

Changing Structure of Indian Automobile Industry

Access to new resource related to the Indian Automobile Industry added to PMWL



Resource provided by [Tirumala Parchuri](#)

23 December 2019 – Mumbai, India – Access to a new resource has been added to the PM World Library (PMWL) related to projects and project management in the Automotove Industry in India. The resource is titled Changing Structure of Indian Automobile Industry and is a paper by Neeraj Kumar in *International Journal of Current Research in July 2015*.

The aim of the study was to investigate the change in structure of Indian automobile industry in the context of liberalization and globalization, which caused major changes in this industry. Before 1991, the industry was dominated by a few domestic manufacturers and was hardly known for any innovations, but now it is one of the fastest growing manufacturing industry not just in India but globally as well.

The data for the analysis have been extracted from the various secondary sources like Centre for Monitoring Indian Economy (CMIE PROWESS), Society of Indian Automobile Manufacturers (SIAM) reports and Organisation Internationale des' Constructeurs d'Automobiles (OICA) over the period 1992-93 to 2010-11. The results indicate that the automobile sector of emerging nations like China and India is growing at faster rate than developed one. China's automobile industry registered 16.92 per cent compound annual growth, followed by India 13.57 per cent. Whereas the developed nations like US and Germany lost their ground during that same period (1997-2013). The study also shows that the vehicle penetration is rising over the years in India. The situation was not good during 1990s but later on the situation started improving and in 2013 there were 31 motor vehicles available for 1000 persons.

In an economy, the automobile sector plays a pivotal role. The key segments of the economy, directly or indirectly, are linked with automobile industry, as for the success of these different segments of economy a sound transportation system is required. It gratifies the principal requirement of equipment for basic industries like steel, refineries, textiles, petrochemicals, rubber, paper, cement, etc. Thus, it has forward as well as backward linkages with key sectors of the economy. Therefore, it is imperative to study the different aspects and characteristics of this very important industry. The auto sector is basically divided into two parts i.e., vehicle manufacturing (automobile sector) and component manufacturing (automotive sector).

Since the de-licensing of the sector in 1991 and the subsequent opening up of 100 percent FDI through automatic route, Indian automobile sector has come a long way. The Indian economy showing continues impressive growth over the years. Indian market becomes 'sweet spot' for foreign investor. Every global auto player eager to tapped the huge potential market. Today, almost every global auto major has set up facilities in the country. Many Multinationals like Daewoo, Peugeot, General Motors, Mercedes-Benz, Toyota, Honda, Suzuki, Hyundai, Ford, Volvo, and Fiat entered the Indian market (Ghanbari, 2012). One can have described the evaluation of Indian automobile industry into three

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phases. The first phase pre 1980s, during 1980s and the third phase is post 1980s i.e. phase of 1990s onwards.

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For PMWL Post

Kumar, N. (2015). **Changing Structure of Indian Automobile Industry**. *International Journal of Current Research*, 7(7):18009-18014, July. This study investigated the change in structure of Indian automobile industry in the context of liberalization and globalization, which caused major changes. Available online at [https://www.researchgate.net/publication/318054084_Changing_Structure_of_Indian_Automobile_Industry_\(Parchuri\)](https://www.researchgate.net/publication/318054084_Changing_Structure_of_Indian_Automobile_Industry_(Parchuri))

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