

“EXPORT OF PASSENGER CARS – OPPORTUNITIES AND CHALLENGES IN INDIA”

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ABSTRACT: The Indian automobile industry is growing year by year. It contributes to the Countries GDP more than 7%. As far as the passenger car market in India is concern, it shows 5 to 6% growth in 2016. Developed countries are also identifying the potentiality of Indian Passenger car market. Already it is witnessed that US General Motors, Benze, BMW and Volkswagen of Germany, Toyota and Honda of Japan, Hyundai of South Korea occupy a significant role in Indian Automobile Market. Make in India concept, Demonetisation policy and the recent historical introduction of GST also has been creating a positive impact in production and sale of Passenger Cars. Keeping in mind the researcher has been formulated Objectives, Collected data, applied methodology, made analysis on collected data and highlighted the findings. At the end of the study, it is clearly understand that the export performance of Passenger cars, its opportunities shows possible trend.

Key words: Automobile, Potentiality, Significance, Impact and Methodology.

I.INTRODUCTION AND THE HISTORY OF AUTOMOBILE:

Early stage (1898-1957)

It is on record that the first motorcar on the streets of India was seen in 1898. Mumbai (earlier Bombay) had its first taxicabs by the turn of the century and in 1903, an American company began to operate a public taxi service with a fleet of 50 cars. For about 50 years after the first car arrived in India, cars were directly imported until foreign manufacturers began to realize the vast potential India had with its vast distances and large population. Before world war-1, around 4,000 motor vehicles (cars and commercial vehicles put together) were imported. During the years between the wars a small start for an automobile industry was made when assembly plants were established in Mumbai, Calcutta, and Chennai (Earlier madras). The import assembly of vehicles grew consistently after the 1920s, crossing 30,000 units by 1930. It was towards the end of the war that the importance of establishing an indigenous automobile industry in India was realized when Premier Automobiles Ltd. (PAL)

and Hindustan Motors (HM) set up factories in the mid 40s for progressive manufacture rather than assembly from imported components. HM was established in 1942 for the manufacture of certain auto components, but it was only in 1949 that the company actually began making cars. PAL was founded in 1944 by Seth Walchand Hirachand, a visionary and industrialist of pre-independent India, and as early as 1946 assembly of the Dodge DeSoto and Plymouth cars at PAL's Kurla Plant commenced. In the next five decades following independence, PAL and HM together symbolized India's car industry. The cars the offered (and still do) were products of a highly controlled economy and all that was wrong with the licensing system. While PAL and HM focused on passenger cars at the time of independence, the Mahindra brothers, Kailash Chandra and Jagdish Chandra founded Mahindra & Mahindra in 1945 with the objective of making utility vehicles.

With industrialization gaining priority and with it transportation, a vehicle that could diverse the vast and harsh Indian hinterland was the order of the day. Four wheel drive

vehicles were considered most suitable at the time for cross country as also for the army. Mahindra brothers decided to manufacture the world's most popular four wheel drive vehicle then - the American Jeep. Initially no modifications what so ever were carried out on the vehicle, not even the switch from left to right hand drive. Thus 1954 can be said to be the turning point of the Indian Auto-history. By 1956, the Indian auto industry was sealed off from new players in view of the very limited volumes available. And the government also had a say in what make and type of vehicle each manufacturer should market. Categories of vehicles were limited to three passenger cars, three medium trucks, and one heavy truck. Each product existed within its own private segment and there was never any fear of competition. No new entrant was to be allowed in even if it did have a full fledged manufacturing program.

Middle Stage (1958-1990)

In the decade that followed the establishment of the industry in 1954, local manufacturers concentrated on import substitution and indigenization. Model changes were minimal. PAL switched to FIAT 1100 Deluxe which is the Padmini of today, although the car retains the same power-train and mechanical dating back to 1964. Until 1968, foreign collaborations with equity participation were permitted. Late 1960 was also the time in India when the Government for their requirement of Steel Plant was under heavy influence of the Russians. This was also the time when India was under strenuous relationship with Pakistan and again Russian tie ups with India regarding Strategic Military aid influenced the policy makers of Government of India. Growing criticism about the auto industry relying too heavily on foreign technology prompted the Mudaliar committee to look into the whole issue of foreign collaborations. The stricter approach advised by the committee thereafter discouraged the acquisition of technology through foreign investment of the western world. This was a tough period for passenger car makers whose so called elitist products came under more and more controls. A control on imports meant that

manufacturers were forced to indigenize completely and quality, in particular, suffered. The failure rate of components climbed and quality sank to an all time low. Breakdowns were regular and it was considered foolish to travel long distance without a bag full of spares. Drivers of Ambassadors used to be known for even carrying a spare drive shaft! The other control imposed on carmakers was on capacity and distribution. Though capacity control is cited by manufacturers to be a barrier to growth, the fact is that licensed capacity was in excess of installed capacity during this period.

It was price controls that seriously affected carmakers, where Govt. fixed the prices, even the dealer commission. With their bottom line at stake carmakers went to Supreme Court in 1969, resulting into Car Price Commission to work out a formula for incremental price increases - though it was not until 1985 that Price control was completely abolished. The three decades following the establishment of the passenger car industry leading up to the broad banding period of the early 1980s were the dark ages for the consumer whose choice throughout this period was limited essentially to two models the Ambassador and the Padmini. Car ownership was usually a bitter experience thanks to the indifference of car companies and the shabby quality of their products indeed, the cars being churned out of factories were so bad it took upto ten days to do the pre-delivery inspection.

Latest stage between 1991-2016

It was in 1980s that the two firms, Hindustan Motors and Premier, were challenged by a new entrant, Maruti Udyog Limited. Soon after liberalisation period, car makers that were previously not allowed to invest in Indian market due to stringent policies arrived in the country. Post liberalisation, the alliance between Maruti and Suzuki was the first joint venture between an Indian company and foreign one. Slowly and steadily, the economic reforms brought in the led to the entry of major foreign companies like Hyundai and Honda, which expanded their bases to the country. From

2000 to 2010, almost every major car company expanded its presence to India by establishing manufacturing facilities across different parts of the country.

While India is fast developing as a hub for small car manufacturing, it is also evolving into a major export hub for small cars wherein Hyundai leads as the largest car exporter from India. Contributory factors to the fast-growing small car exports is an abundance of skilled labour for their force, low cost of manufacturing compared to global markets and up skilling of the supply chain that can now meet international quality standards. Also, as India enters into more Free Trade Agreements with global powers, additional new markets are set to be opened up that will offer a vista of new opportunities for the passenger vehicle industry. Exported vehicle data, released by apex industry body SIAM (Society of Indian Automobile Manufacturers), facilitates analysis of all the automakers who ship their products overseas. While there are a couple of upsets in the top 5 positions, the numbers also reveal how some newly launched models have firmly entrenched themselves on the export firmament and also acted helped reduce the impact of slowing demand for some existing models.

II .PASSENGER CAR MARKET IN INDIA AN OVER VIEW

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of 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 April-March 2016, overall automobile exports grew by 1.91 per cent. PV, Commercial Vehicles (CV), and Two Wheelers (2W) registered a growth of 5.24 per cent, 16.97 per

cent, and 0.97 per cent respectively in April-March 2016 over April-March 2015.* In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the 2W and Four Wheeler (4W) market in the world by 2020.

Market Size for passenger car:

The sales of PVs, CVs and 2Ws grew by 9.17 per cent, 3.03 per cent and 8.29 per cent respectively, during the period April-January 2017. Even as sales of passenger vehicles in the domestic market for the just-ended FY2016-17 have crossed the 3-million mark for the first time – 3,046,727 units (+9.23%) – passenger vehicle exports too have notched their best-ever numbers. At 758,830 units shipped out of India, the PV industry has recorded 16.20 percent year-on-year export growth, the only vehicle segment to have registered double-digit growth in the last fiscal. In order to highlight the significance of Passenger car Industry in India, the following information's are given

I.HYUNDAI MOTOR INDIA LIMITED (HMIL) -

HMIL's first car, the Hyundai Santro was launched on 23 September 1998 and was a runaway success. Within a few months of its inception HMIL became the second largest automobile manufacturer and the largest automobile exporter in India. South Korea and is the largest passenger car exporter and the second largest car manufacturer in India. HMIL presently markets 10 models - Eon, Grand i10, Xcent, Elite i20, i20 Active, Verna, Elantra, Creta, Tucson and SantaFe. As HMC's global export hub for compact cars, HMIL is the first automotive company in India to achieve the export of 10 lakh cars in just over a decade. HMIL currently exports cars to more than 87 countries across EU, Africa, Middle East, Latin America, Asia and Australia. It has been the number one exporter of passenger cars of the country for the eighth year in a row.

II.FORD INDIA PVT LTD

Ford India Private Limited is a wholly owned subsidiary of the Ford Motor Company in India. Ford India Private Limited's headquarters are in Maraimalai

Nagar, Chennai, Tamil Nadu. Ford India Ltd is one of the finest automobile manufacturing companies in India. In the year 1926, Ford India was established, but the operations were discontinued in 1954. It was in 1995, that Ford Motor Company received government approval to establish Mahindra Ford India, Limited (MIFL). Mahindra Ford India, Limited was a 50:50 joint venture between Mahindra and Mahindra Limited (M & M) and Ford Motor Company. The Company was rechristened as Ford India Limited. From the year 2001 Ford started coming up with a host models that included the Ford Ikon, Fusion, Fiesta, Mondeo and Endeavour. Ford. The surge in **Ford India's** export numbers has come about thanks to the growing demand from overseas markets for the made-in-Chennai new Figo, which is sold as the Ka+ in the UK and Europe. The new Figo gave a fillip to Ford's exports in end-July when it started shipments to European countries.

III. MARUTI SUZUKI LTD. INDIA

Maruti Suzuki India Ltd. primarily manufactures cars and has been the most favourite automobile brand among Indian people since its inception. The company had started in 1982; however, it commenced the production of automobiles a year later in 1983. The very first model of Maruti, Maruti Suzuki 800, made its way to Indian roads in December 1983. The second in the series was India's first MUV Maruti Suzuki Omni that was launched in November 1984. The other models that came into market in the subsequent years. The country's largest carmaker exported a total of 122,039 units, down 1.50 percent (FY2016: 123,850). The Baleno and the Vitara Brezza, like they have in the domestic market, have helped drive export volumes for the carmaker. The Baleno, which became the first made-in-India Maruti car to be exported to Japan, also saw export demand in Europe where it went on sale last year.

IV. NISSAN MOTOR COMPANY

In India, Nissan Motors is in its nascent stages. It is presently operating through a network of dealers located in Delhi, Mumbai, Bangalore, Secunderabad, and Chennai. The tremendous success the company had in the short stint in the Indian market has encouraged it to opt for a Renault-Nissan alliance to create a new technology and business centre in Chennai, India. This centre is to be made operational in early 2008 and will be known as the Renault Nissan Technology and Business Centre India Private Limited (RNTBCI). The support facilities would include product and manufacturing engineering, purchasing, design, cost management, and information systems development.

V. VOLKSWAGEN

The Volkswagen Group in India is represented by five brands: SKODA, Volkswagen, Audi, Porsche and Lamborghini. The Indian journey began with the launch of SKODA in 2001. Audi and Volkswagen entered in 2007, while Lamborghini and Porsche were introduced in 2012. Today, the Group upholds its mantle of superior engineering, with plants in Pune and Aurangabad working seamlessly to manufacture the world's most loved cars. The Volkswagen Group India is a part of Volkswagen AG, which is globally represented by 12 brands from 7 European countries. 11 automotive brands: Volkswagen Passenger Cars, Audi, Bentley, Bugatti, Lamborghini, Porsche, Scania, SEAT, SKODA, Volkswagen Commercial Vehicles (Volkswagen Nutzfahrzeuge) and MAN. The Volkswagen brand launched the globally successful Passat in 2007. Volkswagen launched one of the brand's best-selling models, the Jetta, in India in July 2008. Both. This was followed by the all-new Jetta TDI for India in August 2011. 2011 was a landmark year for another reason too - the launch of the Jetta TSI. In 2012, the new generation Touareg was introduced in

India. The Polo GT TSI was the happening new launch of 2013.

VI.GENERALMOTORS MANUFACTURING PLANTS IN INDIA

GMIPL has manufacturing facilities in various places in India as Halol in Gujarat, Talegaon Dabhade in Maharashtra. Its headquarters are in Halol and Gurgaon and the company's technical centre is in Bangalore. The Halol and Talegaon Dabhade units of the General Motors have a combined annual production of around 385,000 vehicles. It manufactures all its cars under its subsidiary Chevrolet. The features enlisted will help you choose and buy your dream vehicle Chevrolet Car.

VII.TOYOTA KIRLOSKAR MOTOR LTD

In October 1997, Toyota Kirloskar Motors (TKM) started as a joint venture between Kirloskar Group and Toyota Motor Corporation. Toyota Motor Corporation (TMC) holds 89% of the share and the remaining 11% is owned by Kirloskar Group. TMC was established in 1937 by Kiichiro Toyota in Japan. It is the largest vehicle manufacturer of Japan and is one of the biggest vehicle manufacturers of the world. The manufacturing unit is located at Bidadi near Bangalore.

VIII.RENAULT INDIA PVT LTD

In February 2008, Renault-Nissan Alliance signed Memorandum of Understanding with Government of Tamil Nadu to set up a manufacturing plant in Oragadam near Chennai. Renault Design India, the first vehicle design studio set up by a foreign manufacturer in India, was established in Mumbai in September 2008. Renault Duster named 2013 Indian Car of the Year (ICOTY), got a total of 29 awards. Renault received more awards in one year than any of its market competitors. Since 2012, the Renault Duster received 29 awards in India and the Renault company 34 awards.

IX.MAHINDRA AND MAHINDRA LIMITED (M&M)

Mahindra and Mahindra Limited (M&M) is an Indian multinational car manufacturing corporation headquartered in Mumbai, Maharashtra, India. It is one of the largest vehicle manufacturers by production in India and the largest manufacturer of tractors in the world. It is a part of Mahindra Group, an Indian conglomerate.

Over the period, the company has taken interest in new industries and in foreign markets. They entered the two-wheeler industry by taking over Kinetic Motors in India. M&M also has a controlling stake in the REVA Electric Car Company and acquired South Korea's SsangYong Motor Company in 2011. M&M has a global presence and its products are exported to several countries. Its global subsidiaries include Mahindra Europe S.r.l. based in Italy, Mahindra USA Inc., Mahindra South Africa and Mahindra (China) Tractor Co. Ltd.

X.HONDA SIEL CARS INDIA LTD

In December 1995 Honda Siel Cars India Limited was incorporated for manufacturing of Honda passenger cars in India. It is a joint venture between Honda Motor Co. Ltd., Japan and Siel Limited. HSCI started commercial production in December 1997. The company is ISO 9002 & ISO 14001 certified. Today the company is one of the top players in the Indian premium and luxury car market. The manufacturing unit of Honda siel is located at Surajpur-Kasna Road, Greater Noida Industrial Development Area.

XI.TATA MOTORS

Tata Group is an Indian multinational conglomerate holding company headquartered in Mumbai, Maharashtra, India. It was founded in 1868 by Jamsetji Tata and gained international recognition after purchasing several global companies. It is India's largest conglomerate.

Tata Motors is part of the USD 100 billion Tata group founded by Jamsetji Tata in 1868. Tata Motors is India's largest automobile company. Their design and R&D centres located in India, the UK, Italy and Korea strive to innovate new

products that achieve performances that will fire the imagination of GenNext customers. Across the globally dispersed organisation that there are today, there is one thing that energises and drives all their people and our activities – and that is their mission “to be passionate in anticipating and providing the best vehicles and experiences that excite our customers globally”. Its logo went international in 1961, and they are now selling their vehicles in more than 50 countries. Their cars, buses and trucks roll out at 20 locations across the world – seven in India and the rest in the UK, South Korea, Thailand, South Africa and Indonesia.

XII.FIAT CARS IN INDIA

Fiat's plans to export the Punto and Linea are logical. With its plant in Rajangaon near Pune having a production capacity of 1.35 lakh units and utilization just hovering around 50% Fiat India is bound to suffer losses. An export to other right hand drive markets is considered as an essential means of generating revenue by carmakers in India. With low profit margins triggered by customer preference of low priced cars, the only way of making a sizeable amount of money is through exports. In fact Hyundai exports more cars from India than the number of cars it manages to sell in India. Fiat is developing new cars specifically for growing markets like India.

STATEMENT OF THE PROBLEM

The recent demonetisation policy of the Government and implementation of GST has create an impact on automobile Industry. In order to identify the impact of Domestic market as well as foreign market, this particular research paper has been created. Indian Automobile manufactures as well as distributors are very much bothering about the Government move though the hot policy is considerably good for the development of the country. Keeping in mind the researcher has carried out the study and wishes to share the significance, more specifically with export market of Passenger car.

OBJECTIVE OF THE STUDY

- To study the export of passenger car in India.

- To highlight the opportunities for export.
- To understand the present Passenger car market in India.
- To identify the challenges faced by automobile Industry.
- To offer suggestion based on the analysis made and on collective secondary data.

METHODOLOGY

For the purpose of the study required data have been collected through the secondary sources like books, periodicals, research articles, seminar reports, News papers, study reports of expert committees, departmental publications, plan documents, unpublished dissertations, broucher, pamphlets and advertisements. Period considered for the study is FY 2015-16 and FY 2016-2017 and geographical area of the study focused on India .

III. REVIEW OF LITERATURE

Piplai (Research Entitled: Automobile Industry: Shifting Strategic Focus) Piplai (2001) examines the effects of liberalization on the Indian vehicle industry in terms of production, marketing, export, technology tie-up, product up-gradation and profitability. Piplai (2001) concludes that vehicle industry in India hasnot gained much from the reforms, other than being thrust upon a high degree of unsustainable competition.

Mahipat Ranawat, Rajnish Tiwari (Research Entitled: “Influence of Government Policies on Industry Development: The case of India’s Automotive Industry”) Author has made a detailed

historical account to provide the context and considerations under which the policies were formulated by the Indian Government.

SIAM (Apr 08, 2016) forecasts positive outlook for India auto sales in 2016-17

by Shobha Mathur .

NMCC (2006), competitiveness of manufacturing sector is a very broad multi-dimensional concept that embraces numerous The OECD definition of competitiveness, which is most widely quoted, also considers

employment and 4 However, many OEMs also provide or upgrade technologies of auto-component manufacturers to build up supply chain. 3 sustainability, while being exposed to international competition, as features pertaining to competitiveness.

Badri Narayanan G. Pankaj Vashisht (January 2008) Determinants of Competitiveness of the Indian Auto Industry study analyses the determinants of competitiveness in the Indian auto industry. Study analyses the determinants of competitiveness in the Indian auto industry.

Deepak Mittal (2003) The export potential of Indian automobile industries. The export opportunities for the india was significantly increased. Which invites more investment.

Dieter Becker, Yezdi Nagporewalla (2010) The Indian Automotive Industry Evolving Dynamics, exciting outlook for the industry is set against a backdrop of two potentially game-changing transportation trends. The companies benefiting most from this evolving landscape will be those who forge judicious alliances and resource-sharing agreements, who prepare for the growing importance of green technologies, and who remain flexible enough to respond to the twin needs of private light transport and mass transport schemes.

Paula stern, chairwoman susan w. Llebele r(june 1985) the internationalization of the automobile industry and its effects on the u.s. Automobile industryshows positive trend

Rakesh Batra (Feb 2016), Automotive and Transportation Leader, Making India a world class automotive manufacturing hub .

ACMA (2017 Aug) The Indian Auto Component Industry: Performance Review 2016-17has highlighted the opportunities for automobile industry.

IV.ANALYSIS AND FINDINGS

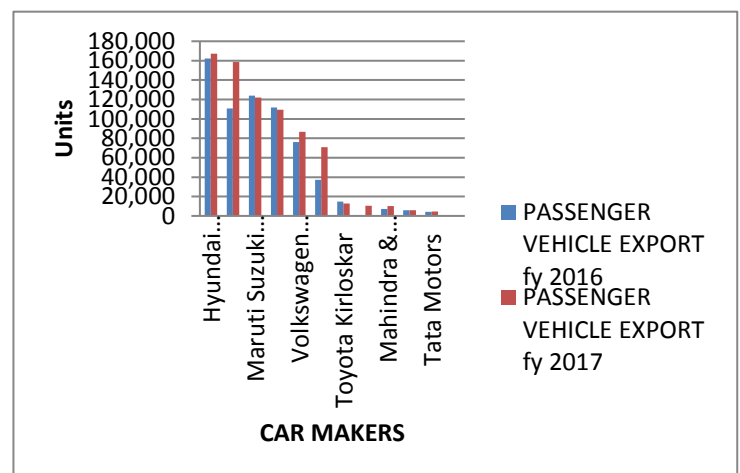
This particular part of the study analyse the export performance of various Passenger car company players in Indian market. Analysis made based on the collective data for the study. There are 12 carmakers in our

country, all the 12 car makers export performance given below.

**TABLE – I
PASSENGER CAR EXPORT IN INDIA
2016-2017**

S.No.	Carmakers	Car Export – Fy 2016	Car Export- Fy 2017
1	Hyundai Motors India	1,62,221	1,67,120
2	Ford India	1,10,840	1,58,469
3	Maruti Suzuki India	1,23,850	1,22,038
4	Nissan Motors India	1,11,612	1,09,459
5	Volkswagen India	75,989	86,852
6	GM India	37,082	70,969
7	Toyota Kirloskar	14,786	12,748
8	Renault India	144	10,641
9	Mahindra & Mahindra	7,090	10,173
10	Honda Cars India	5,737	5,824
11	Tata Motors	4,332	4,380
12	Fiat India	103	135

**CHART-I
PASSENGER VEHICLE EXPORT**



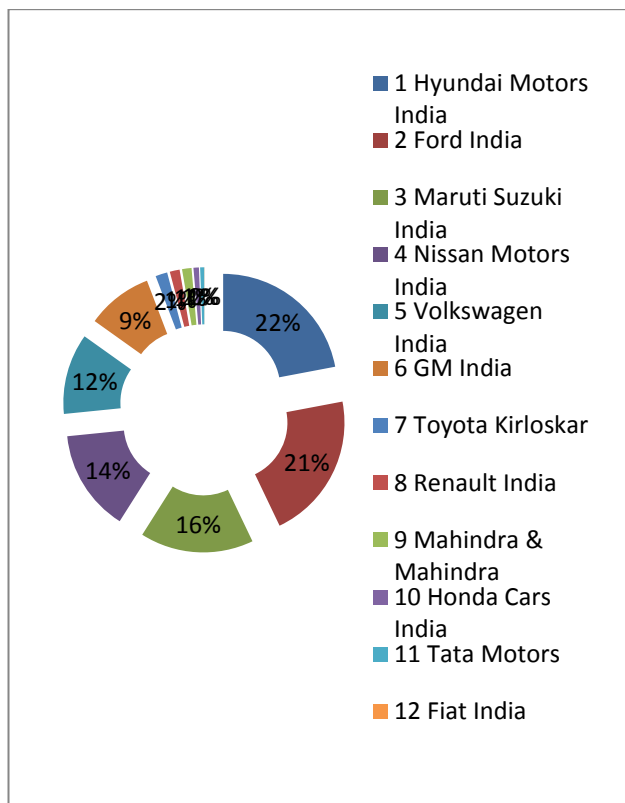
A close look at the FY2017 export numbers (depicted above) reveals that while Hyundai Motor India remains the country's largest PV porter at 167,120 units, Ford India has jumped two spots from fourth position in FY2016 to No.

2 position in FY2017 with 158,469 units, unseating Maruti Suzuki India to third place.

**TABLE – II
PASSENGER CAR EXPORT IN
PERCENTAGE**

S.No.	Carmakers	Percentage
1	Hyundai Motors India	22.02
2	Ford India	20.88
3	Maruti Suzuki India	16.08
4	Nissan Motors India	14.42
5	Volkswagen India	11.45
6	GM India	9.35
7	Toyota Kirloskar	1.68
8	Renault India	1.4
9	Mahindra & Mahindra	1.34
10	Honda Cars India	0.77
11	Tata Motors	0.58
12	Fiat India	0.02

**CHART-II
PASSENGER CAR EXPORTS IN
PERCENTAGE**



Hyundai is undoubtedly the number one Exporters of Passenger car in India and having 22% of share in export market, Ford India is in second place having 21% of share in export market and Maruti Suzuki India got 16% in export market.

OPPORTUNITIES FOR PASSENGER CAR EXPORT

The Government of India's Automotive Mission Plan (AMP) 2006–2016 has come a long way in ensuring growth for the sector. It is expected that this sector's contribution to the GDP will reach US\$ 145 billion in 2016 due to the government's special focus on exports of small cars, multi-utility vehicles (MUVs), two and three-wheelers and auto components. Separately, the deregulation of FDI in this sector has also helped foreign companies to make large investments in India. The Government of India's Automotive Mission Plan (AMP) 2016–2026 envisages creation of an additional 50 million jobs along with an ambitious target of increasing the value of the output of the sector to up to Rs 1,889,000 crore (US\$ 282.65 billion). **Apex industry body, Society of Indian Automobile Manufacturers (SIAM) has forecast a positive outlook for overall sales across vehicle categories for 2016-17.** Driving this growth will be the overall GDP of the country that is pitted to grow at a faster 7.9 percent during FY'17 while industry GDP would grow at 7.6 percent. While PV sales are expected to grow between 6-8%, M&HCVs will continue their double-digit growth.

➤ **Passenger Vehicles sales to see an uptick**
Against this improved background, passenger vehicle sales are pitted to get a leg-up in FY'17. Key business opportunities for auto component industry The Indian automotive sector has emerged stronger from the recent global down turn, and sales across all segments have seen record breaking numbers in the recent past. In order to capitalize on these opportunities, the industry needs to develop or acquire

technologies and capabilities to produce vehicles that meet future market needs.

- **Sourcing destination for large foreign players:** Auto manufacturers including GM, Ford, Toyota, etc. and auto components manufacturers have established their own offices in India to source for their global operations. High level of sourcing of auto components from low cost countries (LCC"s) is expected to drive demand growth for products manufactured in India. Leading low cost auto component manufacturer globally, especially including the following:
- **Metal intensive components:** Forgings, stampings, castings Skilled labour intensive components: Machining, wiring-harness, other electrical components.
- **Hi-tech components:** Electronic fuel injectors. Global hub for R&D: GM, Daimler Chrysler, Bosch, Suzuki, Johnson Controls etc. have established development centres in India. Indian technical skills recognized as among the finest in the world.
- **Cost consciousness:** With high skill levels and a competitive environment, component manufacturers are now viewing the entire global market as potential customers. India has shown to the world, the high profitability that it has here with competent know how and engineering capabilities and efficiency which is outstanding compared to many European countries in terms of cost consciousness. Engineering has a value in India. Society accepts and has a respect for that. Large export market for Indian auto component makers: Export market is forecasted to increase to around US \$ 20 billion to US \$ 22 billion by 2015-16. More than 60% of Indian auto component export targeted to European and the US market indicating that the Indian firms are competent to meet the stringent quality and technical standards.
- **Huge investment opportunities in auto-component Industry:** Around US \$ 7.2 billion investment opportunity in India for auto-component manufacturers. This is

expected to increase to US \$ 20.9 billion by 2015-16.

- **Government support:** Investment commission has decided on a target to attract US \$ 5 billion foreign investment for the next seven years. The government aims to expand the existing 0.5% India's share in global auto component market to 2.5%. Automatic approval for foreign equity investment of as much as 100% of manufacture of automobiles and components is permitted.
- **Automotive Mission Plan 2016 to encourage growth in the sector:** Government aims to increase output to US \$ 145 billion that will represent 10% of the Country's GDP. It will further offer employment to 25 million people. Increasing competitive pressure is on global auto makers forcing Auto components manufacturers to outsource from low cost manufacturers. Heavy Investments in R&D operations, carrying out activities likes emissions, engineering animations, tool designing, modelling, drafting etc. Increasing domestic demand and competitive global market are forcing auto component manufacturers to technical and quality standards. Government of India, under the EXIM policy, has designated auto components as a "Thrust Sector", Government reforms to reduce the tax rates are under consideration, which will reduce the tax burden on the auto component sector. To procurement of the foreign markets for further help India to acquire new set of skills, technology and customers.

CHALLENGES AND FACTORS AFFECTING THE EXPORT OF PASSENGER CAR

- Low capital base of players in the industry.
- Limited generation of surplus funds for re-investment due to tight working capital cycle.

- Lack of awareness of business opportunities.
- Lack of experience to international environment and Poor understanding of global business dynamics.
- Limited geographical diversity of markets.
- Poor infrastructure facilities.
- Volatile factors of production, mainly due to frequent fluctuations & instability in the prices of commodities & raw materials such as steel, aluminium, polymers etc.
- Increasing need for technology up gradation/ innovation to compete and survive in the global market. High level of dependence on traders and agents to perform business in overseas markets that threatens their competitiveness in the global market.
- High interest rates in India as compared to other competing countries.
- Direct and indirect taxes burden are relatively higher than the tax rates followed in other competing countries.

Addressing these challenges and risks will be crucial to promoting SMEs in the auto component industry. The government has initiated cluster-based development, geographical concentration of enterprises having similar lines of business which will give rise to external economies and future emergence of specialised technical, administrative and financial services.

This form of networking of small firms is a means of achieving economies of scale. Extending this initiative further, the government is encouraging banks to adopt a cluster based lending approach to ease availability of funds to SMEs. The fast growing auto component sector contributes some 2.3 percent to India's gross domestic product

(GDP). This figure has the potential to touch US\$110 billion by 2020, with exports going up six-fold, predicts ACMA (Automotive Component Manufacturers Association of India).

V.CONCLUSION

The study clearly reveals that the passenger car export market is performing well. According to the analysis made in the study, Hyundai car company is stands number one in export of passenger cars by exporting 1,67,120 units for the financial year 2016-2017, followed by Ford exported 1,58,469 units, Maruti stands No. Three by exporting 1,22,038 units. Though our Government has taken certain positive measures to encourage the automobile sectors, heavy market competition create challenges even for domestic market. It also strengthening Indian Automobile sector, more specifically the Passenger car Industry.

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