeded the growth of the Indian private sector, growth was relatively moderate throughout the 1950s and 1960s.

In the early 1970s, there was some potential for development, and most of the cooperative licence agreements came to an end, but with the option to continue producing with new branding.

Jeeps were mostly used by government institutions and in some rural areas, and cars were still designated for the wealthy. By the end of the decade, some advancements in commercial vehicle segments had been made to help with the movement of products. Except for increased sales to the middle class in urban areas, the two-wheeler market remained stable.

However, after limitations on car imports were imposed in 1970, the automotive sector began to expand; however, tractors, commercial vehicles, and scooters accounted for the majority of the expansion. Automobiles remained a significant luxury item. Price limits were finally eliminated in the 1970s, allowing the vehicle market to become more competitive.

However, during the 1980s, Hindustan and Premier still dominated the automotive market, selling only a few superannuated vehicles. The rate of car ownership in 1981 was about one in every thousand citizens – Understandable, given that the annual road fee alone cost almost half of an Indian's average wage at the time.

A few competitors began to appear on the scene in the 1980s. All but six of the 30,487 automobiles created in India in 1980 came from the two main manufacturers, Hindustan and Premier: Standard had existed in the shadows throughout the second half of the 1970s, manufacturing only a few cars to keep their licence active.

OBJECTIVES OF THE STUDY

- To study the export of automobiles from India
- To study the strategies adopted by 3 major ports i.e., Mumbai port, Mundra port & Chennai port
- To Suggest findings from the above study

SCOPE OF STUDY

There are just three designated ports for automobile exports. Mumbai Port, Gujarat's Mundra Port, and Tamil Nadu's Chennai Port are among them. Hyundai employs the port of Chennai, which is adjacent to its manufacturing facilities. Maruti Suzuki uses the Mundra Port in Gujarat, while Tata Motors uses the Mumbai port.

Maruti Suzuki exports from Mundra Port in Gujarat state as Maruti Suzuki has made investments in a new port and car handling facility here, while Hyundai ships vehicles from the Chennai Port, Master reveals. “The most important reason for them to use these ports is that they are closest to their manufacturing facilities. In fact, the production locations were chosen keeping these ports in mind,”

For vehicles leaving India there are a few simple choices–to export a fully built car, or to export the car in parts; and whether to use specially designed passenger car carriers, or to use containers. Many carmakers in India still use containers to ship finished vehicles, says VG Ramakrishnan, as ro-ro terminals are still being developed. Car makers generally choose the port that is closest to their production base, but will that change as facilities at more distant ports develop?

Now we will see in details each and every port characteristic and their contribution towards automobile sector in details way.

- Mundra Port
- Mumbai Port
- Chennai port

These are the 3 ports mainly deal with automobiles export from India to all over the world where ever it is necessary.

Mumbai Port

The port in the Indian capital of Mumbai is made up mainly of two major ports: the newer Jawaharlal Nehru Port, known as JNPT at Nhava Sheva, and the Old Mumbai Port, referred to as MbPT. The JNPT port in Mumbai is run by the Mumbai Port Trust and is the country's largest container port.

Other analysts echo this opinion. "Our belief is that Nano Europa will be initially exported in CBU form," confirms Master. However, ro-ro vessels do dock at the Old Mumbai Port. Anil Varma, who heads up NYK Line's passenger car carrying lines in India says NYK Line's pure car carrying vessels dock at the MbPt Port, where cars are then driven onto the vessels. This port is primarily used by Tata. "We use Port MbPT and occasionally Port Mundra because our production units are located in the western, northern, and eastern regions of India," explains Prakash Shende, who oversees Tata Motor's worldwide supply chain management.

The port is situated into different areas based on the type of cargo to be handled.

- Main Harbour in colaba area :- for handling dry bulk, general cargo, automobiles
- The Jawahar Dweep (Butcher Island) is used to handle crude and POL products.
- Pir pau :- for handling chemicals

JNPT PORT TERMINAL

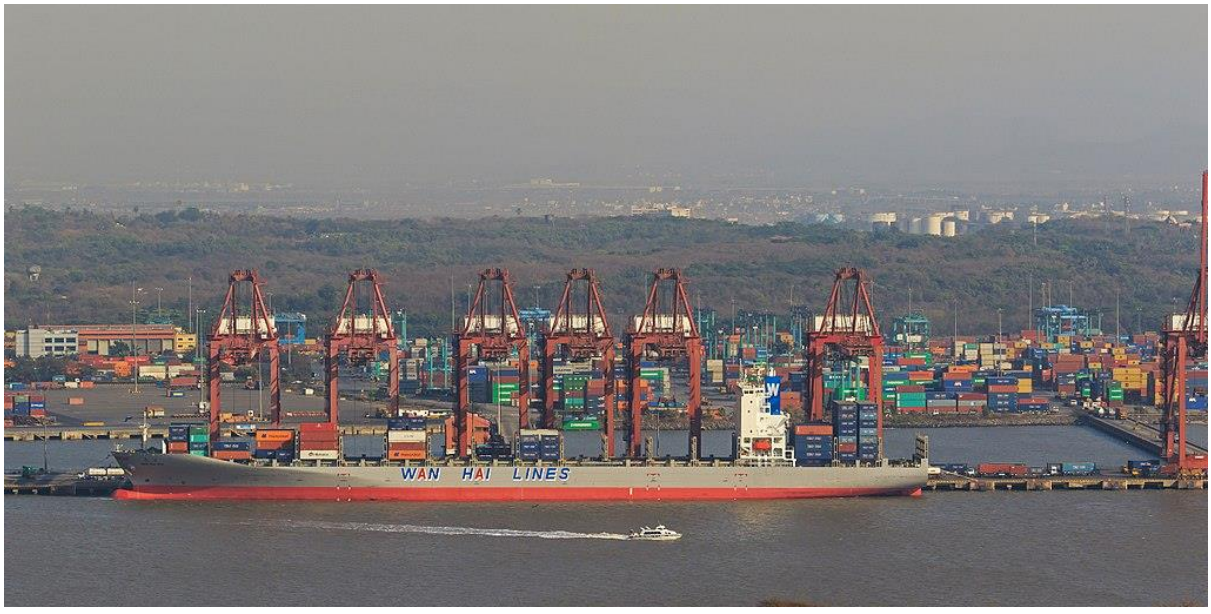


Fig 1.1

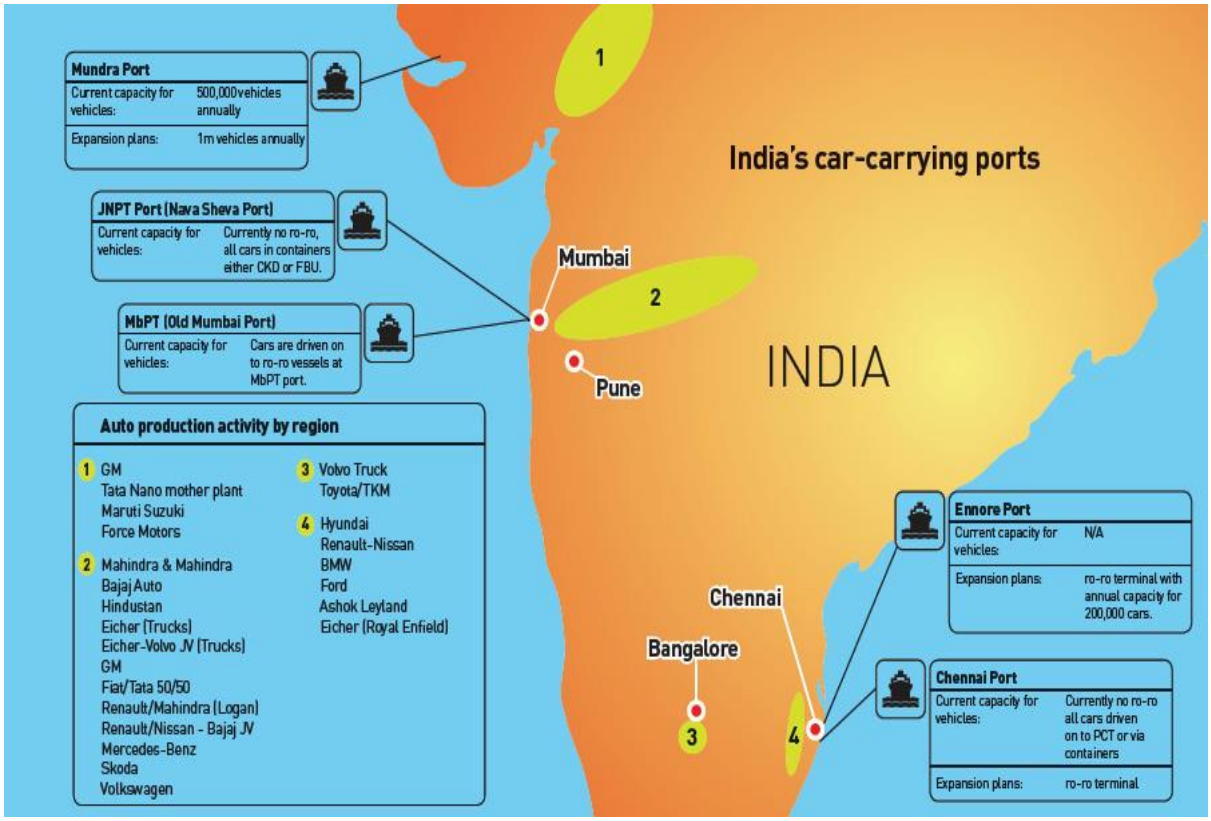


Fig 1.2

Mundra Port

Adani Ports and Special Economic Zone Limited (APSEZ) is India's largest commercial port operator, handling over a quarter of the country's cargo. Its presence in 12 domestic ports across seven maritime states, including Gujarat, Maharashtra, Goa, Kerala, Andhra Pradesh, Tamil Nadu, and Odisha, gives it the broadest national footprint with the most extensive hinterland linkages.

The port facilities are outfitted with cutting-edge cargo-handling infrastructure that is not only best-in-class, but also capable of handling the largest ships that dock in India. Our ports can handle a wide range of cargoes, including dry freight, liquid cargo, oil, and containers.

Suzuki Motors, a Japanese automaker, uses the newly established automobile terminal at Mundra Port to export cars from Maruti Suzuki India. Mundra Port is a privately owned port with specially constructed facilities for finished car exports and rail connections.

The Adani Mundra Automobile Terminal is a dedicated automobile terminal at Mundra Port that has its own logistics handling firm to manage finished vehicle transhipment. “Adani Logistics, a Mundra Port and Special Economic Zone subsidiary, specialises in automotive logistics and uses the safest and most reliable infrastructure for carrying vehicles in containers,” adds Hari krishnan.

Mundra Port is well connected by rail by a private railway line of 64 kilometres to the nearest Indian Railway network.

Adani Mundra Automobile Terminals

Fig 1.3

The port also regularly handles Indian Railways auto waggons carrying Maruti Suzuki autos from their Gurgaon plant," he adds. According to Mundra Port's Mitul Parekh, the majority of Maruti Suzuki automobiles come at the port by rail, accounting for little over half of all Maruti Suzuki vehicles. Maruti Suzuki has been awarded an unique designated area for pre-delivery inspection at Mundra Port. "The port also regularly handles Indian Railways auto waggons carrying Maruti Suzuki autos from their Gurgaon plant," he adds. According to Mundra Port's Mitul Parekh, the

majority of Maruti Suzuki automobiles come at the port by rail, accounting for little over half of all Maruti Suzuki vehicles. Maruti Suzuki has been awarded an unique designated area for pre-delivery inspection at Mundra Port. The PDI facility is spread over an area of 35 acres and can park up to 10,000 vehicles.

Mundra Port also has plans to develop outside of Gujarat. “We are exploring for chances in other parts of the country and the world, and we will surely consider opening additional terminals,” Parekh says. According to Anil kumar Varma, assistant general manager of NYK Company, the Japanese shipping line is also interested in expanding with a specialised automobile port at Mundra Port (India).

Chennai Port

Chennai Port, India's third-oldest port among the country's 12 major ports, is a growing hub port on the country's East Coast. The nation's marine trade has been served by its gateway port for all goods for 137 years.

The port now With three docks, 24 berths, and draft varying from 8.5 to 16.5 metres, the Port has established itself as a hub port for Containers, Cars, and Project Cargo on the East Coast.

Chennai Port is one of the largest ports with its own Terminal Shunting Yard and railway operations within the harbour. The port has 41 kilometres of railway lines and eight sidings to handle a wide range of cargo such as granite, food grains, dry bulk, and so on. Separate sidings are available for processing containers.

In comparison to the previous year, the Port handled 51.88 million tonnes of cargo in 2017-18. Cargo shipments totalled 50.21 million tonnes in 2016-17. Container volume grew to 1549457 TEUs in 2017-18, up from 1494831 TEUs the previous year. Pre-Berthing Detention, Turn Around Time, and Ship Berth Day Output were among the physical performance metrics that improved.

This port serves a 60-kilometer automobile corridor that is home to a number of global automakers' manufacturing facilities.

It extends from Gummidipoodi, 50 kilometres north of Chennai, to Maraimalai Nagar, 35 kilometres south of Chennai, and is

served by two major ports: Chennai and Ennore. According to industry projections, 1.25 million passenger vehicles will be produced in this corridor by 2012.

BMW, Ford, Hyundai, Renault and partner Nissan, Mitsubishi Motors, as well as industrial and commercial vehicle manufacturers including Komatsu, Caterpillar, and Caparo Group, are all represented in the corridor.

Hyundai exports all finished automobiles through the Chennai Port, according to V Anand, Hyundai Motor India's general manager of sales and logistics. “It is the closest port and is conveniently placed at a distance of about 40 kilometres from the facility with all the essential amenities, such as deep draught for handling the most contemporary ro-ro vehicle carriers with a capacity of over 6,500 cars,”

Chennai has a draught of 14 metres, allowing it to handle even the most sophisticated ro-ro vessels. The West Quay is reserved for car carriers, and there are no restrictions on length along the axis. The port also claims that the loading and unloading processes are unaffected by tidal influences. Chennai also has competent drivers who have been properly educated to handle

automobiles of various sizes, transmissions, and left-hand or right-hand drive, and can load cars at a rate of 300-350 cars per hour on average.

Fig 1.4

Hyundai motors at Chennai port

RESEARCH METHODOLOGY

This study is not based on any primary data sources and relies entirely on secondary data sources. All these secondary data sources are collected from the concerned port website, news articles and published reports.

LIMITATIONS OF THE STUDY

Following are the limitations of the study

- The study is only based on secondary data
- Only 3 ports out of 12 major ports could be studied in this process
- Availability of data was the main limitation of this study
- Analysis involved lots of tools but only selected tools were studied
- Data used is secondary data

Chapter 2

Literature Review

2.1 Introduction

In this chapter, a review of the literature is carried out. Theoretical concepts in the area of automobiles industry and its export from India in last 10 years

2.2 Review of literature

- In their study, Pradeep ta K Sarangi et al (2014) discovered that, despite the ups and downs in the growth of the Indian vehicle sector in recent years, their experiments revealed good growth in all segments.

- In his research, Jatinder Singh (2014) discovered that the policy environment has changed dramatically over the last three decades has eventually contributed to the country's growth and export intensity of automobiles. The impact of the shifting economic climate can be seen in several parts of the industry. In her research, Vandana Singh (2017) discovered that the automobile sector has a large multiplier

effect and can be a driver of economic growth. A well-functioning transportation system, which is intertwined with the automobile industry, is critical to the country's rapid economic development.

- Sarangi, Pradeepta K. Shahin Bano Megha Pant (2014) used statistical techniques to investigate the growth of the Indian automobile sector and present anticipated numbers for the three fiscal years 2013-14 to 2015-16. Passenger and commercial cars were the two segments of the automobile industry studied. Tarun sharti and Jyoti Pradhan (2013) conducted a conceptual study on Indian foreign trade with a focus on automobiles industry. The study was confined to auto vehicles only. The research also covers the Indian automobile industry's growth drivers.
- Since 1991, when India's reforms began, the automobile sector has undergone significant restructuring, according to Jatinder Singh (2014). India's automobile sector contributed around 8% of the country's GDP. Because of a growth in the income of India's middle-class households.

Easy credit policies for the purchase of two-wheelers and automobiles are followed by the Banks aided the automobile industry's rapid expansion.

- According to Jimmy Corton Gaddam (2013), the increase in the trend of automotive manufacturing and sales was attributable to the increased expansion of the Indian economy as well as the increase in high income levels of consumers Because there is still a low penetration of automobiles in India, the vehicle sector has a huge future potential.

Chapter 3

Industry Profile

According to the Ministry of shipping, around 95% of India's trading by volume and 70% by value is done through maritime transport. In November Ministry of shipping was renamed as Ministry of Ports, shipping and waterways.

India has 12 large ports and 205 minor and intermediate ports that have been notified. Under the national perspective plan for sagarmala, six new mega ports developed in the country. The Indian ports and shipping industry plays a vital role in sustaining growth in the country's trade and commerce. India is the sixteenth- largest maritime country in the world with a coastline of about 7,517kms. The Indian government also plays a vital role in supporting the port sector. It has approved up to 100 percent Foreign Direct Investment (FDI) via the automatic route for port and harbour building and maintenance projects. It has also has facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports.

Indian ports market size

- India’s key ports had a capacity of 1,534.91 million tonnes per annum (MTPA) in FY20. In FY21, all key ports in India handled 672.60 million tonnes (MT) of cargo traffic.
- Merchandise exports reached US$255.92 billion in FY21 (until February 2021).
- Through mechanisation, deepening the draught, and quick evacuations, the government has taken many steps to increase operating efficiency.

Investments and Developments

- In April 2021, the competition commission of India has issued approved the plan to acquire .Gangavaram port Limited by Adani Ports and Special Economic Zone Limited (APSEZ).
- The Indian Government has announced that seven major ports worth US$274 million will commence operations under the public-private partnership model in 2021-22.
- In April 2021, Adani ports signed an agreement with Vishwa Samudra Holdings Pvt. Ltd. to acquire a 25% stake of Adani

Krishnapatnam Port Limited for a consideration of Rs.2,800 crore

- In March 2021, Adani ports and special economic Zone Limited (APSEZ) announced plans to acquire a 58.1% stake in Gangavaram port limited for Rs 36.04 billion. The port is currently owned by DVS Raju and his family.
- In November 2020, the Mormugoa Port Trust, which operates the western Indian port of Mormugoa, extended concessions on iron ore imports and export freight traffic until June 2021 in order to support India's iron ore shipping trade during COVID-19.
- In November 2020, Adani ports and Special Economic Zone Limited (APSEZ) completed the acquisition of Krishnapatnam port company ltd. For an enterprise value of Rs12,000 crore.
- In January 2020, DP world launched a new rail service between Kochi and Bangalore to lower costs and reduce transit time between the two cities by >40%.

India's automobile exports have grown consistently and reached $4.5 billion in 2009, with the United Kingdom being India's

largest export market, followed by Italy, Germany, the Netherlands, and South Africa.

According to The New York Times, India's strong engineering background and skill in the production of low-cost, fuel-efficient cars has led to the establishment of manufacturing facilities for a number of automakers, including Hyundai, Nissan, Toyota, Volkswagen, and Maruti Suzuki.

In recent years, India has established itself as a key hub for the production of compact automobiles. Hyundai, the country's largest exporter, now exports more than 250,000 cars each year. Maruti Suzuki also makes compact cars for Nissan, which sells them in Europe, in addition to shipments to Suzuki's other countries.

TOP 10 BEST-SELLING AUTOMOBILES MODELS IN INDIA

(FY 2010- FY 2020)

	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
2010	Maruti Alto	Hyundai i10	Maruti Wagon R	Maruti Swift	Tata Indica	Maruti Swift Dzire	Maruti Omni	Hyundai Santro	Tata Indigo	Mahindra Bolero
2011	Maruti Alto	Maruti Wagon R	Hyundai i10	Maruti Swift	Tata Indica	Maruti Swift Dzire	Mahindra Bolero	Maruti Omni	Hyundai i20	Tata Indigo/Manza
2012	Maruti Alto	Maruti Swift	Maruti Swift Dzire	Maruti Wagon R	Mahindra Bolero	Hyundai i10	Tata Indica/Vista	Hyundai eon	Hyundai i20	Tata Nano
2013	Maruti Alto	Maruti Swift	Maruti Swift Dzire	Maruti Wagon R	Mahindra Bolero	Hyundai Eon	Hyundai i10	Hyundai i20	Toyota Innova	Maruti Ertiga
2014	Maruti Alto	Maruti Swift Dzire	Maruti Swift	Maruti Wagon R	Hyundai i10	Mahindra Bolero	Hyundai Eon	Honda City	Maruti Omni	Hyundai i20
2015	Maruti Alto	Maruti Swift Dzire	Maruti Swift	Maruti Wagon R	Hyundai i20	Hyundai i10	Mahindra Bolero	Maruti Celerio	Honda City	Hyundai Eon
2016	Maruti Alto	Maruti Swift Dzire	Maruti Wagon R	Maruti Swift	Hyundai i10	Hyundai i20	Maruti Baleno	Renault Kwid	Hyundai Creta	Maruti Celerio
2017	Maruti Alto	Maruti Dzire	Maruti Baleno	Maruti Swift	Maruti Wagon R	Hyundai i10	Maruti Vitara Brezza	Hyundai i20	Hyundai Creta	Maruti Celerio
2018	Maruti Dzire	Maruti Alto	Maruti Swift	Maruti Baleno	Maruti Vitara Brezza	Maruti Wagon R	Hyundai i20	Hyundai i10	Hyundai Creta	Maruti Celerio
2019	Maruti Alto	Maruti Dzire	Maruti Swift	Maruti Baleno	Maruti Wagon R	Maruti Vitara Brezza	Hyundai i20	Maruti Eeco	Hyundai i10	Hyundai Creta
2020	Maruti Swift	Maruti Alto	Maruti Baleno	Maruti Wagon R	Maruti Dzire	Maruti Eeco	Hyundai Creta	Kia Seltos	Hyundai i10	Maruti Vitara Brezza

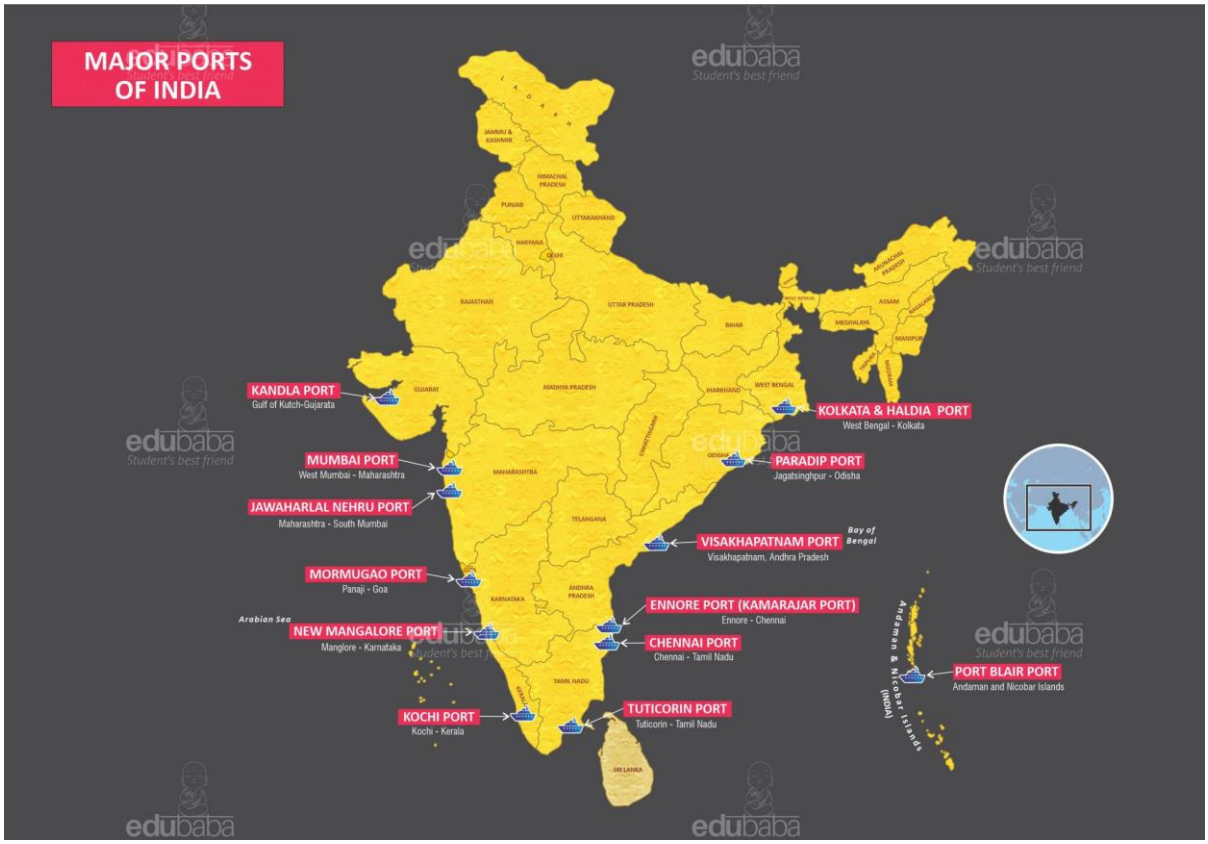
Export of Automobiles from India in last 10 years (in 1000s)

Year	Two Wheeler	Passenger vehicle	Three wheelers	Commercial vehicle	Total	CAGR (YoY)
FY 2011	1531.62	444.33	269.97	74.04	2319.96	0
FY 2012	1975.11	508.78	361.75	92.26	2937.90	26.65%
FY 2013	1956.38	559.41	303.09	80.03	2898.91	-1.33%
FY 2014	2084.00	596.14	353.39	77.05	3110.58	7.32%
FY 2015	2457.47	621.34	407.60	86.94	3573.35	14.88%
FY 2016	2481.19	653.89	404.44	101.69	3641.21	1.90%
FY 2017	2339.27	758.70	271.89	108.27	3478.13	-5.48%
FY 2018	2815.00	748.40	381.00	96.90	4041.30	16.19%
FY 2019	3280.80	676.20	567.70	99.90	4624.60	14.43%
FY 2020	3520.37	677.31	502.17	60.71	4760.56	2.94%
2020-21	3514.83	782.25	504.74	91.99	4893.81	2.80%
2021-22	**3709.50**	**810.94**	**527.01**	**92.75**	**5140.20**	**2.80%**
2022-23	**3904.18**	**839.63**	**549.27**	**93.52**	**5386.59**	**4.79%**
2023-24	**4098.85**	**868.32**	**571.53**	**94.28**	**5632.99**	**4.57%**
2024-25	**4293.52**	**897.01**	**593.80**	**95.05**	**5879.38**	**4.37%**

Source:-https://www.statista.com/statistics/269755/total-number-of-vehicle-exports-from-india-since-2003/

- As we can see from the above data that in the coming years ahead automobiles sector will continuously rise at rapid growth rate.
- Expected Compounded annual growth rate for year 2022 will be around 4.79 %
- Expected Compounded annual growth rate for year 2025 will be around 4.37 %

3.1 Industry Profile



Source:-https://edubaba.in/wp-content/uploads/2020/03/Major-port-of-india-2048x1424.jpg

The Major Ports in India are witnessing sustained growth since the last decade, thanks to the vision of the Ministry of Shipping which was given the fillip to the port sector (maritime) by introducing vital and long overdue futuristic port-led development programmes including Sagarmala. The Ministry is intent on upgrading and developing the Major ports of India on par with international ports.

3.2 Corporate Profile

Here we mainly consider 3 major ports i.e. Mundra Port, Mumbai port & Chennai port in brief details

3.2.1 Mundra Port

Mundra Port built the Automobile Roll On – Roll Off (RO RO) Terminal in 2009 and has served as a gateway port for automobile industries in the Delhi NCR, Rajasthan, and Gujarat regions since then. Cars, buses, and trucks are exported from Mundra port. The port operations team is aware of the specifics of automobile exports and has highly trained staff and procedures in place to handle them. Mundra port boasts a one-of-a-kind floating pontoon and connection span allowing round-the-clock RO-RO operation without tidal restrictions, which is also unique in India.

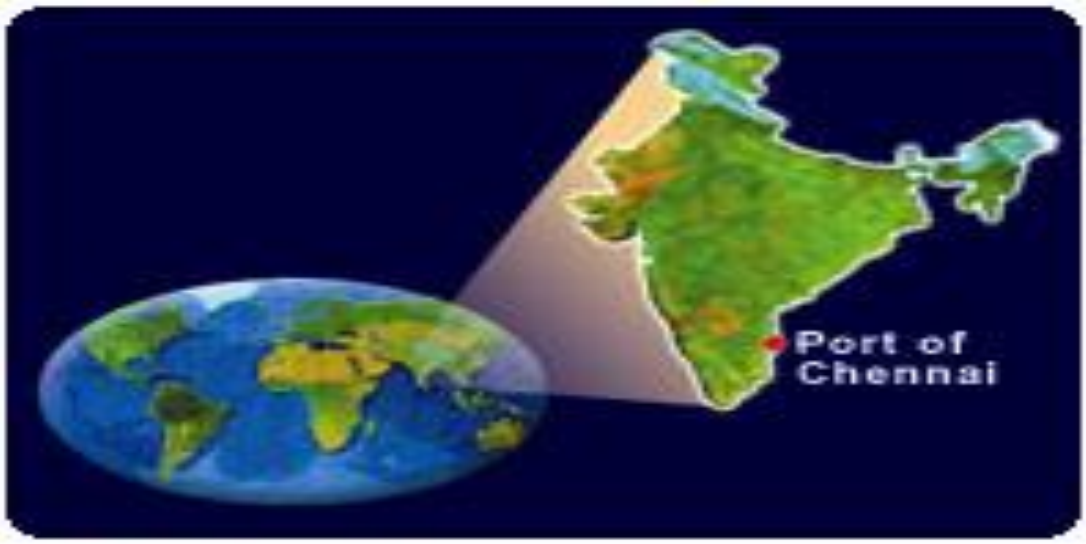
A buffer yard and a washing facility are also available at the port for car parking and washing.

- Natural gateway to cargo clusters in North & Northwest India offering undisputable logistics cost advantage to exporters & importers

- Flagship port with efficient multi-modal transport connectivity for seamless movement of cargo
- Four container terminals with a combined capacity of 7.5 million TEUs
- State-of-the-art port that can accommodate leviathans of sea
- More than 35 services operating from Mundra offering global coverage of trade lanes
- EDI facility for logging service requests, vessel & container status updates & billing

Fig 1.5 Mundra Port Automobile Terminal

3.2.2 Chennai port



As a coastal shipping deal between India and Bangladesh continues to pay off, the port of Chennai has added a new roll-on, roll-off (ro-ro) service to Mongla, Bangladesh.

The service, that could save Indian automakers a lot of money on transit times and logistics for their exports, will help Chennai make up for lost tonnage due to tight competition on India's east coast and previous challenges with truck turn times and port productivity.

Currently, Ashok Leyland exports over 12,000 heavy vehicle units to Bangladesh, Sri Lanka, and several African countries, with shipments to Bangladesh and Sri Lanka likely to increase

significantly in the next years. Approximately 500 trucks are planned to go by water each month.

Those efforts are slowly but steadily producing positive results, as the privately-operated Krishnapatnam port has handled several ad-hoc sailings to and from Bangladesh since early last year.

As a result, India's exports to Bangladesh are estimated to have increased by 13% year on year to $6.8 billion in fiscal year 2016, with two-way trade up 11% to $7.5 billion in the same year.

Fig 1.7 Chennai port RO-RO Terminal

3.2.3 Mumbai Port

The Port of Mumbai is almost right in the middle (Latitude 18o 54' N, Longitude 72o 49' E) on India's west coast is blessed with a 400-square-kilometer natural deep-water harbour protected on the east by the Konkan peninsula and on the west by the Mumbai Island. Throughout the year, the deep waters of the Harbour provide extra security for vessels.

The Prongs Lighthouse to the north is visible from 27 kilometres away, and the Kennery Lighthouse to the south is visible from 29 kilometres away. The entrance to the Harbour, which has approaches from the south-west, is about 9 kilometres long and is located between Prongs Reef and the Thull Reef, which is located off the mainland to the south-east.

The port is geographically spread into different areas based on the type of cargo to be handled.

- Main Harbour in colaba area :- for handling dry bulk, general cargo, automobiles
- The Jawahar Dweep (Butcher Island) is used to handle crude and POL products.
- Pir pau :- for handling chemicals

Fig 1.8 Mumbai automobile terminal

Chapter 4

Analysis & Interpretation

Fundamental Analysis

Any investor while making investment is concerned with intrinsic value of the asset, which is determined by the future earning potential of the asset. In case of securities market, an investor has number of securities available for investment.

Fundamental analysis involves in-depth analysis of all possible factors which have bearing on the prospect of the company as well as its share price. It is divided into 3 stage as follow:

- Economic analysis
- Industry analysis

1. Economic analysis

The economic activity of any country has an impact on investment in many ways. When the state of economy is good and it is at the growing stage, the investment take place and stock market is in boom phase

Various parameters used to analyse all economic analysis

- Growth rate of gross domestic product
- Inflation
- Interest rate

2. Industry analysis

Industry analysis can be classified into following category:

- Growth Industry
- Cyclical Industry
- Defensive Industry
- Cyclical growth Industry
- Product of the Industry
- Market Share

1. Growth Industry: - A growth industry is a segment of the economy that grows at a faster rate than the rest of the economy. Demand for new products or services offered by enterprises in the area is fuelling their expansion.
2. Cyclical Industry: - A cyclical industry is a type of industry that is sensitive to the business cycle, such that revenues generally are higher in periods of economic prosperity and

expansion and are lower in periods of economic downturn and contraction.

3. Defensive Industry: - Defensive industries are those types of specific industries whose production or distribution remains constant regardless of economic fluctuations in the country's economy. This is due to the defensive nature of products such as essential commodities and basic needs products, which means that demand does not fall even during recessions.
4. Cyclical growth Industry: - This type of industry experiences the period of growth and stagnation due to change in technology. For example, computer hardware industry
5. Product of the industry: - The user of the product may be either other industries or the household sector or both.
6. Market Share: - The rate of growth in the market share of the industry over a period of time shall be examined since it helps in finding the growth prospect and ability to compete with industry involved in related product

Chapter 5

Finding, Suggestions & conclusion

On the basis of the analysis of data and information as presented in Chapter 3, the inferences and logical conclusion and hypothesis testing has been shown and presented in this chapter

5.1 General Findings:

Growth and Structure of Auto Component Industry:

Between 1970 and 1984, automobiles were regarded as luxury items, and manufacturing and suspension were regulated. Imports were subject to quality restrictions, and the tariff structure was designed to limit the market. Only a few companies controlled the market.

The decade of 1985 to 1995 saw the entry of Maruti Udyog in In addition to passenger cars, Japanese manufacturers have ventured into the two-wheeler and light commercial vehicle categories.. Economic liberalization started in 1991 which led to deli censing of the passenger car segment, between 1995 to 2000 some players entered the market with sophisticated technology Advanced technology was introduced to meet

competitive pressures and environmental and safety imperatives. After 2000 several changes took place in the industry, qualitative restriction (QR) was removed and there was hundred percent FDI through automatic route.

In India, the production of indigenous automobiles began, resulting in the expansion of the domestic market. Other factors that contributed to the domestic market's expansion were:

- Easy financial options
- Easy credit options
- Insurance options are also accessible.

As a result, manufacturing systems improved, and capabilities were utilised to their full potential. This resulted in the implementation of quality and environmental standards, as well as the prioritisation of research and development.

From nearly 20% in 2001-02 to 32% in 2009-10, the industry has grown significantly. They have developed their capacity to manufacture all components necessary by the automobile industry throughout the years, as evidenced by the industry's high level of indigenization. In-fact the industry has the contribution of some Indian made vehicles like Tata, Indica, Tata

Indigo, Mahindra Scorpio, Bajaj Pulsar, TVS victor. It is now capable of manufacturing the entire range of auto components i.e., Engine parts. Drive, Transmission Parts suspension & Braking parts. Electrical Body and Chassis Parts, equipment etc. In view of the favourable policies of the Central and State Government in India.

Various Automobiles industry setup across all over the country

- Delhi, Gurugram, Ghaziabad in north
- Baroda, Pune, Nashik. Aurangabad in the west
- Jamshedpur, Kolkata in the East
- Bangalore, Hosur, Chennai in the South

The emergence of these hubs marks a turning point in the auto component industry's history and development.

5.2 Suggestions & Recommendations: -

The following suggestions can be made based on the research findings:

a. Commercial: -

- Supporting IT integration in manufacturing and development of infotronics through project financing by government.
- To identify the bottlenecks in existing three major port- Mundra in west, Chennai in South and Mumbai in west coast
- A comprehensive plan of action needs to be evolved for improving and exploiting the advantages of commonalities & complementarities of the industries in the clusters.
- Creation of virtual SEZ (Special Economic Zone) for auto component industry and Auto Parks to promote exports with special emphasis on SMEs (Small and Medium Manufacturing Enterprises)

b. Government Policy

- Advising the relevant Ministries on the importance of proper infrastructure development in the areas of power, transportation, and port facilities, as well as labour law reforms to meet the industry's needs. For product design and development, more training is required.
- The government is responsible for fostering a business-friendly climate. The auto policy is the most crucial tool for launching numerous initiatives.
- Roads, ports, communication, warehouses, and other infrastructure should be improved as quickly as possible to facilitate exports.
- Because the auto industry is a capital-intensive business, special interest policies to lower the weighted average cost of capital should be devised.

Conclusion: -

The automobile industry in India has finally come a long way, the evolution of auto component sector has been affected by global OEMs, the component industry had a long journey with many up and downs, the industry which started as a family business has become a business not just to meet the demands of domestic market but to meet the demands of the global markets. Today it is recognized as a sunshine industry, capable to meet and face the global markets. The Phased Manufacturing Programme (PMP) introduced in Indian automotive sector for localization had laid the foundation for the development of auto component industry. This programme enabled the auto-component to modernize the technology, improve quality standards and to imbibe good manufacturing and shop-floor practices. It has also been successful in transforming itself as highly capable sector of the manufacturing industry. Globalization has helped the industry with foreign direct investment. Today the auto component companies have long term agreement with global automobile companies and are

concentrating on Total Quality Management (TQM) to improve their quality and manufacturing techniques, this has helped them to be more competitive. The industry manufactures the complete range of products required by the domestic as well as export market and provides direct and indirect employment, presently it is employing more than 2,50,000 employees.

The strength of the Indian automobile industry lies in its skilled work force, wide industry base, growing entrepreneurship, growing domestic market, expanding global markets. Trans nationalization of world markets, NRI investments and the liberalization. In spite of the strengths the industry has also to face certain challenges which cannot be ignored, the challenges are lack of Innovation, poor quality, lower labour productivity, inferior technological abilities, high cost of finance and logistics. The industry has to make efforts and to face the challenges.

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