



Overall Analyses Of Indian Automobile Industry- FY2022

REENA BALANI (Research Scholar, MDSU Ajmer)

Dr. KAMLESH PRITWANI (Associate Professor, Dept. of Accountancy & Business
Statistics, Shri Ratanlal Kanwarlal Patni Govt. P.G. College, Kishangarh)

ABSTRACT

Automobile Industry is very old and competent in India but still shows tremendous growth decades by decades in all terms, whether we are talking about its contribution to India's GDP, or employment sector, or exports, or manufacturing section, or sales category. In overall we can say that it is very crucial industry for India from every point of view. In FY 2020 the overall contribution of Indian Automobile industry to GDP was 7% and 49% for manufacturing GDP but due to COVID-19, a slight fall by 0.5% was observed in GDP growth but still after facing this pandemic India holds number one position all over the world in two-wheeler segment. So, in this research paper we will analyse the growth of Indian Automobile sector from every point of view i.e., investments in automobile sector, contribution to GDP and employment sector, Government initiatives to promote this sector, production and sales section.

KEYWORDS: Automobile Industry, Government initiatives, Investments, GDP, Sales.

INTRODUCTION

The Indian automobile industry is a strong pillar for the growth of Indian economy, as it plays a very crucial role for macroeconomic extension and technical innovations, employment sector, exports, production and sales. India holds a strong position in this sector, India is the third largest automobile manufacturer all over the world. Among the various segments in automobile sector, two-wheeler segment plays a very dominant role in terms of volume in the market, as most of the population is among the middle class not only this but the younger generation also likes bikes, scooters (preference of females and old ones). Now a days demand for commercial vehicles are also increasing due to increase in logistics and passenger transportation. Not only this but if we see the new trend in this sector, we observe that the demand for electric vehicles is also increasing day by day in all

sections, whether it is two-wheeler or three-wheeler or four-wheeler. Government is also putting various initiatives and incentives to promote this sector.

IMPORTANCE AND OBJECTIVE

When we talk about the international automobile market, India holds a very powerful position in heavy vehicle market, because it is the largest manufacturer of tractor all over the world, second-largest producer of bus, and third-largest maker of heavy trucks globally. That's why it reached and completed the production of 22.93 million vehicles in FY2022. Not only this but when we talk about exports, India has a very bright future in exports of auto vehicles, that's why India holds an outstanding position in auto exports. In addition to this various inventiveness have been initiated by the government of India in the Indian market such as the Automotive Mission Plan 2026, scrappage policy and production-linked incentive scheme to make India globally excellent leaders in two-wheeler and four-wheeler market in 2022. So, in this research paper we will see and analyse the growth of automobile sector in various fields in FY2022.

STUDY PERIOD & RESEARCH DESIGN

This research paper is based on the research data collected for the financial year 2022 and this paper is based mainly on secondary data collected through newspapers, articles, journals, books, magazines, and mainly through internet.

DATA ANALYSES & INTERPRETATION

After data collection, data analyses and interpretation is the next step. To give meaningful conclusion to the data collected it is necessary to analyse and interpretate the data so that the data could be presented in a very attractive, simple and meaningful manner so that meaningful inference can be drawn. So, for the purpose of our study, we will present and describe the following points:

- **GROWING DEMAND**

The population of India is growing is growing day by day and with the increase in population the demand for auto vehicles is also increasing day by day. In October 2022, the total production of passenger vehicles was 21,91,090 units (including three wheelers, two wheelers and quadricycles). During the same year, the number one automobile company, Maruti Suzuki sold the highest number of units i.e., 136,700 units to cope up with the growing demand.

- OPPORTUNITIES

By 2030, when we talk about shared mobility, India could be a leader in it, as there is a lot of scope in electric and autonomous vehicles. By laying more emphases on electric vehicles as it reduces hazardous pollution by reducing the emissions releases from vehicles running on petrol, & diesel. By 2030, there is a lot of scope in employment opportunities as by 2030, five crore jobs could be there in electric vehicle industry.

- RISING INVESTMENT

When we talk about cumulative equity FDI inflow, from April 2000-June2022, the automobile sector has received about US\$ 33.53 billion. Not only this but the government hopes that by 2023, the automobile sector will likely to receive US\$ 8-10 billion in domestic and foreign investments. In February 2022, for building 150 charging stations in India, Tata Power and Apollo Tyres Ltd, entered into a partnership.

In March 2022, in order to raise the private equity investment to US\$ 350-500 million, Chinese company, MG Motors invested in Indian automobile sector to meet out its future needs including growth of electric vehicles. In order to accelerate the growth of automobile sector, Tata Motors decided to invest Rs 24,000 crore (US\$ 3.08 billion) for the next five years in passenger vehicles. For manufacturing electric motorcycles, Hero MotoCorp invested US\$ 60 million in California-based Zero Motorcycles, in September 2022. In November 2022, Maruti Suzuki India Ltd. decided to invest about Rs 7000 crore (US\$ 865.12 million) on various projects including introduction of new models in automobile sector.

- SUPPORT POLICY

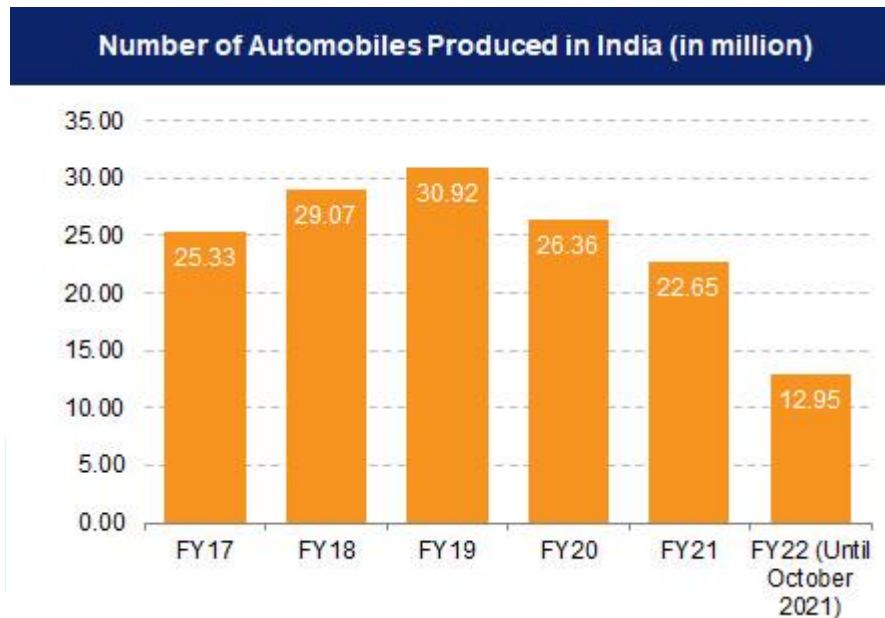
Notification has been issued by the government of India regarding a PLI (Production Linked Incentives) Scheme in September 2021, for automobile and auto parts worth Rs 25,938 crore (US\$ 3.49 billion). Not only this but for the development of automobile industry, the Automotive Mission Plan 2016-26 was launched which is a mutual agreement by the Indian government and the Indian automotive industry.

- MARKET SIZE

In 2021, the size of Indian passenger car market was found to be US\$ 32.70 billion and is likely to increase to US\$ 54.84 billion by 2027, recording a CAGR (Compound Annual Growth Rate) of more than 9% between 2022-2027. By 2025, the Indian electric vehicle market is expected to gain Rs 50,000crore (US\$ 7.09 billion). By 2030, according to CEEW (Council on Energy, Environment and Water), electric vehicle market in India is expected to touch a US\$ 206 billion, which in turn results in financing of US\$ 180 billion in automobile manufacturing and charging infrastructure. Between 2016-

26, there will be five times increase in exports of vehicles in automobile industry in India. Not only this but in FY2022, Indian automobile exports was found to be 5,617,246. In October 2022, Hero MotoCorp acquired a market share of 32.31% by selling highest number of units i.e., 507,587 in two-wheeler segment.

During the last five financial years the production of automobiles in India is depicted through the following chart:



CONCLUSION

After discussing all the above points, it is very evident that the automobile industry is flourishing day by day. It is a very strong pillar for boosting Indian GDP. As we have seen that there are enormous opportunities in automobile sector, whether it is employment sector or production sector, or sales or exports. Government also takes various initiatives for the growth of this sector that's why it allows 100% FDI (Foreign Direct Investment) in automobile sector. As we know that India holds number one position in two-wheeler segment all over the world, it offers various chances for the expansion of electric vehicles. Not only this but by 2030, the electric vehicle market can reach between 8-9 million units due to various factors like consumer awareness about the benefits of electric vehicles, favourable government policies, reduction in the cost of production. So, we can conclude that there are lot of things which have been done in this sector but there are more things and innovations that are to be done in this sector.

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