AUTOMOBILE INDUSTRY AND PERFORMANCE OF KEY PLAYERS

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Abstract:

The study represents the figures of Indian Automobile Industry during the period 2005to 2010. The study has been conducted considering the segments such as passenger vehicle, commercial vehicle, utility vehicles, multi-purpose, two wheelers and three wheelers. Each section concisely explains the current and future market trends, and developments in the Indian automobile market.

The methodology used to find the trends and the market share of the Indian automobile industry. The research takes into account the past and current trends in an economy, and more specifically in an industry, to bring out an objective market analysis.

Despite economic slowdown, the Indian automobile sector has shown high growth. The economic sustainability and increasing living standards and purchasing powers of the Indian customer's automobile sector has a bright coming future. The Industry is recording increasing growth rate in sales, but still there are loop holes in the automobiles industry and these needs to be considered by the auto mobile industry to overcome.

Key Words: ***Automobiles, passenger vehicle, commercial vehicle, utility vehicles, multi-purpose and two wheelers and three wheelers.***

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Introduction:

Automobile industry in India is an emerging sector and has a potential to improve it. The key players have framed the strategies to tap the sector as per their features of the automotives. The increasing GDP and economical resources have boost up during the last decade which has increased purchasing power of the Indian peoples. The car segment in India has emerged as one of the promising sector and has shown growth trends in tremendous sales. Tata Motors has emerged as key player in Indian automobile industry and its share in Commercial Vehicles has 63.94%, Passenger Vehicles 16.45%. Tata Motors Limited is India’s largest automobile company, with consolidated revenues of USD 14 billion in 2008-09. It is the leader in commercial vehicles and among the top three in passenger vehicles. Maruti Suzuki India Limited, a subsidiary of Suzuki Motor Corporation of Japan, one of the India's largest passenger car companies has grabbed a share for over 45% of the domestic car market. Other key players in automobile segment of India have contributed significantly and their existence in market has made others players to act actively in India.

Despite economic slowdown, the Indian automobile sector has shown high growth. The passenger vehicle market, which constitutes around 80% of automobile sales, has immense growth potential as passenger car stock stood at around 11 per 1,000 people in 2008. Anticipating the future market potential, the production of passenger vehicle is forecasted to grow at a CAGR of around 10% from 2009-10 to 2012-13.

De-licensing in 1991 has put the Indian automobile industry on a new growth track, attracting foreign auto giants to set up their production facilities in the country to take advantage of various benefits it offers. This took the Indian automobile production from 5.3 Million Units in 2001-02 to 10.8 Million Units in 2007-08. The other reasons attracting global auto manufacturers to India are the country’s large middle class population, growing earning power, strong technological capability and availability of trained manpower at competitive prices. These are the major findings of our new report, 'Indian Automobile Sector - A Booming Market” In 2006-07, the Indian automotive industry provided direct employment to more than 300,000 people, exported auto component worth around US$ 2.87 Billion, and contributed 5% to the GDP. Due to this large contribution of the industry in the national economy, the Indian government lifted the requirement of forging joint ventures for foreign companies, which attracted global to the Indian market to establish their plants, resulting in heightened automobile production.

The Indian automobile market is currently dominated by two-wheeler segment but in future, the demand for passenger cars and commercial vehicles will increase with industrial development. Also, as India has low vehicle presence it possesses substantial potential for growth.

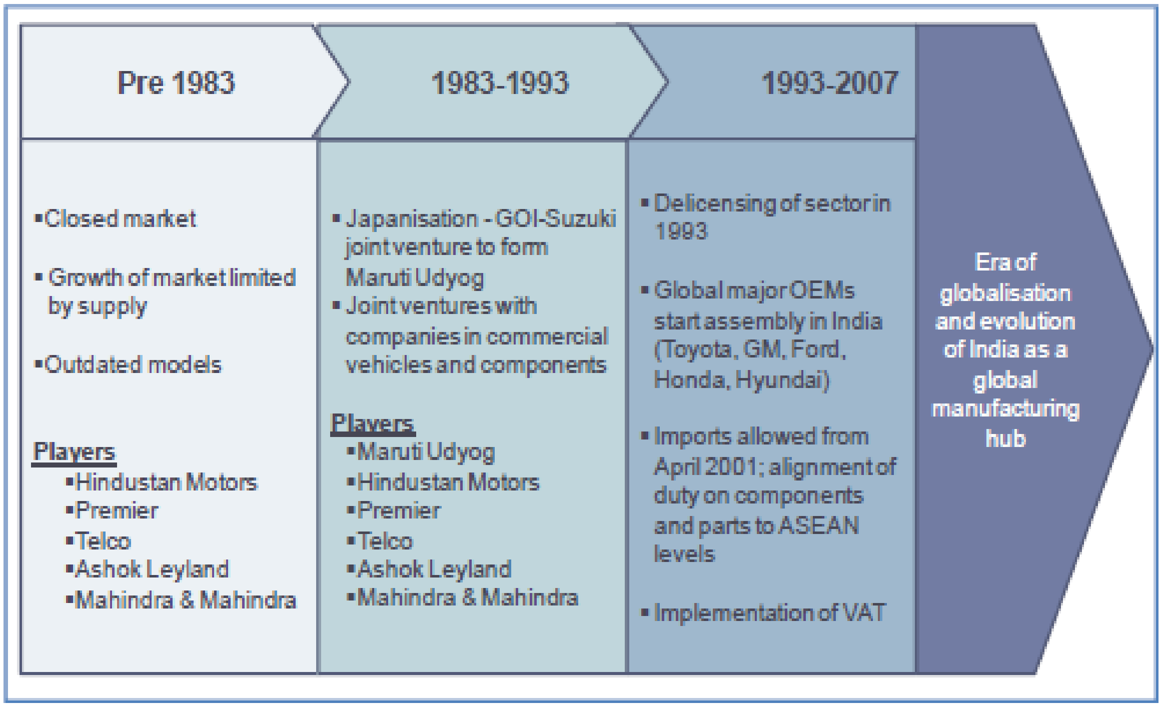


Figure 1: Evolution of the Indian Automotive Industry

Literature Review:

Every major shift in policies made by the Indian government, the automotive industry has come out stronger and better. While the shift in policies seems to have mostly been brought by chance events, the Indian government has at least to be credited for making the right decisions and implementing them correctly. It is paradoxical that the Indian middle class, the most attractive feature for foreign investment in the liberalization phase, was an outcome of the statist ideologies in the regulatory phase. The product innovations of domestic firms like Tata Motors and Bajaj Auto today are the fruits of indigenization and protection policies of the regulatory phases [1].

Buyer decision processes are the decision making processes undertaken by consumers in regard to a potential market transaction before, during, and after the purchase of a product or service. Consumers have to make different kinds of decisions everyday according to their different needs.

Some of the decisions are playing critical roles in consumers' daily life, for example, purchasing a new home or purchasing a car, whereas sometimes the decisions are made on a virtually automatic basis. There are not a lot published research articles available on the decision-framing process. Puto, C. proposed a conceptual model of the buying decision framing process, see Figure below. This model focuses on the information search phase which includes two reference points: an initial which is internal to the company-expectations and buying objectives, and a final one that takes into account the sales message and justification/reward of the offer. These two stages lead to the final choice.

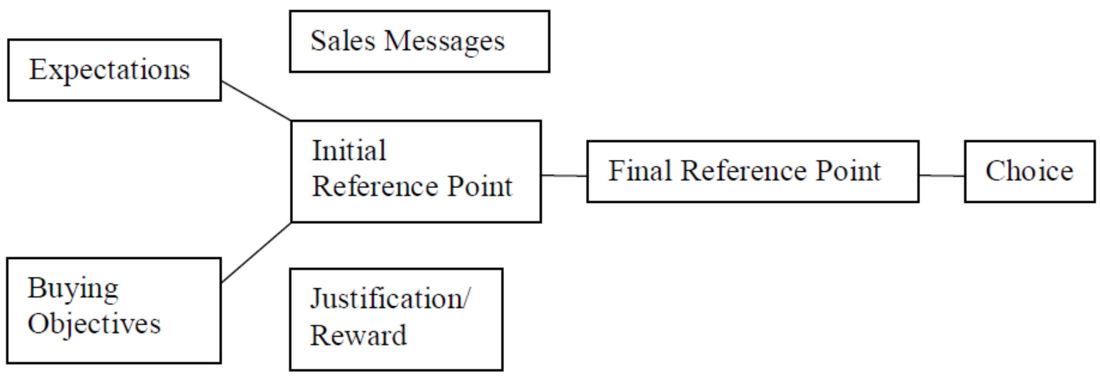


Figure 2-Proposed Conceptual Model of the Buying Decision-Framing Process

Source: Puto, C. (1987), "The framing of Buying Decisions" Journal of Consumer Research, December, Vol. 14, Issue 3, p 303

Objectives of the study:

1. To study the performance of key players of Indian automobile Industry
2. To analyse the trend of key players of automobile industry.
3. To study the factors contributing to the growth of automobile industry.

Research Methodology:

Information Sources:

The information has been sourced from various authentic and reliable sources like books, newspapers, trade journals and white papers, industry portals, government agencies, trade associations, monitoring industry news and developments, and through access to paid databases.

Analysis Method:

Industry analysis is based on various macro and microeconomic factors, sector and industry specific databases. The research takes into account the past and current trends in an economy, and more specifically in an industry, to bring out an objective market analysis. The statistical tools are used to analyse the data such as the excel software.

Indian Automobile Market Scenario:

De-licensing in 1991 put the Indian automobile industry on a new growth trajectory, which attracted foreign auto giants to set up their production facilities in the country to take advantage of the various benefits it offers. Large middle class population, growing earning power and strong technological capability have been boosting automobile demand for the past few years. Despite economic slowdown, the Indian automobile sector has recorded phenomenal growth, especially in passenger cars segment. The passenger vehicle market, which constitutes around 80% of automobile sales, has immense growth potential. Anticipating the future market potential, the production of passenger vehicle is forecasted to grow around 10% till 2012-13.

Tata Nano has brought about a new revolution in the country's small car segment. Seeing the good initial response from consumers, many other players in the industry are chalking out their plans to launch cars in this segment in the next few years. A CAGR analysis shows growth of around 14.5% in domestic volume sales of passenger vehicles during the coming years. Other segments, such as two-wheelers, multi-purpose vehicle and light commercial vehicle, are also expected to witness fast growth in coming years.

The research covers various aspects of the Indian automobile market and gives a detailed analysis of its various segments such as passenger vehicle, commercial vehicle, utility vehicles, multi-purpose, two wheelers and three wheelers. Each section concisely explains the current and future market trends, and developments in the Indian automobile market. There are immense opportunities for various industry players including automobile manufacturers and players of automobile components.

According to new research report "Indian Passenger Car Market Analysis", the passenger car market, which constitutes around 78.5% of passenger vehicle sales (in FY 2010), has immense growth potential as passenger car stock stood at around 11.6 per 1,000 people in 2009. Realizing booming passenger car demand in the country, many domestic and foreign automobile giants are formulating capacity expansion strategies, and billions of dollar worth of investments is already in pipeline. Considering huge market potential, production of passenger cars is projected to grow at a CAGR of around 11% between 2010-11 and 2013-14.

Market Share of Passenger Vehicles Industry:

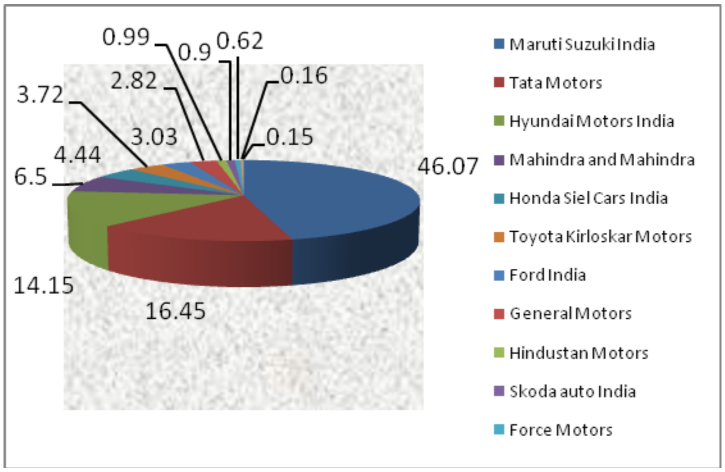


Fig 3: Percentage Market Share of Passenger Vehicles

The increasing scenario of passenger car segment has shown positive effect on the sales of the segment because of the tourist industry growth. Passenger car production in India is projected to cross three million units in 2014-15. Sales of passenger cars during the period 2015-16 are expected to grow around 10%. Export of passenger cars is anticipated to raise more than the domestic sales 2015-16.Passanger car segment is dominated by the share of Maruti Suzuki India and it has recorded a percentage of 46 percent, second position has grabbed by the Tata Motors which has a share of 16.45 percent. Third position is of Hyundai Motors of India. The rest of the companies have not recorded a significant sales increase during the period and their sales are less than 10 percent. (Fig.3)

The sales of Maruti Suzuki of India has increased because of its value added service like after sales services which includes regular check camps of the vehicles and free lubricants to the customers. Maruti Suzuki of India has a team of experts and they are always ready to give their expert advice to the customers regarding the vehicle problems. Maruti has maintained its quality and it has good mileage per liter of diesel and petrol too. The life of vehicle is also a positive point to increase sales of the vehicles.

Tata motors is the local manufacture of the vehicles but still the sales has not increased because of it after sales services and the quality of the cars they produce. Other car manufacturer have not shown significant impact on customers because they are lacking somewhere in attracting customers, hence they have to have a strategy to attract customers and make some impact on the minds of the customers.

Market Share of Commercial Vehicles Industry:

Commercial vehicle segment has dominated by the Tata group of motors in India and stood first in automobile industry. It has a share or 63.94 percent. Ashok Leyland has its brand name in market and known for the quality product. The price section of Ashok Leyland is higher than the other automobile companies but still it has second position in commercial vehicle segment and has garbed 16.47 percent share of the market. Third largest market share is captured by the Mahindra and Mahindra automobiles it has 10.01 percent share in market. The other Automobile companies have shown their presence in market but it is not significant in nature. Their share is in between 6 percent to one percent (figure 3). There are so many reasons why these companies have not performed in market. It may be the price war, quality of the product, durability of the product and performance of the product. The customers of this segment always think about the service provided by the company after sales. Hence it is most important to improve quality, durability and after sales service along with competitive price of the Product.

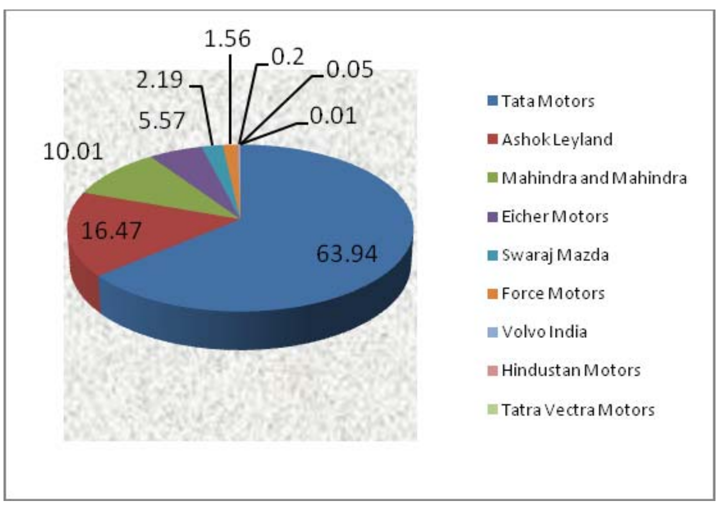


Fig.4: Percentage Market Share of Commercial Vehicles

Market Share of Two Wheeler Industry:

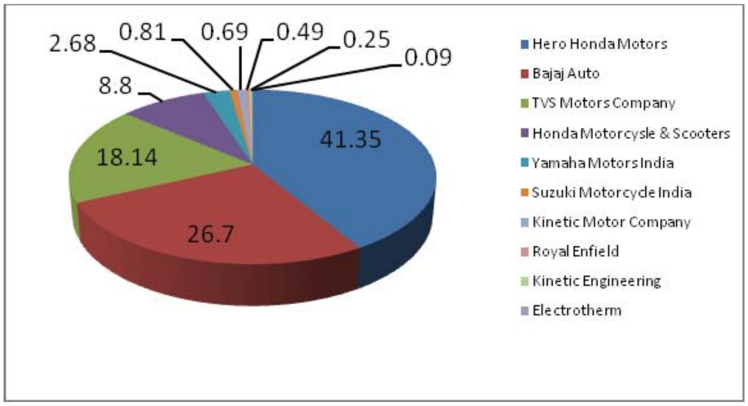


Fig 5: Percentage Market Share of Two Wheelers

Hero Honda has a remarkable share in the market of the two wheeler industry of India. It has recorded more than 41 percent share in the segment during the period. Where Bajaj the local manufacturer of two wheelers has recorded second position sales percentage 26.70 but it is a significant growth during the period. Third place has grabbed by the TVS motors in the segment which has a share of 18.14 percent. Rest of the two wheeler manufacturer has a share of less than 10 percent and it is due to the quality of the product and the services provided by them to the customers. All the parameters like price, quality, after sales services, marketing strategy of the company leads to the increase of sales. As per the survey of the industry, Motorcycle sales will perform positively in future, which will exceed 10 Million units by 2012-13.

Market Share of Three Wheeler Industry:

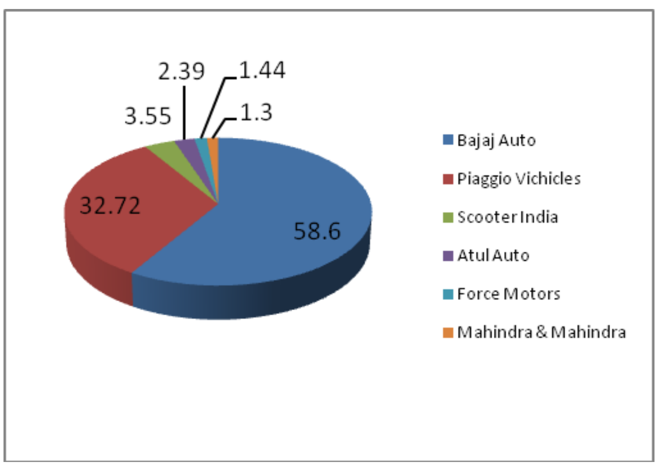


Fig 6: Percentage Market Share of Three Wheelers

This research analyzes the Indian market for Motorcycles, Scooters & Mopeds in Thousand Units by the following product segments: Motorcycles, Scooters, and Mopeds. Annual estimates and forecasts are provided for the period 2007 through 2015. The research analysis shows that Bajaj auto dominates the three wheelers market share (58.6%) followed by the Piaggio Vehicles. Thus the potential for the competitors is there in the three wheelers automobile segment. They need to concentrate on the marketing and pricing strategy according to the geographical segment of the country.

Key Players Performance:

Tata Motors:

Market Share: Commercial Vehicles 63.94%, Passenger Vehicles 16.45%. Tata Motors Limited is India's largest automobile company, with consolidated revenues of USD 14 billion in 2008-09. It is the leader in commercial vehicles and among the top three in passenger vehicles. Tata Motors has winning products in the compact, midsize car and utility vehicle segments. The company is the world's fourth largest truck manufacturer, and the world's second largest bus manufacturer with over 24,000 employees. Since first rolled out in 1954, Tata Motors as has produced and sold over 4 million vehicles in India.

Tata Motors is the first company from India's engineering sector to be listed in the New York Stock Exchange (September 2004), has also emerged as an international automobile company. Through subsidiaries and associate companies, Tata Motors has operations in the United Kingdom, South Korea, Thailand and Spain. Among them is Jaguar Land Rover, a business comprising the two British brands which was acquired in 2008. In 2004, it acquired the Daewoo Commercial Vehicles Company, South Korea's second largest truck maker. The rechristened Tata Daewoo Commercial Vehicles Company has launched several new products in the Korean market, while also exporting these products to several international markets. Today two-thirds of heavy commercial vehicle exports out of South Korea are from Tata Daewoo. In 2005, Tata Motors acquired a 21% stake in Hispano Carrocera, a reputed Spanish bus and coach manufacturer, and subsequently the remaining stake in 2009. Hispano's presence is being expanded in other markets.

In 2006, Tata Motors formed a joint venture with the Brazil-based Marcopolo, a global leader in body-building for buses and coaches to manufacture fully-built buses and coaches for India and select international markets. In 2006, Tata Motors entered into joint venture with Thonburi Automotive Assembly Plant Company of Thailand to manufacture and market the company's pickup vehicles in Thailand. The new plant of Tata Motors (Thailand) has begun production of the Xenon pickup truck, with the Xenon having been launched in Thailand in 2008. Tata Motors is also expanding its international footprint by franchises and joint ventures assembly operations in Kenya, Bangladesh, Ukraine, Russia, Senegal and South Africa.

With over 3,000 engineers and scientists, the company's Engineering Research Centre, established in 1966, has enabled pioneering technologies and products. The company today has R&D centres in Pune, Jamshedpur, Lucknow, Dharwad in India, and in South Korea, Spain, and the UK. It was Tata Motors, which developed the first indigenously developed Light Commercial Vehicle, India's first Sports Utility Vehicle and, in 1998, the Tata Indica, India's first fully indigenous passenger car. Within two years of launch, Tata Indica became India's largest selling car in its segment. In 2005, Tata Motors created a new segment by launching the Tata Ace, India's first indigenously developed mini-truck.

In January 2008, Tata Motors unveiled its People's Car, the Tata Nano, and a development which signifies a first for the global automobile industry. Nano brings the comfort and safety of a car within the reach of thousands of families. The standard version has been priced at USD 2,200 or Rs.100, 000 (excluding VAT and transportation cost). The Tata Nano has been subsequently launched as planned, in India in March 2009.

Maruti Suzuki India:

Market Share: Passenger Vehicles 46.07%. Maruti Suzuki India Limited, a subsidiary of Suzuki Motor Corporation of Japan, is India's largest passenger car company, accounting for over 45% of the domestic car market. The company offers a complete range of cars from entry level Maruti-800 and Alto, to stylish hatchback Ritz, A star, Swift, Wagon-R, Estillo and sedans DZire, SX4 and Sports Utility vehicle Grand Vitara.

Since inception in 1983, Maruti Suzuki India has produced and sold over 7.5 million vehicles in India and exported over 500,000 units to Europe and other countries. The company's revenue for the fiscal 2008-2009 stood over USD 4 billion and Profits After Tax at over USD 243 million.

Hyundai Motor India:

Market Share: Passenger Vehicles 14.15%. Hyundai Motor India Limited is a wholly owned subsidiary of world's fifth largest automobile company, Hyundai Motor Company, South Korea, and is the largest passenger car exporter. Hyundai Motor presently markets 49 variants of passenger cars across segments. These includes the Santro in the B segment, the i10, the premium hatchback i20 in the B+ segment, the Accent and the Verna in the C segment, the Sonata Transform in the E segment.

Hyundai Motor, continuing its tradition of being the fastest growing passenger car manufacturer, registered total sales of 559,880 vehicles in the year 2009, an increase of 14.4% over 2008. In the domestic market it clocked a growth of 18.1% as compared to 2008 with 289,863 units, while overseas sales grew by 10.7%, with export of 270,017 units. Hyundai Motor currently exports cars to more than 110 countries across European Union, Africa, Middle East, Latin America and Asia. It has been the number one exporter of passenger car of the country for the sixth year in a row.

In a little over a decade since Hyundai has been present in India, it has become the leading exporter of passenger cars with a market share of 66% of the total exports of passenger cars from India, making it a significant contributor to the Indian automobile industry. In 2009, in spite of a global slowdown, Hyundai Motor India's exports grew by 10.7%. In 2010 Hyundai plans to add 10 new markets with Australia being the latest entrant to the list. The first shipment to Australia is of 500 units of the i20 and the total i20 exports to Australia are expected to be in the region of 15,000 per annum.

Mahindra & Mahindra:

Market Share: Commercial Vehicles 10.01%, Passenger Vehicles 6.50%, Three Wheelers 1.31%

Mahindra & Mahindra is mainly engaged in the Multi Utility Vehicle and Three Wheeler segments directly. The company competes in the Light Commercial Vehicle segment through its joint venture subsidiary Mahindra Navistar Automotives Limited and in the passenger car segment through another joint venture subsidiary Mahindra Renault. In the year 2009, on the domestic sales front, the Company along with its subsidiaries sold a total of 220,213 vehicles (including 44,533 three wheelers, 8,603 Light Commercial Vehicles through Mahindra Navistar Automotives and 13,423 cars through Mahindra Renault), recording a growth of 0.6% over the previous year.

The company's domestic Multi Utility Vehicle sales volumes increased by 3.3%, as against a decline of 7.4% for industry Multi Utility Vehicle sales. A record number of 153,653 Multi Utility Vehicles were sold in the domestic market in 2009 compared to 148,761 MUVs in the previous year. Hence, Mahindra & Mahindra further strengthened its domination of the domestic Multi Utility Vehicle sub-segment during the year, increasing its market share to 57.2% over the previous year's market share of 51.3%. Mahindra & Mahindra is expanding its footprint in the overseas market. In 2009 the Xylo was launched in South Africa. The company formed a new joint venture Mahindra Automotive Australia Pty. Limited, to focus on the Australian Market.
(Source: Mahindra & Mahindra Annual Report)

Ashok Leyland:

Market Share: Commercial Vehicles 16.47%. Against the backdrop of the sharp slump in demand for commercial vehicles, during 2008-09, Ashok Leyland registered sales of 47,118 medium and heavy commercial vehicles (M&HCV), 37.5% less than in the previous year. This includes 16,049 M&HCV buses and 31,069 M&HCV trucks respectively, 8.7% and 46.3% less than in the previous year.

The company lost 1.8% market share in the Indian medium and heavy commercial vehicle market during the financial year 2008-09, mainly due to loss of sales in the truck segment. This was because the Eastern Region, where the Company's presence had been historically weak, was relatively stable, whilst the market declined sharply in other regions.

While total industry volume of the medium and heavy duty buses declined by about 8.7%, the Company's market share grew marginally and Ashok Leyland retained its number one position in this segment. The Company sold 6,812 vehicles in the overseas markets during 2008-09. This represents a decrease of approximately 6.5% over the previous year. Total industry volume related to overseas markets to which the Company exports (such as Sri Lanka, the Middle East) witnessed a reduction of about 25% over the previous year.

To combat the impact of decline in CV sales, the Company focused on non-cyclical businesses in the portfolio. The Company produced in all 54,049 vehicles during the year. To contain costs and conserve cash, the Company worked only about 50% of the working days in all its manufacturing units during the second half of the year.

(Source: Ashok Leyland Annual Report)

Hero Honda Motors:

Market Share: Two Wheelers 41.35%. Hero Honda has been the largest two wheeler company in the world for eight consecutive years. The company crossed the 15 million unit milestone over a 25 year span. Hero Honda sold more two wheelers than the second, third and fourth placed two-wheeler companies put together.

As one of the world's technology leaders in the automotive sector, Honda has been able to consistently provide technical know-how, design specifications and R&D innovations. This has led to the development of world class, value - for- money motorcycles and scooters for the Indian market. On its part, the Hero Group has took the responsibility of creating world-class manufacturing facilities with robust processes, building the supply chain, setting up an extensive distribution networks and providing insights into the mind of the Indian customer. Since both partners continue to focus on their respective strengths, they have been able to complement each other. In the process, Hero Honda is recognized today as one of the most successful joint ventures in the world. It is therefore no surprise that there are more Hero Honda bikes on this country's roads than the total population of some European countries.

Hero Honda's bikes are sold and serviced through a network of over 3500 customer touch points, comprising a mix of dealers, service centres and stockists located across rural and urban India. Hero Honda has built two world-class manufacturing facilities at Dharuhera and Gurgaon in Haryana, and Hero Honda was the torchbearer for the two-wheeler industry during 2008-2009. It sold more two-wheelers during the year than the combined volumes of the second, third and fourth placed competitor. Overall, the company sold 3.72 million two-wheelers, growth of 12%

over previous year. Motorcycle sales in the domestic market, which account for more than 95 per cent of Hero Honda's sales, were up by 11%. The company posted sales of USD 2.4 billion and profits after tax of USD 256.40 million during the year 2008-2009. During the year under review, your Company exported 81,194 two-wheelers, a decline of 10%. Its third and most sophisticated manufacturing plant at Haridwar has just completed a full year of operations.

During the year, the company also turned in a rollicking performance with its scooter portfolio, with a 49% growth in domestic sales to 156,210 units. This performance allowed Hero Honda to increase its share in the domestic scooter market by more than three percentage points. Hero Honda's performance in the two-wheeler industry was the only standout performance during the year amongst the large players. Without Hero Honda's numbers, the two wheeler industry growth would have been marginal.

(Source: Hero Honda Motors Annual Report 2008-2009)

Bajaj Auto:

Market Share: Two Wheelers 26.70%, Three Wheelers 58.60%. Bajaj Auto is ranked as the world's fourth largest two and three wheeler manufacturer and the Bajaj brand is well-known across several countries in Latin America, Africa, Middle East, South and South East Asia. Despite falling demand in the motorcycle segment, the company has succeeded in maintaining an operating EBITDA (earnings before interest, taxes, depreciation and amortisation) margin of 13.6% of net sales and other operating income. From 1.66 million motorcycles in 2007-2008, the company’s domestic sales fell by 23% to 1.28 million units in 2008-2009.

Bajaj Auto is the country’s largest exporter of two- and three-wheelers. During 2008-2009, Bajaj Auto’s international sales achieved an all-time high of 772,519 units of two and three wheelers, representing a growth of 25% over the previous year. The growth was driven by the export of two-wheelers, which increased by 31% over 2007-2008 to achieve sales of 633,463 units in 2008-2009. The company expanded its footprint in Africa and Middle East, where the region’s share rose from 30% of the export business in 2007-2008 to 43% in 2008-2009. The total value of exports was USD 528 million, representing a growth of 29%.

The company’s domestic sales of three wheelers in 2008-209 were 12% lower compared to the previous year, and stood at 135,473 units. Exports of three wheelers grew at 2% to 139,056 units

Key Factors influencing Automobile Industry:

- **Consumer Sentiment Index:**

Customer Sentiment Index, 12 month rolling average of the Index; historical and forecast data and analysis. The end customers are very important to ensure the survival of the Motor Vehicle Manufacturing industry. Economic downturns and other events can affect the expenditure decision of households. When customers are not happy or optimistic about the future of the economy, they will tend to postpone expenditure until times are better.

- **Domestic Goods Price Metal/ Iron and Steel:**

Steel is a major input used when manufacturing a motor vehicle. Rises in the price of steel puts cost pressures on manufacturers, which often leads to a fall in profitability. Over the past five years, the price of steel has been rising rapidly. These rises in price eventually pass from the manufacturers to the end customers'.

- **Import and Export Taxes (Duties) / Motor Vehicle Tariffs:**

Tariff rates applicable to the industry: High taffies may restrict flow of trade but may attract investment if domestic market is big enough and growing. Over the last few years India's tariff policies and conditions of import of vehicles have served the purpose of attracting investments. Industry is keen that the existing tariff structure roadmap and conditions of import of vehicles are retained without any modifications because of certain systematic deficiencies which make manufacturing less cost competitive in India as compared to some of the neighbouring countries like China, Thailand, Indonesia, etc.

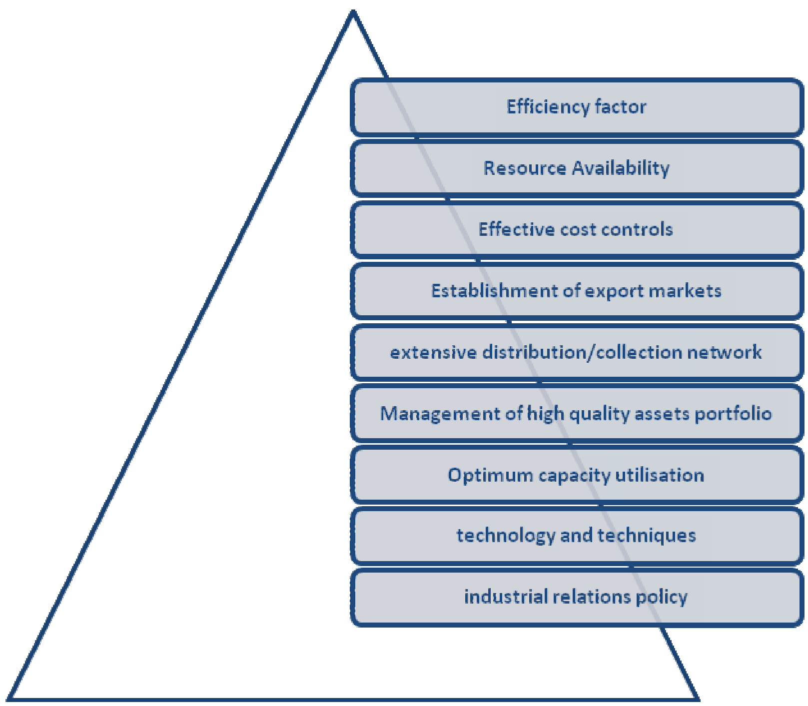
- **Wold Price Energy/ Crude Oil:**

The hike or the effect of increasing prices of crude oil at world level per barrel will affect the market scenario of the Automobile industry adversely. The price of oil and petrol affect the driving habits of consumers and the type of car they buy. Over the past five years, the price of petrol has been influenced the buying decision of motorists, who are switching more to fuel efficient options. These include cars that run on liquefied petroleum gas (LPG), CNG etc, diesel and small cars that achieve better mileage. The trucking sector has also been struggling with the rise in the price of fuel, which has put enormous pressures on their costs.

Automobile industry driving key success factors:

The Key Success factors in the Motor Vehicle Manufacturing industry are:

1. **Efficiency factor -** Improve labour productivity, labour flexibility, and capital efficiency
2. **Resource Availability** - Quality manpower availability, infrastructure improvements, and raw material availability
3. **Effective cost controls** - Close relationship with supplies and goods distribution channels.



4. **Establishment of export markets** - Growth of export markets
5. **Having an extensive distribution/collection network** - Goods distribution channels
6. **Successful industrial relations policy** - Ethical and tactical industrial relations
7. **Access to the latest available and most efficient technology and techniques** - The degree of investment in technological improvements and product development
8. **Optimum capacity utilisation** - The level of plant utilisation
9. **Management of high quality assets portfolio** - Understanding implications from Government policies

Indian automobile industry SWOT analysis:

STRENGTHS:	**WEAKNESS:**
• Globally cost competitive. • Adheres to strict quality controls. • Adoption or Access to latest technology.	• Low research and development capability. • Industry is exposed to cyclical downturns in the automotive Industry. • Most component companies are dependent on global majors for technology.
OPPORTUNITIES:	**THREATS:**
• Sourcing hub for global automobile majors. • Export opportunities may be realized through diversification of export basket.	• Pressure on prices from OEM's continues. • Imports from FTA Regime Countries, in certain component segments are a threat to local industry. • Smaller players, who do not upgrade to global standards, would get extinct.

Table 1: Showing SWOT analysis

Conclusion:

The industry has recorded phenomenon growth during the last decade. A market trend is growing at a faster rate. According to CAGR the market will further grow in years to come. The opening of the Indian automobile market for foreign companies the competition is expected to enhance further. The opportunities can be grabbed through the diversification of export basket in untouched foreign destinations. Thus strict quality standards, services and use of latest technology can provide an edge over competitors across the globe.

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