

# **AUTOMOBILE INDUSTRY – KEY DRIVER FOR ECONOMIC GROWTH**

**Dr.K.Navaneetha Krishnan<sup>1</sup> , Dr.K.Rajamannar<sup>2</sup>**

*<sup>1</sup>Assistant Professor, PG & Research Dept of Commerce, Sri SRNM College, Sattur*

*<sup>2</sup>Assistant Professor, Dept of Commerce, Manonmaniam Sundaranar University, Trinaveli*

## **I. INTRODUCTION**

The automobile industry is one of the key drivers that boost the economic growth of the country. There will be a wide range of jobs available in the automobile industry. The high Performance hybrid cars are likely to gain greater popularity among consumers. The Indian auto industry is one of the largest sectors in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The leader of the Indian Automobile market owing to a growing middle class and a young population especially two wheelers with 81 per cent market share. Moreover, the growing interests of the companies exploring the rural markets help to stabilize the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share. India is also a prominent auto exporter and has strong export growth expectations for the near future. In addition, several initiatives taken by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler and Four Wheeler market in the world by 2020. This paper explains automobile industry key driver for economic growth.

## **II. FACTORS DETERMINING THE GROWTH OF THE INDUSTRY**

- Fuel economy and demand for greater fuel efficiency is a major factor that affects consumer purchase decision that will bring leading companies across two-wheeler and four-wheeler segment to focus on delivering performance-oriented products.
- Sturdy legal and banking infrastructure
- Increased affordability, heightened demand in the small car segment and the surging income of the Indian population
- India is the third largest investor base in the world
- The Government technology modernization fund is concentrating on establishing India as an auto-manufacturing hub.
- Availability of inexpensive skilled workers
- Industry is perusing to elevate sales by knocking on doors of women, youth, rural and luxury segments
- Market segmentation and product innovation

### III. AUTOMOBILE PRODUCTION TRENDS

Of course Automobile industry is one of the emerging sectors in India. Year by year its growth rate shows an increasing trend. Table -1 explains the production trends of Automobile sector in India.

**Table - 1**  
**Automobile Production Trends**

Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	29,82,772	31,46,069	32,31,058	30,87,973	32,21,419	34,13,859
Commercial Vehicles	7,60,735	9,29,136	8,32,649	6,99,035	6,98,298	7,82,814
Three Wheelers	7,99,553	8,79,289	8,39,748	8,30,108	9,49,019	9,33,950
Two Wheelers	1,33,49,349	1,54,27,532	1,57,44,156	1,68,83,049	1,84,89,311	1,88,29,786
Grand Total	1,78,92,409	2,03,82,026	2,06,47,611	2,15,00,165	2,33,58,047	2,39,60,409

Source: SIAM

Table - 1 presents the Automobile production trend from 2010-11 to 2015-16. The passenger vehicles trend shows there will be a better future in this sector. The two wheelers market also shows a positive trend with respect to the study period. Hence it is concluded from the table that there is a bright future for Automobile sector in all type of segments.

### IV. AUTOMOBILE DOMESTIC SALES TRENDS

In India Automobile sector is one of the flourishing sector in terms of its demand, employment scope, customer's image, life style, contribution to GDP etc. Whenever India is trying to estimate and achieve its economic growth, the Automobile sector role is very much crucial.

**Table - 2**  
**Automobile Domestic Sales Trends**

Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	25,01,542	26,29,839	26,65,015	25,03,509	26,01,236	27,89,678
Commercial Vehicles	6,84,905	8,09,499	7,93,211	6,32,851	6,14,948	6,85,704

Three Wheelers	5,26,024	5,13,281	5,38,290	4,80,085	5,32,626	5,38,092
Two Wheelers	1,17,68,910	1,34,09,150	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,911
Grand Total	1,54,81,381	1,73,61,769	1,77,93,701	1,84,23,223	1,97,24,371	2,04,69,385

**Source: SIAM**

Table-2 exhibits that Automobile domestic sales trend during study period. The passenger vehicles sales trend shows really comfortable in numbers except in the year 2013-14. Regarding commercial vehicle there was a fluctuation in the year 2012-13 and 2013-14 respectively. In all the years the two wheelers market expose there will be a good demand in India. Hence, it is concluded from the table that like production trend, sales trend also moving proportionately.

## V. AUTOMOBILE EXPORTS TRENDS

In India there will be a good response to Automobile sector not only in terms of its production and sales but also for exports.

**Table - 2**  
**Automobile Exports Trends**

Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	4,44,326	5,08,783	5,59,414	5,96,142	6,21,341	6,53,889
Commercial Vehicles	74,043	92,258	80,027	77,050	86,939	1,01,689
Three Wheelers	2,69,968	3,61,753	3,03,088	3,53,392	4,07,600	4,04,441
Two Wheelers	15,31,619	19,75,111	19,56,378	20,84,000	24,57,466	24,81,193
Grand Total	23,19,956	29,37,905	28,98,907	31,10,584	35,73,346	36,41,212

**Source: SIAM**

Table – 3 explains that the Automobile exports trends with respect to the study period. The export of passenger vehicles and two wheelers market shows, there is a constant growth. It means India is able to influence this market strongly.

## **VI CONCLUSION**

India's automotive industry is one of the most competitive in the world. The Indian automobile industry has a prominent future in India. The idea is to make India as the destination choice for design and manufacture of automobiles and auto components with outputs soaring to reach good numbers. Industry should arrange things like production of steel at lowest cost, inexpensive and high skill manpower, entrenched testing and R & D centres etc. Besides the industry provide immense investment and employment opportunities in good numbers. The Indian automotive sector has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to India's Gross Domestic Product. Indian government should provide necessary facilities to make automobile industry sunrise sector of the economy.