PREFACE

The global recession 2008 affected virtually every developed country with the Japanese economy slow down, the US economy alternating between recovery and recession, the European countries needing financial rescue and even curbing the growth of fast growing Asian economies like India and China. With regard to the tyre industry, the glut of rubber and other raw materials has led to farmers protest in Malaysia.

After a softer input costs regime over the past one year, Indian tyre industry may show some healthy growth in coming years. Prices of natural rubber, the most important raw material for the industry, have dropped to multi-year low in the domestic as well as international market on account of poor demand from countries like China and oversupply of the commodity. Besides, the fall in crude prices is a double bounty for tyre companies as petroleum-based products account for over 30% of the raw material used in the industry. A fall in crude prices will be a complementary sweetener for tyre makers which have already seen operating margins improved to double digits in the last two quarters due to a steady drop in natural rubber prices. However, some significant hurdles towards attaining growth could be raw material related price volatility, rupee appreciation and the looming threat of cheap Chinese imports. The Indian tyre companies need to make active efforts to search newer markets as the existing markets for bus-truck tyres, which account for about 45% of the total export volume, is nearing saturation. There is also an urgent need to increase the degree of radialization in order to safeguard their share in the export market. Global tyre companies have been making constant efforts to innovate and provide a diverse range of products like tyres with pressure warning systems, run flat tyres, eco-friendly tyres and energy efficient tyres. In this situation, the Indian tyre companies have to make a growth strategy of continuous innovation and increasing emphasis on product differentiation.
I dedicate this Ph.D thesis to My Beloved Ammamma Late Smt. Kunjilakutty, Whose Showers of Blessings are always with me......
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Be Eco-Friendly