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CHAPTER 3

SCENARIO OF AUTOMOBILE INDUSTRY AND HRM PRACTICES
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AN OVERVIEW

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CHAPTER 3

SCENARIO OF AUTOMOBILE INDUSTRY AND HRM PRACTICES AND POLICIES IN AUTOMOBILE DEALERSHIPS AT PUNE – AN OVERVIEW

3.1. Automobile Industry – Global scenario

Mr. Peter Drucker refers Automobile industry as the "Industry of Industries", the backbone of the petroleum, steel and manufacturing sectors. The basic need of any human being, after food, clothing & shelter is mobility. The automobile industry is the cornerstone of some of the most influential examine in the world like USA and Japan. And in India, the automobile industry is all set to play the same role. Indian automobile market today is one of the most modern, growing & most promising, and is increasingly becoming attractive to global players. The Indian automobile industry has in recent times, itself a considerable accolade for its comprehensive wide ranging development growth without compromising on any quality parameters. India is today part of the "Millennium car club"

The industry being highly capital intensive, has entry barriers for smaller players. Even the existing global auto majors themselves are realigning their production bases coming closer to the scene of action in Asia Pacific region mainly in China, India and Thailand. Besides the above, the constant pressure for cost reduction on OEMs is compelling them to outsource more and more components from Low Cost Countries. The changing scenario has opened up opportunities for Indian Automotive Industry. India, with its huge domestic market, rapidly growing purchasing power, and market linked exchange rate and well established financial market and stable corporate governance framework is emerging as an attractive destination for new investments in this sector.
The growth of automobile industry worldwide in production has been as follows:

**Automobile Production Trends**

*Source: Data from various sources*  

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<tbody>
<tr>
<td><strong>Passenger vehicles</strong></td>
<td>723,330</td>
<td>989,560</td>
<td>1,209,876</td>
<td>1,309,300</td>
<td>1,545,223</td>
<td>1,762,131</td>
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<td><strong>Commercial vehicles</strong></td>
<td>203,697</td>
<td>275,040</td>
<td>353,703</td>
<td>391,083</td>
<td>519,982</td>
<td>545,176</td>
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<td><strong>Three wheelers</strong></td>
<td>276,719</td>
<td>356,223</td>
<td>374,445</td>
<td>434,423</td>
<td>556,126</td>
<td>500,592</td>
</tr>
<tr>
<td><strong>Two wheelers</strong></td>
<td>5,076,221</td>
<td>5,622,741</td>
<td>6,529,829</td>
<td>7,608,697</td>
<td>8,466,666</td>
<td>8,026,049</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>6,279,967</td>
<td>7,243,564</td>
<td>8,467,853</td>
<td>9,743,503</td>
<td>11,087,997</td>
<td>10,833,948</td>
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The automotive industry has become a very challenging one in different parts of the globe, this past decade. The US auto market is now widespread and Asian players are expanding equally rapidly. It is no longer uncommon to have multi-manufacturing facilities across the world, catering to regional markets. This makes customers spoilt for choice with more brands and models hitting the market. Customer tastes are borne in mind vis-à-vis new price points and innovations, and higher standards of production that includes tighter emissions and greener technologies. The Indian auto industry has also changed and grown a lot with major auto component manufacturers consolidating their global positions.

### 3.2. Automobile industry in India – Evolution and present scenario

The Indian Automotive Industry has emerged as a ‘Sunrise Sector’ in our economy within fifteen years of its liberalization.

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*Source: [www.siam.com](http://www.siam.com), [www.fadaweb.com](http://www.fadaweb.com), and [www.crisilresearch.com](http://www.crisilresearch.com)*
## Automobile Domestic Sales Trends

(Number of vehicles)

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<tbody>
<tr>
<td>Passenger Vehicles</td>
<td>707,198</td>
<td>902,096</td>
<td>1,061,572</td>
<td>1,143,076</td>
<td>1,379,979</td>
<td>1,547,985</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>190,682</td>
<td>260,114</td>
<td>318,430</td>
<td>351,041</td>
<td>467,765</td>
<td>486,817</td>
</tr>
<tr>
<td>Three Wheelers</td>
<td>231,529</td>
<td>284,078</td>
<td>307,862</td>
<td>359,920</td>
<td>403,910</td>
<td>364,703</td>
</tr>
<tr>
<td>Two Wheelers</td>
<td>4,812,126</td>
<td>5,364,249</td>
<td>6,209,765</td>
<td>7,052,391</td>
<td>7,872,334</td>
<td>7,248,589</td>
</tr>
<tr>
<td>Grand Total</td>
<td>5,941,535</td>
<td>6,810,537</td>
<td>7,897,629</td>
<td>8,906,428</td>
<td>10,123,988</td>
<td>9,648,094</td>
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It has been predicted by the experts that the period of ten years (2006 to 2016) will be a crucial period for growth of the Indian automobile industry a significant player in the global. The rapid improvement in infrastructure including road, port, power and world class facilities for testing, certification and homologation, coupled with availability of trained manpower and enabling government policies to promote fair competition make Indian Automotive Industry more competitive in world besides making the country a favorable destination for investment by global majors in auto industry.

India is emerging as one of the world’s fastest growing passenger car markets and second largest two wheeler manufacturer. It is home for the largest motor cycle manufacturer and fifth largest commercial vehicle manufacturer. The industry is producing about 13 lakhs passenger vehicles, 4 lakhs commercial vehicles, 76 lakhs two wheelers and about 3 lakhs tractors per annum.

*Source: [www.siam.com](http://www.siam.com), [www.fadaweb.com](http://www.fadaweb.com), and [www.crisilresearch.com](http://www.crisilresearch.com)
*Reports Federation of Indian Automobile Association, 2006-07 and 2007-08
The Indian Automotive Industry embarked on a new journey in 1991 with de-licensing of the sector and subsequent opening up for 100 per cent Foreign Direct Investment (FDI) through automatic route. Since then almost all the global major companies have set up their facilities in India taking the level of production of vehicle from 2 million in 1991 to 9.7 million in 2006.

The growth of Indian middle class with increasing purchasing power along with strong growth of economy over a past few years have attracted the major auto manufacturers to Indian market. The market linked exchange rate and availability of trained manpower at competitive cost have further added to the attraction of Indian domestic market. The increasing pull of Indian market on one hand and the near stagnation in auto sector in markets of USA, Europe and Japan on the other have worked as a push factor for shifting of new capacities and knowledge capital to the auto industry of India. The increasing competition in auto companies has not only resulted in multiple choices for Indian consumers at competitive costs, it has also ensured an improvement in productivity by almost 20 per cent a year in auto industry, which is one of the highest in Indian manufacturing sectors. To maintain this high rate of growth and to retain the attractiveness of Indian market and for further enhancing the competitiveness of Indian companies, the Government through the Development Council on Automobile and Allied Industries constituted a Task Force to draw up a ten year Mission Plan for the Indian Automotive Industry. The challenge was to give shape to a futuristic plan of action with full participation of the stakeholders and to implement it in a mission mode to remove the impediments coming in the way of growth of industry. Besides making concerted efforts for removal of obstacles for accelerated growth, the prime need was to put in place required infrastructure well in time to facilitate growth.
Through this Automotive Mission Plan 2006-2016, Government also wants to provide a level playing field to all players in the sector and to lay a predictable direction of growth to enable the manufacturers to take more informed investment decision.

While the genesis of Indian Automotive Industry can be traced to the 1940s, distinct growth decades started in the 1970s. During 1970 to 1984, cars were considered a luxury product; manufacturing was licensed, expansion was restricted; there were quantitative restriction (QR) on imports and a tariff structure designed to restrict the market. The market was dominated by six manufacturers – Telco (now Tata Motors), Ashok Leyland, Mahindra & Mahindra, Hindustan Motors, Premier Automobiles and Bajaj Auto Ltd.

The decade of 1985 to 1995 saw the entry of Maruti Udyog in the passenger car segment and Japanese manufacturers in the two wheelers and light commercial vehicle segments. Economic liberation, started in 1991, led to the delicensing of the passenger car segment in 1993. Quantitative Restriction (QR) on imports continued. This decade witnessed the emergence of Hero Honda as a major player in the two wheeler segments and Maruti Udyog as the market leader in the passenger car segment.

Between 1995 and 2000 several international players entered the market. Advanced technology was introduced to meet competitive pressures and environmental and safety imperatives. Automobile companies started investing in service network to support maintenance of on-road vehicles. Auto financing started emerging as an important driver for demand.
Starting in 2000, several landmark policy changes like removal of quantitative restrictions (QR) and 100 percent FDI through automatic route were introduced. Indigenously developed (made in India) vehicles were introduced in the domestic market and exports were given a thrust. Auto companies started collaboration with financial firms to provide auto financing and insurance services to customers. Manufacturers also introduced systems to improve capacity utilization and adopted quality and environmental management systems. In 2003, core group on Automotive R&D (C.A.R.) was set up to identify priority areas for automotive Research & Development (R&D) in India.

3.3. Major car manufacturers in India

It has been observed that there are thirteen big automobile manufactures in India making considerable contribution in the development of Indian economy. All the manufacturers have launched different car variants in the market and all of them are well accepted by Indian people. All the manufacturers were having good network of dealers in the country through them they are selling their vehicles. The brief information of the important automobile manufacturers in India is as below:-

1) GENERAL MOTORS

General Motors Corporation (GM) is a multinational automobile manufacturer and is the second largest automaker. General Motors manufacture cars and trucks in over 35 countries. Some of the popular brands of General Motors are Hummer, Chevrolet, GM Daewoo, Cadillac, Holden, Pontiac, Saab, Saturn, Vauxhall, and Wuling. The General Motors aftermarket business operates globally in the US and manages four brands; Goodwrench, ACDelco, GM Performance Parts and GM Accessories. General Motors started its venture in the Indian automobile
market with CK Birla Group of companies. GM started as a 50-50 share holder. Later it switched over from a Public Limited to a Private Limited company. General Motors entered in the Indian Automobile Industry with the Opel brand. But the General Motor's most recognized brand in India is Chevrolet.

In the recent years, General Motors have faced the financial setback. General Motors enlisted its name for making outstanding future performance in the field of automobile industry in India from the year 1994. General Motors is the leading automobile industry. General Motors cars are always the luxury cars that are classy and superior. Many buyers find the rates of General motors new cars beyond their reach.

2) FORD

Ford Motors is one of the oldest car manufacturing companies of the world. They completed their official 100th anniversary in 2003. They are the ones who had revolutionized the American Car manufacturing industry. Right now there are almost 350,000 employees working for them and they are spread over almost 200 markets in six continents. Their headquarters are located at Dearborn, Michigan. Their brands worldwide include Aston Martin, Ford, Jaguar, Land Rover, Lincoln, Mazda, Mercury and Volvo. Ford Motors India started their operations in India in the 90’s and since then they have created a market for themselves.

Ford Motors is a profitable organization and that they are looking into the problems of the US operations and would definitely come up with some kind of a solution very quickly. Investing in a growing market like India would actually help organization to improve their market condition in the United States. Ford is a family company; they take a very long view of things. Currently, Ford's bestseller in the market is Ford Ikon. Ford SUVs have always been on the top of the wish lists of the consumers in the world and India also doesn't lag far behind. Ford Motors' cars are very
popular in among various groups of people. Various new Ford dealers as well as old Ford dealers have contributed well in the expansion of its customer base.

Ford Cars is a big name in the automobile industry. It has a number of car models rolled up in the market including luxury cars. If the buyers can't afford to buy new Ford cars then they can go for used cars. There are a number of car owners that are interested to sell car. They can go for rental cars, new car or even used cars. To search for Ford Motor's used cars is quite easy. There are car dealers and car websites that offers ample information that helps to sell a car at fair prices.

3) NISSAN

Nissan Motor Company Ltd. is a Japanese car manufacturer. It was established on December 26, 1933. It is the second largest automobile manufacturing company of Japan, popularly known as "Nissan". They believe that India is a market of opportunities and growth. They are of the opinion that their investment in India will help in the growth of the company. They are also planning to open manufacturing units in India. They believe that India is strategically very important for them and the company's future growth is a lot dependent on the outcome of their investment in India. They have immense expectation from the Indian market. They have bigger plans in the future for India. And setting up manufacturing units and initial investment is just the starting point of the bigger picture. Nissan Motors India Pvt. Ltd. is the Indian division of Nissan Motors. They deal with all the aspects of automobile manufacture. That would include import (presently, later it might be manufacturing), spare parts, sales, after sales, marketing, distribution etc. Nissan Motors India has car dealerships outlets in places like Delhi, Mumbai, Bangalore, Secunderabad, Chennai and Pune. Nissan Motors India has started their
operations in India with the launch of new X-Trail. This particular model is very popular throughout the world. Moreover Nissan has been able to complete its revival plan, according to its planning and timing. Infact, they had actually completed their project a year ahead. This makes it even easier for them to concentrate better on the India market and work accordingly. The new X-Trail has been launched in two different variants in India.

4) Porsche

Porsche entered the Indian automobile market in the year 2003. Initially, they were offering their sports cars and the SUV in the super premium car segment. In India they have decided to start on a very small scale. However, they are of the opinion that the market potential of India is immense. They believe that at this point of time they would not be thinking of any specific sales percentage or numbers, rather they would be concentrating on building a place for them in the Indian market mainly, because of the fact that Porsche cars are highly expensive and their price range in India starts from 47 laks and above. Their target customers will be from the higher strata of the Indian society. Thus this will reduce their market options to a certain level. They are of the opinion that seventy five percent of their sales will be from model called Cayenne. The other models of cars will be Boxster, Cayman, 911 and Cayenne.

The Company Porsche SG was established in the year 1931 by Mr. Ferdinand Porsche. He is also credited with the manufacture of the first Volkswagen. In the year 1948, Porsche came out with their first sports car. It was incidentally also called Porsche. Porsche India has two importing centers, one in New Delhi and the other in Mumbai. They are also looking forward to open dealerships in Bangalore, Hyderabad and Chennai. They are also planning to open Porsche Centers in both the cities, where the
importing companies are located. The Cayenne, on which the Porsche is banking so much on, is priced at Rs 73 lakh for its entry level model. And the top end Cayenne Turbo will be priced at Rs 83 lakh. They are of the opinion that Porsche is perfect for Indian roads and climatic conditions. Moreover they will also suit the Indian lifestyle perfectly.

5) REVA

Reva is India's first Electric Battery Operated Car. It was designed keeping in mind the need for the decrease of the pollution levels of the cities. Also because of the fact that the natural oil resources of the world are decreasing day by day. Initially, in the past the concept of electric cars were not given much importance, however now it is a concept that is fast gaining popularity among countries and communities. Almost all major new car manufacturers of the world have some kind of an alternate fuel technology or EV (electric vehicle). EV's are basically zero emission noiseless vehicles that can be charged anywhere. EV's can be easily maintained as well. They are easy to drive as they do not have clutch or gears. Hence, driving the vehicle in congested areas is very simple. It has been deduced through studies that the potential EV market is very high in India, Brazil and China.

Reva was introduced in India in 2001. Initially, they had dealership only in Northern India. Reva has received certification from (ARAI) Automotive Research Association of India and EEC (European Economic Community), which has led to the export of Reva's to UK. Reva has a life span of about 40,000 km and its running cost is approximately 40 paise per kilometer. Reva car prices vary with the type of Reva car model such as luxury cars.
The Bangalore facility of Reva is working on indigenizing the car and also on developing new electric vehicles. Reva can travel for 80 km in one charge and can be charged anywhere with a 220 volt, 15 amp power source. Reva can accommodate two adults and two children properly at a given point of time. It’s a two door hatch back car. It has been tested under different and difficult conditions for over a million kilometers and the results have been satisfactory. This car comes with a three year warranty. It's also a very Hi-Tech car with features like Climate Control Seat and Remote Controlled A/C which makes it very different from the conventional cars. Like all other EV's. Reva also requires very less maintenance as the moving parts of the car are very less in number. Reva has the best safety features as well according to world standards of today.

6) MARUTI SUZUKI INDIA LIMITED

Maruti Udyog Ltd. (MUL) was basically formed to cater to the problems of insufficient public transport capability of the Government. During the early 80's, India was facing tremendous problems regarding public transport. And there was no possible solution to curb this problem. The Indian markets were yet to be opened to globalization hence; there were very few car manufacturers in the country. However, the need for an alternative was becoming very necessary, when the Government of India through an Act of Parliament formed Maruti Udyog Ltd. in 1981. After this, a Joint Venture agreement was signed by the Govt. of India and Suzuki Motor Company (now Suzuki Motor Corporation of Japan) in Oct 1982. There are almost 307 showrooms across 189 cities. They are managed by almost 6000 trained personnel. MUL has always been concerned about the quality of their services and products. Accordingly, it has been seen that Maruti owners experience very minimum problems as compared to the other car manufacturers of India. Another important aspect of Maruti India is that they provide all kinds of services and products under one roof.
Maruti 800, one of the first city cars, is the largest selling car in India. Maruti Alto is India’s most popular and fuel efficient car. The maintenance cost of Maruti vehicles is also low as compared to the other manufacturers. Even technologically, they have attained a benchmark. They have introduced the superior 16 Hypertech engines in almost all their models. This technology helps in increasing engine delivery. They have also introduced Electronic Power Steering in some of their models as well. MUL has three fully integrated production facilities with a range of 10 models in 50 variants. Their overall sales growth is of 15.8%, which also makes easier for the Indians to buy cars. Other successful small and big Maruti car models that have ruled the hearts of millions of Indians are Maruti Baleno, Maruti Esteem, Maruti Gypsy, Maruti Swift, Maruti Versa, Maruti Wagon R, Maruti Zen, Zen Estilo etc.

Maruti Udyog Ltd.

In 2001, Maruti Udyog Ltd became one of the first automobile companies anywhere in the world to get an ISO 9000:2000 certification. Recently, to meet the growing demands of four-wheeler automobile, Maruti Udyog Limited, collaborated with Suzuki Motor Corporation of Japan, to manufacture cars. On the 17th September 2007, Maruti Udyog was renamed as Maruti Suzuki India Limited and the company headquarters is in Gurgaon, Delhi. Maruti cars have ruled the roads in the past, in present, and promises to do so in the future also with its highly efficient cars.

7) HONDA

Honda India was established in the year 1995, when Honda Motor Co. Ltd, Japan and Siel Ltd. (Siddharth Shriram Group Company) of India came together and formed Honda Siel cars India Ltd. The main motive behind the collaboration was to provide Indian customers with Honda's latest passenger car models.
Honda India has one manufacturing unit at this point of time. It is located in Greater Noida, in Uttar Pradesh. It is spread over an area of 150 acres of land and is equipped with state of the art equipments. The total investment amounts to Rs 450 crores. The manufacturing capacity of this plant is 50,000 cars on a dual shift process. The company has decided to work on the plan of increasing the manufacturing capacity form 50,000 units to 100,000 units by the end of 2007 and to 150,000 units by 2010. This manufacturing unit produces Honda City, Civic and Accord models. The Honda CRV model is imported from Japan. Honda India has a strong network of sales and distribution in the country.

They provide everything starting from sales to service to spares etc. under one roof. They have already set a strong foothold on the Indian metro market. Now they are working on the smaller city markets. The company in its initial five years had sold not more than 50,000 units, however today it's selling more than 50,000 units in a single year. Honda City still remains a big hit for them. That car changed the whole concept of passenger cars in India. But now they have stopped manufacturing Honda City and have replaced that with Honda City ZX. It was only after the big success of Honda City that they launched their higher end models like the Accord, the SUV and the CRV. And once again their success story was repeated like before. Even the launch of Honda Civic (which is a global hit) in 2006 was a big success in the Indian market. Honda India is also very strict about its quality and environmental standards. It strictly adheres to the standards of ISO 9001 for quality and ISO 14001 for environmental standards.

8) TATA MOTORS

Tata Motors (Previously known as Tata Engineering and Locomotive Company limited) is the youngest passenger car company in the world. It was established in the year 1945. Initially, they were into the
manufacturing of trains. However, Tata motor is solely responsible for showcasing India's automotive industry to the rest of the world. It did so by designing and developing its own indigenous cars and thus placing India on the world automobile map. Tata Motors much like its parent company (Tata Group) has far fetched vision and always thrives for excellence. It was established with a vision of becoming a global car manufacturer from India. And today, it has indeed achieved the feat of becoming a significant global player in the automobile industry.

It has a wide range of automobiles varying from commercial vehicles to passenger vehicles to multi-utility vehicle etc. Tata Motors is very committed to issues like Corporate Social Responsibility, Human Rights, Labour, and Environmental Standards. They are partners to the United Nations Global Compact. Tata Motors is India's largest automobile company and the sixth biggest commercial vehicle manufacturer in the world. In the year 2004, it became the first Indian Engineering Company to be listed in the New York Stock Exchange.

The company had earned revenue of Rs 24,000 crores for the financial year of 2005-06. Hence, making its' presence felt on the Indian roads on a regular basis. Since, 1954 (when the first Tata vehicle was launched) till today, over 3.5 million Tata vehicles ply on the Indian roads.

**Global Markets**

Today, Tata is a global player having markets in Europe, Africa, South Asia, South East Asia, Middle East and Australia. This leap in the global market started from 1961. Once, the export division was established. Tata Motors initially started by manufacturing trucks by collaborating with Daimler Benz of Germany form 1954 till 1969. At that point of time, the trucks that were manufactured were known as Tata Mercedes-Benz Trucks. However, after the collaboration period was over, the trucks were then called Tata Trucks. But it was just the beginning.
Later, in the early 90's they entered the passenger vehicle segment by launching the Tata Sierra, (India's first sports vehicle) and the Tata Estate. However, the biggest achievement came later in 1998, when Tata developed the first indigenously developed small car of India called the Tata Indica. And then Tata Indigo was launched in 2002. The name "Indica" came from the words "India's Car". Tata Cars became the name to reckon with since then. And very soon Tata Indica became the most popular car in this segment. Then, later in 2005 they launched India's first indigenously developed Mini-Truck called the Tata Ace. Recently, in order to fulfill its global dream, Tata Motors has acquired the Daewoo Commercial Vehicles Company, Korea's second largest truck manufacturer, in the year 2004. In 2005, they acquired 21% stake in Hispano Carrocera, a Spanish bus and coach manufacturer. They have manufacturing plants in Jamshedpur, Pune and Lucknow. They also have assembly operations in Malaysia, Kenya, Bangladesh, Spain, Ukraine, Russia and Senegal.

The success story of Tata Motors can be based on the facts that they have excellent foresight, they understand the needs and the wants of their customers very well, they have a well organized and efficient R&D department and that they have high aims and standards which are fulfilled but not at the cost of quality and efficiency. Today Tata is a household name. Tata cars are seen running on the roads. Tata cars showrooms and car dealership are easily available in the market.

9) AUDI

Audi is one of the most famous car manufacturing companies in the world. It is a German based company and it is also one of the oldest car manufacturing companies of Germany. Audi was established by August Horch in 1909. The name came from the Latin Translation of the word
Horch, which in German meant 'listen'. However, the official Emblem of Audi changed from 1932. It became four rings. The reason behind it being the merging of four different companies together under one name "Audi". The four different countries were DKW, Horch, Wanderer and NSU, Audi India is a part of the Audi Group.

After having created a strong base in China, Audi's next Asian dream is to have a strong base in India too. Audi has analyzed the Indian market and wants to have a firm grip on the Indian market as well. They have also announced that they would be selling Audi TT and Audi A8 in India as well.

They have also decided to start to manufacturing Audi's in India in collaboration with their sister concern Skoda. Skoda already has manufacturing units in India. That way they can cut down on costs. So at this moment Audi AG board is not thinking of opening manufacturing units in India. The Audi board feels that the Indian automobile market is at a very nascent stage now, which will provide them with enormous business opportunities. Although high prices of the Audi car hesitates people from buying it. The availability of used cars of Audi is within buyers purchasing limits. They believe that this will increase their sales as new markets are always supposed to have tremendous growth rate. And more so because Audi's main focus is to cater to the rich people, they are one of the leaders in the luxury car industry. Hence as there is no Indian automobile company catering to the rich people of India, this provides Audi in India with an opportunity to cater to this particular segment of the Indian society as the rich people of India normally looks forward to the global car manufacturers for their luxury cars.
Hyundai Motors India was established in the year 1996 in Irrungattukottai near Chennai. It is known as Hyundai Motors India Limited (HMIL). The total cost incurred in building this manufacturing unit was $614 million. This is their only manufacturing unit in India. However, they are planning to open a second manufacturing unit as well. Hyundai Motor Co was established in 1967 and is the now the largest car manufacturer of South Korea. Hyundai Motor Co (HMC) is a division of Hyundai Kia Automotive Group. HMIL’s manufacturing unit in Chennai is equipped with state of the art equipments. They have all the required production and planning technology for modern production, quality control and testing mechanism.

Production and Planning

They are probably in the most elite group of car manufacturers in India to have such technological knowledge. Their main aim is to make India a global hub for export of cars. A number of new Hyundai Cars are in the pipeline. They believe that India has the potential to achieve such a feat and in order to take India a step further they are investing heavily here. The growth of HMIL has been exceptionally high with 17.26% in 2005 when compared to 2004. Their export growth has been exceptional as well with an astonishing growth of 27.2% for the year 2005 which amounts to 1,800 crores. They are also planning to increase their dealership network and their after sales service. In the year 2005, HMIL shipped their first consignment to the United Kingdom. Previously they had exported to some countries in the European Union but they were left hand drive cars. However, this is for the first time that they are exporting right hand drive cars. The same year they also achieved a milestone of manufacturing the fastest 200,000th export car.


**Awards and Certification**

HMIL has been certified with ISO 14001 certification due to their high quality environmental standards. They have also installed the Environment Management System (EMS) in their Chennai manufacturing unit. Hyundai Motors India Limited is a fully owned subsidiary of Hyundai Motor Co.

HMIL has won many different awards since its inception. However, the most recent awards are the "Executive Car of the Year-2006" for Sonata Embera, by Business Standard Motoring Magazine and the NDTV Profit- Car & bike Awards 2006 have chosen Tucson to be the "SUV of the year"

11) **TOYOTA**

Toyota India was established on October 6th, 1997. The initial capital investment was of Rs 7 billion. The Toyota Motor Company of Japan has 89% of equity shares and the Kirloskar Group of India has 11% equity shares in their JV called "Toyota Kirloskar Motor (TKM)."

**Toyota Motor Company**

Toyota Motor Company is a Japanese Multinational Company and is the second biggest automobile manufacturer of the world. It is one of the elite three manufacturing companies of Japan who has the potential to challenge the big American automobile manufacturers. The other two being Honda Motor and Nissan Motors who are equally capable.
Toyota Kirloskar Motor

The Toyota Kirloskar Motor (TKM) is of the opinion that they would contribute to the growth of the Indian economy by contributing in the automobile sector, technological upgradation and human resource management. They want to manufacture and sale automobiles in India and make India an export hub as well. They also want to maintain their global standards here with the help of as many as Toyota centers in India. The most important policy of TKM has been the implementation of the Philosophy of "Putting Customer First".

Another very important policy of TKM is to motivate their employees to achieve perfection. They believe that employees are the backbone of the organization and to achieve perfection, the employees must be motivated to work and improve continuously. That's why they maintain corporate culture and ensures maximum stability for their employees. The TKM is also into social service as they understand their responsibility towards society very well.

They are also continuously trying to ensure the betterment of their products and services. As they believe that the path to their success is by providing better services and goods. One of their main aims is to help the Indian economy develop by creating employment opportunities.

12) BMW

BMW AG (Bayerische Motoren Werke AG) was formed by Matthew Eben Ruark to manufacture aircraft engine. It is a German Company. Initially, BMW was called Bayerische Flugzeug-Werke. Later, in 1916 the name was changed to Bayerische Motoren Werke. It was only after World War I when Germany was prohibited from making any kinds of aircraft that
BMW shifted to manufacturing Railway Brakes. They first built their motorcycle engine called Victoria in 1919. But it was only in 1923 that BMW built their first model.

There are a number of BMW car dealership and car websites where car rentals, car dealers, used car dealer and car prices are discussed in detail. BMW vehicle is a class in itself and a BMW car is a luxury. BMW MINI Rolls-Royce BMW deals with only premium segments in the automobile market. They have vehicles ranging form small cars to big luxury cars.

The company employs somewhere around 106,000 employees around the globe. The BMW group is famous for its design, superior technology and innovation. They are into marketing and sales as well, apart from research & development and production. BMW Group finally made a formal entry into India in 2007. BMW India believes that the introduction to the Indian market is an important step towards their bigger Asia objective. The BMW India units will be dealing and manufacturing with BMW 3 Series and BMW 5 Series saloons for the local market only. Till now all the BMW cars were imported to India. Since 2007, BMW other BMW dealerships are also on the top of the plans. The current global portfolio of BMW comprises of:

- BMW 1 Series, BMW 3 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW X3, BMW X5, BMW Z4
- MINI (One, Cooper, Cooper S, Convertible)
- Rolls-Royce Phantom
13) **Mercedes-Benz India**

Mercedes-Benz India is a subsidiary of Daimler AG. Daimler entered the Indian market and set up Mercedes-Benz India Ltd in 1994. The company was later renamed DaimlerChrysler India Private Ltd after the merger of parent company Daimler with Chrysler. After DaimlerChrysler sold off most of its equity interests in Chrysler in 2007, it changed its name to Daimler AG. As a result, DaimlerChrysler India was renamed *Mercedes-Benz India* once again. Mercedes-Benz India is a 100%-owned subsidiary of Daimler AG. The company is based in Pune. Daimler is building a commercial vehicle plant in Chennai with an investment of 700 million Euros.

Traditionally, Mercedes-Benz cars have consistently catered to wealthy, rich, and super-rich consumers. The manufacturer's name keeps on changing, but Mercedes-Benz cars remain Mercedes-Benz for a greater brand relationship with world consumers.

14) **Mahindra and Mahindra Limited**

Mahindra embarked on its journey in 1945 by assembling the Willys Jeep in India and is now a US $6.3 billion Indian multinational. It employs over 1,00,000 people across the globe and enjoys a leadership position in utility vehicles, tractors and information technology, with a significant and growing presence in financial services, tourism, infrastructure development, trade and logistics. The Mahindra Group today is an embodiment of global excellence and enjoys a strong corporate brand image.

The International Operations of the Automotive Sector focuses on the international business.

Mahindra Renault (MRPL) announced the launch of Logan, India's first wide body car, sporting a host of class-defying features at an aggressive price.
The Logan redefines its segment in terms of spaciousness as well as performance, technology with the latest generation “dci” common rail engine. It has been designed for the Indian market incorporating a contemporary styling and design.

In February 2005, Mahindra & Mahindra and Renault decided to join forces to produce and commercialize the Logan in India.

The joint venture is a 51:49 partnership between Mahindra & Mahindra and Renault. The state-of-the-art Logan facility in Nashik offers a body shop, stamping shop, a paint shop with a top quality pre-treatment and an assembly line specific for the Logan.

3.4. **Auto Components Manufacturing Industry in India** *21*

Auto components are a major income source for the automobile dealerships.

In 1953, the Tariff Commission, in its report to Government had stressed the need for a balanced and integrated development of the automotive industry by promoting the emergence of a strong auto component sector. As a result of this recommendation the leading entrepreneurs were invited by government to establish an auto component manufacturing industry.

In the pre 1985 era, the auto component sector was a protected market with high import tariffs. The market was oriented primarily towards supply of components to domestic manufacturers.

*21 Automotive Mission Plan 2006–2016 – Govt. of India*
In the 1980s, encouraged by the establishment of many Japanese OEMs in the passenger car, two-wheeler and Light Commercial Vehicle (LCV) industry in the country a number of Indian companies entered into joint ventures with Japanese companies and exports also commenced.

The Phased Manufacturing Programme (PMP) introduced in Indian automotive sector in the 1980s for localization had laid the foundation for the development of auto component industry. This programme enabled the auto component industry to modernize its technology, improve quality and to imbibe good manufacturing and shop floor practices and to transform itself into a highly capable sector of the industry while at the same time contribute to localizing the component base. In 1990s, global OEMs and Tier 1 suppliers started operations in India. This paved the way for a large number of new joint ventures in the component industry with European and American component manufacturers and gave the Indian component industry all round expertise to manufacture components for applications in Japanese, European as well as American vehicles. After the PMP programme came to an end in 1991, government introduced the MOU system that continued to place emphasis on the aspect of localization of components. With support from this policy, the component industry developed further capability to manufacture the new breed of auto components required for the new generation vehicles.

As a result of successful localization of these components, vehicle manufacturers started outsourcing more and more components rather than manufacturing in house. Entrepreneurs were encouraged to develop components and set up facilities. Whenever required, OEMs supported component manufacturers through equity participation, technical collaboration etc.
Currently the auto component industry manufactures a wide range of products in India for both domestic consumption and exports. The total size of the component industry is close to USD 14 billion out of which USD 9.4 billion is the domestic OEM market, USD 2.6 billion is the domestic aftermarket and USD 2.0 billion are the direct exports of components. More than 60% of the exports of auto components are to Europe and USA. More than 70% of the exports go to the OEMs and Tier I suppliers and only 30% to the global aftermarket, indicating the high level of maturity in quality and technology that has been achieved by the component industry. Currently the auto component industry manufactures a wide range of products in India for both domestic consumption and exports.

3.5. **Size of the Indian Automotive Service Industry** *22*

Automotive retail trade and service currently comprising of a network of 6500 automobile dealers and their service stations form an essential part of the automotive business. This segment has investment of over Rs.22,000 crore, provides direct employment to about 4,00,000 people and contributes around Rs.25,000/- crore by way of VAT, CST, service tax, road tax and other levies to central and state exchequers. It also has significant spin off on insurance, auto finance and oil sector.

3.6. **Second Hand Car Market in India and Pune**

After discussion with the experts in the dealerships it has been observed that buying a second hand car has a lot of advantages. The cost of car is significantly lower than new car, the depreciation is lesser, the

loans are easier and to top it is readily available. According to a recent estimate the used car market demand is 1.4 million cars annually.

It is also noted by the researcher, interestingly; at least 90 percent of the used car market remains unorganized, while the organized market is a mere 10 percent. In the unorganized sector, used car vendors constitute 30 percent, while majority of selling/buying car is carried out between buyer and customer. The volume of these transactions is very huge, but within the limits of law. The direct transactions are done between two individuals who are known to each other. But consumers should beware that this sector is susceptible to individual impulse and fancies. The pricing, claims for maintenances, and clear ownership records and others can be fabricated. People like mechanics who check the vehicle and middlemen who handle the deal can influence a decision. For first timers who have no clear idea of cars, are gullible victims to unscrupulous car seller who want to sell their old cars for good price.

The second hand car sellers too can trick the buyers who go looking for a good car but end owning damaged cars. It has been noted that second hand car dealers use fake parts or sub-standard equipments to offer an attractive price. The second hand car dealer make anywhere from 5-10 percent by settling the deal through low quality parts. It has been the experience of many a car owners who brought cars from second hand car dealers that they had to spend a handsome amount on repairs. However, this should not deter second hand car buyers - as most car owners want to sell of their well maintained cars and upgrade to bigger cars. Also second hand cars are valued lower than new cars. Hence the loan amount will be considerably lesser. Also they do not undergo the rapid depreciation in value compared to new cars and they can be customized to owner’s preference.
A second hand car has a lot of promises, but falls short of few things that new car gets, -warranties, OEM equipments, insurance and taxes. This is where car manufacturers have ventured to bring in a system of checks and balances. The certified used car outlets monitored by car manufacturers offer a good deal with peace of mind. For the sellers, the certified use car outlets offer the best market price, thorough assessment by experts, and an option to choose any other car from the manufacturer portfolio. For the buyers, these outlets offer a lot more- warranty (depending on the outlet brand), insurance, assistance taxes, repairs make use of OEM parts and meets high quality standards and thorough check up by trained technicians. To top it the buyer gets to own a car at attractive price after dealer/manufacturer discounts.

Some of the well known certified used car dealers in India are – Maruti TrueValue, Honda Auto Terrace, Ford Assured, Toyota U Trust, Hyundai Advantage, Mahindra and Mahindra's First Choice and many more are yet come to India. The branded used car chains have realized the potential for used car market.

Some industry watchers predict that 50 percent of the used cars sales will be brought under organized car market by 2013. Mahindra plans to increase its numbers to 300 outlets in five year’s time. Maruti True Value already has 270 outlets and plans to increase them a few hundred more in five years. Other car manufacturers plan the same. Used car outlets will spread into II tier cities in the next couple of year.

Car manufacturers' have realized fast that the used car market can generate large revenue. Leading car players say that their used car ventures are paying handsome dividends. Hence the companies are now making it mandatory for their dealers to run used car outlets also.
The branded used car outlets are now dealing in multiple brands. They know that they can win over customer loyalty by offering one-stop shop for all queries. They are offering not only assistance in sales and buying, but in offering finances, insurance and many other services.

3.7. **Growth Drivers for Automobile Industry** *23

Rising per capita income and the changing demographic distribution are conducive for growth. India has the highest proportion of population below 35 years, 70% (potential buyers) which means that 130 million people will get added to the working population between 2003 and 2009. The trends indicate that small and medium cars would remain dominant and a shift towards high end cars is expected at a faster rate. The SUV market is expected to develop rapidly in future. Higher disposable incomes coupled with availability of easy finance options have driven the passenger vehicle segment.

In the commercial vehicle segment, increased investment in road infrastructure and availability of cheaper finance has led to a growth in multi axle vehicles. This is expected to be followed by a shift to tractor trailer combinations on account of operating economics of higher power to weight ratio vehicles. Growth in the demand for pick up trucks has coincided with the growth in multi axle vehicles. The next growth driver for LCVs is expected to be the introduction of lighter pick ups.

The two wheeler segment growth is led by rapid urbanization and resultant rise in demand from semi urban and rural areas, increasing income levels, wider product range available to customers, and easy finance options.

*23 Automotive Mission Plan 2006 – 2016 – Govt. of India*
The growth in tractor industry is linked with the growth in agricultural output and exports to neighboring countries. Auto component industry growth is directly linked to the growth of automobile industry since more than 65% sales is to the OEMs. However, in recent years, component exports are becoming an important growth driver and it is expected to assume greater importance in future.

3.8. Export Trends in Automobile Industry *24

Compared to domestic sales, vehicle exports have grown at the rate of 39% over the last five years, led by exports of passenger cars at 57% and two wheeler exports at 35%. The key destinations are the SAARC countries, European Union (Germany, UK, Belgium, the Netherlands and Italy), Middle East and North America. Maruti Udyog, Tata Motors and Hyundai Motor India are key exporters for passenger cars, Mahindra & Mahindra and Tata Motors for light commercial vehicles, medium and heavy commercial vehicles, Mahindra & Mahindra for MUVs, Bajaj Auto for two and three wheelers and Mahindra & Mahindra and TAFE for tractors. A 3% growth in global demand is anticipated over the next five years and it will be led by Asia (mainly by China, India and Asian countries). Also global auto companies are increasingly sourcing components and vehicles from low cost countries. The outsourcing pie is slowly extending to services like engineering design and other business processes. India is well positioned to take advantage of the outsourcing opportunities.

Automobile Exports Trends * 25

(Number of vehicles)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Vehicles</td>
<td>72,005</td>
<td>129,291</td>
<td>166,402</td>
<td>175,572</td>
<td>198,452</td>
<td>218,418</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>12,255</td>
<td>17,432</td>
<td>29,940</td>
<td>40,600</td>
<td>49,537</td>
<td>58,999</td>
</tr>
<tr>
<td>Three Wheelers</td>
<td>43,366</td>
<td>68,144</td>
<td>66,795</td>
<td>76,881</td>
<td>143,896</td>
<td>141,235</td>
</tr>
<tr>
<td>Two Wheelers</td>
<td>179,682</td>
<td>265,052</td>
<td>366,407</td>
<td>513,169</td>
<td>619,644</td>
<td>819,847</td>
</tr>
<tr>
<td>Grand Total</td>
<td>307,308</td>
<td>479,919</td>
<td>629,544</td>
<td>806,222</td>
<td>1,011,529</td>
<td>1,238,499</td>
</tr>
</tbody>
</table>

Export opportunities for four wheelers would lie primarily in the small car segment as Indian companies have gained expertise in manufacturing vehicles in this segment and enjoy an advantage over other low cost countries. India should capitalize on this expertise and target becoming a manufacturing hub for A/B class vehicles. This is already being leveraged by OEMs like Hyndai with Santro, Suzuki with Maruti 800/Alto and Tata Motors with Indica. The exports in respect of multi utility vehicles three wheelers and two wheelers are expected to become substantial in the coming years. Export of other vehicle categories will be largely driven by strategies of individual companies. The exports, encouraging development of domestic competitiveness, establishing ‘Made in India’ brand are some of the initiatives required to promote international business.

3.9. Growth Potential of Indian Automotive Industry

Automotive industry offers huge growth potential in terms of sales volume (including exports) and also immense employment opportunities.

* 25 Source :SIAM reports www.siam.com
The likely future volumes of different vehicle categories were estimated on the basis of projections made by ICRA Management Consulting Services (iMaCS) and National Counsel for Applied Economic Research (NCAER). Value of projected domestic output was computed based on historical average vehicle prices. Export potential was estimated on the basis of current trends and possible opportunities in major export destinations. Demand for after market auto components and export output was also included in computing growth potential of the industry. The unit value of different vehicle categories in 2016 have been estimated keeping in view the need for compliance with emissions and crash standards.

It is expected that the world production of auto components would reach USD 1.7 Trillion by 2015. About USD 700 billion worth of auto components shall be sourced out from low cost countries (LCCs) by 2016. If India targets to get a 10% share of this potential, it would mean USD 70 billion nearly five times current total size of the industry in India. However, this mission document has set a modest target of USD 25 billion by 2016 for export of auto components.

The projected size in 2016 of the Indian automotive industry varies between USD 122 billion and USD 159 billion including USD 35 billion exports. This translates into a contribution of 10-11% to India’s GDP by 2016 that is double the current contribution. This would mean a domestic vehicle market of USD 82 billion to USD 119 billion by 2016, USD 12 billion exports of vehicles and tractors, USD 20-25 billion component exports and more than USD 5 billion after market of components. Another USD 2-2.5 billion in engineering services outsourcing opportunity is expected to develop. The total size of the auto component industry in India is expected to become USD 40-45 billion by 2016. This calls for a
major focus and policy initiative to market India as an attractive 'Manufacturing Destination'.

The automotive industry also promises significant employment opportunities. Large number of workers, both skilled and unskilled will be required to sustain increased level of production. A large part of the employment would also be indirect for sales, finance, insurance, and mechanics and other after sales personnel for both semi skilled and unskilled workers in rural and semi urban areas. While direct employment is by way of workers engaged in the production of automobiles and auto components, indirect employment is generated in feeder and supplier industries to the automotive industry such as the vehicle financing and insurance industry vehicle repair, service and maintenance outfits automobile and auto component dealers and retailers, vehicle drivers, tyre industry amongst others. It is estimated that on a conservative basis 5.3, 13.3, 0.5 and 3.9 units of direct and indirect employment are generated per unit of car, CV, 2 wheeler and 3 wheeler produced respectively. This translates into an additional employment generation of 25 million by the automobile industry by 2016.

Specialists in the areas of R&D, technology, product development, logistics and operations would also be required. Availability of such requirements will not only be an opportunity, but getting adequately trained personnel will become a major challenge.

The future challenge for Indian automobile industry would be to develop a supply base with emphasis on lower costs and economics of scale, develop technical and human capabilities, overcome infrastructural bottlenecks, stimulate domestic demand and exploit export and international business opportunities. The key to success is to achieve the
critical mass that would make India competitive and profitable for sustained investments. Keeping these in view the identified challenges and interventions are in the areas of competitiveness in manufacturing and flow of technology, demand, brand building and infrastructure, export and international business, environmental and safety standards and human resources development. A key deficiency that needs to be addressed for attaining the vision is to improve competitiveness in manufacturing. Systemic deficiencies could be overcome through a long term and stable policy regime that will support the industry to fulfill its potential.

3.10. **Environment and Safety Regulations for Automobile Industry**

Emission norms came into force with the Idle Emission Norms in 1984. Mass Emission Norms were introduced in 1991 for petrol vehicles and in 1992 for diesel vehicles. These norms have been progressively made stringent and India has followed the European emission standards and test procedures. Environment concerns led to India narrowing the gap with Euro norms at a rapid pace and currently BS-II or Euro II equivalent norms are in force throughout the country and BS-III or Euro-III norms in eleven cities. Two wheelers which play the unique role of family vehicles in India comply with stringent emission norms while at the same time satisfactorily meeting the Indian customer demand for fuel efficiency. Idle emission norms applicable to in-use vehicles have also been tightened. The need is for an appropriate in use vehicle management policy. Also a long term emission roadmap needs to be developed as the current roadmap is only up to 2010. Alternative fuels like Hydrogen and bio fuels need to be promoted to ensure sustainability of the industry over the long term.
3.11. Human Resource Development in Automobile Industry

Employment is always a major factor when measuring the significance of any economic activity. The automotive industry on account of its backward and forward linkages is a significant generator of employment – both direct and indirect. While direct employment is by way of workers engaged in the production of automobiles and auto components indirect employment is generated in feeder and supplier industries to the automotive industry such as the vehicle financing and insurance industry, vehicle repair, service and maintenance outfits, automobile and auto component dealers and retailers, vehicle drivers and cleaners, tyre industry amongst others. Thus steps are needed to ensure that demand – supply gap, both quantitative and qualitative in terms of human resources does not arise.

The need of engineering and managerial manpower is being met by IIT and IIM. The setting up of a specialized institute for industry will add to the competitiveness of the industry. The institute besides developing as a repository of knowledge in the field will also take up market research and analysis within and outside the country. The Indian Government has also identified this input as per requirement of the industry. The adoption of existing training institutes by OEMs and setting up of new training institutes by them will be promoted.

3.12. Major Challenges for Automobile Industry · 26

Sustaining the growth rate :

There is a potential for much higher growth in the domestic market due to the fact that the current car penetration level in India is just 7 cars

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- 26 Automotive Mission Plan 2006-2016, Govt. of India, www.dhi.nic.in and
- Crisil Research Cars and Utility Vehicles Monthly Report
per thousand persons. The increase in purchasing power at the top echelon of about 300 million people in the country where the per capita income is over USD 1000 implies that passenger car growth in the domestic market is on the verge of a major and sustained boom. It is expected that the passenger car market which was 1 million in 2003-2004 can easily cross the 3 million mark by 2015. This can lead to an increase in the size of the domestic auto component market from the current level of USD 9.8 billion (2005-06) to at least USD 15 billion by 2015.

Need for innovation: The competitiveness in the sector will largely depend on the capacity of the industries to innovate and upgrade. The industry will also benefit if it has strong domestic competition home based suppliers and demanding local customers. There is no denying the fact that the factors like labour cost, duties, interest rate and economies of scale are the most important determinants of competitiveness. But productivity is the prime determinant of the competitiveness and also impacts the national per capita income. The globally successful OEMs and auto markers will ultimately make their base in places which are high on productivity factor and where essential competitive advantages of the enterprise can be created and sustained. It would also involve core products and process technology creation apart from maintaining productive human resource and reward for advanced skills. The OEMs also look for the policies of the state which stimulates innovations in new technologies.

3.13. Recent Initiatives of the Government for Automobile Industry *27

In order to give a boost to the growth in this sector the government has taken several initiatives. Some of them are as under:

(i) The Finance Bill 2006 has given a further boost to the automotive industry by reduction of the excise duty on the small motor vehicles the reduction in the duty for raw material which is now between 5 to 7.5% as compared to the previous level of 10% and the thrust on infrastructure development.

(ii) As a result of constant persuasion by the Department of Heavy Industry some of the objectives like imposition of excise duty on body building activity of commercial vehicles lower excise duty on the small cars, extension of 150% weighted deduction on R&D expenditure to the automotive sector increased budgetary allocation for R&D activities in the sector and moving towards a lower duty regime have been achieved and steps are being taken to further strengthen the capability of the sector.

(iii) National Automotive Testing and R&D Infrastructure Project (NATRIP): The most critical intervention of the government thus far in the automotive sector has come in the form of an ambitious project on setting up world class automotive testing and R&D infrastructure in the country to deepen manufacturing encourage localized R&D, boost exports, converge India’s unparalleled strengths in IT and electronics with automotive engineering sectors to firmly place India in USD six trillion global automotive business. NATRIP aims at facilitating introduction of world class automotive safety, emission and performance standards in India and also to ensure seamless integration of Indian automotive industry with the global industry. The project aims at addressing one of the most critical handicaps in the overall growth of automotive industry today i.e. major shortfall of testing and pre competitive common R&D infrastructure. National Automotive Testing and R&D Infrastructure Project envisages setting up of the following facilities:
(a) A full fledged testing, certification and homologation centre within the northern hub of automotive industry at Manesar in the State of Haryana.

(b) A full fledged testing, certification and homologation centre within the southern hub of automotive industry at a location near Chennai in the State of Tamil Nadu.

(c) Up gradation of existing testing, certification and homologation facilities at Automotive Research Association of India (ARAI), Pune and at Vehicle Research and Development Establishment (VRDE), Ahmednagar.

(d) World class proving grounds or testing tracks on around 4,000 acres of land at Pithampur in Madhya Pradesh.

(e) National Centre for Testing of Tractors and Off Road Vehicles together with national facility for accident data analysis and specialized driving training at Rae Bareilly in the State of Uttar Pradesh and

(f) National Specialised Hill Area Driving Training Centre as also Regional In-use vehicle management centre at Dholchora (Silchar) in the State of Assam.

3.14.1. Introduction

3.14.2. Manufacturing Units of Automobile Industry at Pune and Pimpri-Chinchwad Areas


3.14.4.B. Common Labour Laws

3.14.4.C. Common Licenses

3.14.4.D. Common Departments

3.14.4.E. Common Working Areas / Layouts

3.14.4.F. Common Grade-wise Hierarchy


3.14.4.H. Grade–wise salary structure

3.14.4.I. Common Standard Facilities and Systems

3.14.1. Introduction

The opening up of the Indian economy has resulted in the entry of global automobile giants. They are looking at India as a big market and as a production base. Automobile giants like Hyundai, Fiat, Ford Motors, Tata Motors, Maruti Suzuki, Hindustan Motors, Mahindra and Mahindra and Escorts, to name a few, already have their production plants in the country.

With the growth of the automobiles industry, the number of new and used motor vehicle dealers is also increasing. They are the bridge between automobile manufacturers and the consumers. A full-service motor vehicle dealership provides service for its customers in four general departments: New vehicle sales, used vehicle sales, aftermarket sales, and service. These departments employ a wide range of occupations including managerial, administrative support, sales, mechanical and repairing occupations.

3.14.2 Manufacturing Units of Automobile Industry at Pune and Pimpri-Chinchwad Areas

1. Tata Motors Ltd.
2. Mercedes Benz India Pvt Ltd.
3. Bajaj Auto Ltd.
4. Force motors LTD
5. Mahendra and Mahendra LTD
6. General Motors
7. Fiat India
8. Volks Wagon
Supporting units for making auto-ancillary
1. Bharat Forge Ltd.
2. Kalyani Breaks Ltd
3. Verroc Engineering Ltd.
4. Tata Auto Component Ltd.
5. Lumax Electrical’s Ltd.
6. Tata Picasso Ltd.
7. Tata Radiators Ltd.
8. Tata Toyo Ltd.
9. Minda Industries Ltd.
10. L & T -John Dhere LTD

3.14.3 Pune and Pimpri-Chinchwad based Automobile Dealerships – An Overview

Pune is the cultural capital of Maharashtra and played a significant role in history. Pune is an important commercial center with population of more than 30 lacks and is a fast emerging IT hub. It is a city where quality of life is still considered important perhaps that is why a large number of young people come to stay in Pune.

The healthy and rapid growth of industry in Pune has been a landmark achievement. It has attracted major industries from India and abroad. The Pimpri Chinchwad, Pirangut, Chakan, Ranjangaon, Jejuri, and Kurumbh are some of the major industrial zones. Companies such as Bajaj Auto Limited Tata Motors, Force Motors Ltd, Kinetic Engineering, SKF, Bharat Forge, Cummins etc have their branches in the Pune and Pimpri-Chinchwad areas. The vehicles – 2 wheelers, 3 wheelers and also 4 wheelers that have been seen on the roads of India and abroad are mainly manufactured in & around Pune city. India’s Premier automobile companies Like Tata Motors, Bajaj Auto, Kinetic Engineering, L & T, John
Dhere, Force Motors Ltd and MNCs like Mercedes Benz and Fiat are the automotive companies, which have given Pune the honor of being called the Detroit of India.

In 1962, Bajaj Auto Limited, Tata Engineering and Locomotive Company Limited (TELCO) started their showrooms in Pune. Bajaj has opened own company showroom, while Telco has nominated M/s Pandit Automotive Pvt. Limited as authorized dealers for TELCO made products.

Today, “Pune is the largest ‘two-wheeler’ city in India with the maximum density of motor bikes, Scooters and bicycles. The city is a major test-marketing center of vehicles and an important automobile manufacturing base in the country. The Key player in the manufacturing of two-wheeler i.e. Bajaj Auto Limited is situated in Pune.

There was a drastic change in Indian automobile industry when M/s Maruti Udyoag limited started its production in collaboration with M/S Suzuki Motor Company Japan and invited applications for dealership. In 1985, M/s Sai service station Limited has been awarded dealership of M/S Maruti Udyoag limited at Pune. In 1994-1995 the same organization was entered in to capital market and become 1st Indian dealership registered under Public limited company. Even today also M/s Sai service station limited is the largest multi dealer in Pune city. At present in Pune, there are more than 30 automobile dealers and sub-dealers of various make vehicles who are selling four wheelers.

The car automobile dealers in Pune are divided into various categories. According to laws, the dealers are registered under Public limited companies, Private limited companies, deemed to be public limited companies, partnership firms and proprietary concerns. The employee
strength is varied from 100 employees to 600+ employees. These dealers can be divided according to location, number of showrooms, and type of dealership. The western concept of multi dealership is also well set in Pune city and some of the dealers have taken multi dealerships for their business. The name, establishment year and employee strength of the employees in the above dealerships is mentioned as below *28:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name</th>
<th>Principal Employer</th>
<th>Establishment year</th>
<th>No. of showrooms/ layouts</th>
<th>No. of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sai Service Station Ltd.</td>
<td>Maruti</td>
<td>1985</td>
<td>4</td>
<td>650</td>
</tr>
<tr>
<td>2</td>
<td>Chougue Industries Ltd.</td>
<td>Maruti</td>
<td>1994</td>
<td>2</td>
<td>600</td>
</tr>
<tr>
<td>3</td>
<td>DSK Motors Ltd.</td>
<td>Toyota</td>
<td>1999</td>
<td>2</td>
<td>350</td>
</tr>
<tr>
<td>4</td>
<td>Bavariya Motors</td>
<td>BMW</td>
<td>2008</td>
<td>1</td>
<td>125</td>
</tr>
<tr>
<td>5</td>
<td>Jai-Vijay Motors</td>
<td>Maruti</td>
<td>2008</td>
<td>1</td>
<td>150</td>
</tr>
<tr>
<td>6</td>
<td>Kothari Cars Pvt. Ltd.</td>
<td>Hyndai</td>
<td>1998</td>
<td>2</td>
<td>300</td>
</tr>
<tr>
<td>7</td>
<td>Kothari Wheels</td>
<td>Maruti</td>
<td>2007</td>
<td>2</td>
<td>250</td>
</tr>
<tr>
<td>8</td>
<td>Shrushti Automobiles</td>
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*28 Source: HR & Personnel Manual of Dealerships / Annual Reports etc.
DATA SHOWING VEHICLES SOLD AT PUNE FOR THE YEAR 2003-04 TO 2008-09 BY THE AUTOMOBILE DEALERS

Yearwise and modelwise market share of cars – Pune and Pimpri Chinchwad areas

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Source: www.siam.com

The researcher interacted with various HR personnel at the selected dealership to find out or understand the different HR related practices and policies. Following abstract/observations have been made after collection of information and data. Common practices and policies were found at selected the automobile dealership is as follows:-

(1) Recruitment practices and Policies: -

Considering the required quality and quantity, timely availability of manpower, labor turnover, transfers of employees and future expansion systematic manpower planning would be done by identifying the manpower requirements of each department well in advance. Each department Head would have to fill up a requisition form provided by the HR department stating the requirement in terms of education, experience, career expectations, mobility, and compensation. The person, the job and task need to be clearly specified. Since manpower planning is done on the basis of projections for the next year, a close linkage between the manpower plans and the company business plans has to be maintained.

Recruitment Policies and Processes at automobile dealerships

1. The most of the dealerships believes that recruitment process should be based on the norms used by well known companies and market standards.

2. The respective head of department would give their requirement of manpower by way of filling up the requisition form (duly sanctioned by directors) & submitting the same to HR Department. The HR department would then process it and meet the requirement of the particular department. For each position, basic qualification and experience are specified.
3. The recruitment process will start on the basis of vacancies available and sanctioned strength.

4. There will be a written test for recruiting Trainee Tech / Service Engineer followed by Personal interview conducted by HR.

5. HR Department and respective Head of Department will conduct the final interviews.

6. As far as possible any recruitment from outside for any category will be done only when it is found that there is no suitable candidate available within the company.

**Internal Recruitment**

There is also an internal recruitment of personnel. If an employee is found suitable for any particular position he could be re-designated as the need be. Recruitment of relative of an existing employee could be considered if there exists a vacancy and the candidature is found suitable.

**Sources for Collecting CV**

1. Data Bank: Consisting of CV collected over a period of time.

2. Referral : Known people of existing employees

3. Advertisements: Response to ads released in any leading newspaper.

4. Recruitment Agencies: List of recruitment agencies who can be approached at the time of requirement.

5. Campus Recruitment for the technical staff
(2) **Retirement Practices and Policies**

In most of the dealerships it has been found that each and every employee has to retire from the services of the dealership after attending the age range of 58 to 60 Years or earlier as per clause mentioned in his/her appointment letter.

(3) **Training and Development practices and policy**

The purpose of the training at most of the dealerships is to ensure that all employees have requisite skills (Critical / Key Skills) to do their job effectively and plan for their development keeping in view their career aspirations and other future resource requirements of the concerned department.

Scope: Applicable to dealerships employees at all levels as per their Training Need Identification.

**Objective of Training & Development policies at dealerships**

a) To secure the long range technical and financial success of the dealerships by creating and maintaining a highly competent team of personnel by continuous training and development.

b) To improve overall performance within the dealerships by necessary training inputs.

c) To develop in each personnel the best human values for maintaining a high moral and to provide motivation.

**Training Methodology for In House Training Activities**

In selected dealerships in house training activities are carried out in a systematic and structured manner, for eligible and nominated employees.
Generally training instructors or senior members of the department will conduct internal training programs. Pre and post, surprise tests are conducted in the above training programs. Overall in house training activities have been conducted as per below mention methodology.

1. Training need Identification
2. Systematic & Structured Training Programs.
3. Inviting the nominations.
4. Implementation
5. Grooming and development of each individual
6. Evaluation and Records
7. Action plan after training assessment.

(4) **Performance Appraisals and increment/ Promotions Practices and Policies :-**

It has been observed that at most of the selected automobile dealerships a good performance appraisal process is an integral part of the performance management system and it works seamlessly with the other components. A performance management system has the following components and interfaces:

- Goal-setting.
- Regular reviews.
- Annual appraisal.
- Development process
- Linkage to Productivity.
**Increment Policies**

Considering the overall annual profits of the organization the management would decide the percentage of increment to be given to each department. The Head of the department would then decide the percentage of increment to be given to each employee of their respective department, taking into account his educational qualification, experience, job knowledge and overall performance evaluation for the whole of the year.

Every employee would have to earn their increment and it is not obligatory on the part of the management or the department head to give increment to each and every employee. If the management or the department head so feel they could decide upon not giving increment to a particular employee. The amount of increment that every employee gets is calculated on the gross salary.

Increment would be given only once a year i.e. in the month of April. If due to any reason payment of the increment does not take place in the month of April, the employees would get their increment in the succeeding months along with the arrears.

The Directors of the dealerships would have the ultimate sanctioning authority.

**Promotions/Role changes**

‘Promotion’ dose not only mean an elevation to a position carrying higher responsibilities. More often, in actual practice, it is just a transfer to higher grade or designation, job contents remaining the same. This is necessary to remove the feelings of stagnancy. A candidate who has
performed excellently for a minimum 2 periods of appraisal shall be eligible for promotion as and when there is a vacancy for the next higher post. The promotion shall be only on the approval of the Directors.

(5) Emoluments, Salary Structures and Perks practices and policies

At selected dealerships depending upon the position at which a particular employee is joining, compensation, allowances and other facilities would be decided. Generally, gross salary of the employees would be split up into:

Basic Monthly Rate + DA (Dearness Allowance) + HRA (House Rent Allowance) + Conveyance allowance + CCA (City Compensatory Allowance) + Lunch Allowance + Shoe Allowance + Washing Allowance + Education Allowance + Attendance Allowance + Medical Allowance + Leave Travel Allowance

(It has been observed that in the above common pay heads, pay structure and their amounts were differ from dealership to dealership)

Apart from this Incentives earned as per norms will added be added to emoluments.

Presently 12% of the basic (Up to a maximum of Rs. 6500) salary of each and every employee would be deducted on account of his Provident Fund (PF) contribution and 1.75% of the Employee State Insurance Corporation (ESIC) defined salary would be deducted on account of his ESI contribution (those who are covered under ESI Act). From the gross salary Professional Tax is also to be deducted. Company also deduct employees Life Insurance Corporation (LIC) premium if there is a written request to do so.
Senior Managerial grade and above employees are eligible for four wheeler, vehicle maintenance allowance, and fuel allowance. In addition to this, some employees may also be given mobile phones for which the company would bear the expenses up to a specified limit. In certain exceptional cases the company could also provide accommodation. The above mentioned facilities could be at actual or limited to fixed amount which would be decided initially at the time of employment and when employee gets promoted to senior managerial grade.

(6) **Salary Payment practices and policies**

At selected dealerships salary is paid by cheque / cash or through bank transfer. To avail the bank transfer facility employee should open a saving account at the designated bank and inform their respective bank account number to HR Department. During the first week of every month distributes salary slips. Employees have to collect salary slip from HR or Accounts department. In case of doubts or discrepancies, the same should be brought to the notice of the HR Department or Accounts Department at the earliest.

(7) **Incentive practices and policies**

At selected dealerships the incentive that an employee may get is totally performance based. The amount of incentive an employee gets would differ, depending upon the contribution made by him.

Incentive calculation may differ from dealership to dealership; however employee can check calculation part of his/her incentive with the help of various approved incentive policies which are available with HOD or Accounts and HR Department.
In most of the dealerships Management reserves right to change, alter, modify, and cancel any incentive policy without giving any reason.

(8) **Bonus practices and policies**

At selected dealerships bonus / ex-gratia is paid only once in a year according to the payment of Bonus Act, provided he/she has worked in the dealership for not less than 30 working days in that year, generally at the time of Diwali. The amount of bonus would vary from time to time considering the overall annual profits of the organization.

**Disqualification to receive Bonus:**

An employee shall be disqualified from receiving bonus if he/she is dismissed from service for:

a) Fraud

b) Riotous or violent behavior while on the premises of the company.

c) Theft, misappropriation or sabotage of any property of the dealerships.

(9) **Uniform & Dress Code practices and policies**

At selected dealerships, objective in establishing a dress code policy is to project a professional, business-like image while experiencing the comfort and advantages of more casual and relaxed clothing. As a representative of dealerships all employees are required to wear uniform while on duty that confirms professionalism to our customers, investors, suppliers and the Government.

**Period of Uniform:** Uniforms sets will be issued once in a year at most of the selected dealerships.
Types of Uniform: In most of the selected dealerships, employees in different departments have different types of Uniform for what is appropriate/suitable to their job profile. Dealerships were giving 2 Sets of uniforms such as Shirts, Trousers, Sarees, Tops - Trousers, Dungarees, and Shirt-Pants etc. to employees.

Clothing material for Uniform will be provided by the dealerships. Stitching charges up to certain limit will be reimbursed by the dealership and it may differ from dealership to dealership.

(10) Business Travel practices and policies

At selected dealerships employees traveling for dealership business are entitled to reasonable travel expenses and also certain allowances to cover the incidental expenses. At most of the dealerships, Department Heads will be responsible for correct implementation of the policy and approval of payment vouchers of employees reporting to them. It should be clearly understood that the objective of the same policy is to reimburse employees expenses incurred while on business travel and under no circumstances be treated as source of additional personal income.

Employees traveling on dealership business may take advance for travel expenses and immediately on arrival from tour, the advance should be settled or else the said amount shall be deducted from the salary.

(11) Separation/resignation practices and policies

At selected dealerships an employee who intends to resign from the services of the dealership shall submit a letter stating the reason for resignation to his Head of the Department, who shall forward the same to
HR Department with proper recommendations and observations. The Head of Department should clearly state his views on the resignation of the employee.

The HR Department on proper scrutiny and taking into consideration recommendation etc. if any, shall discuss with the concerned employee and inform him about the status on acceptance of his/her resignation letter and the probable date of relieving him from the services.

The employee shall be advised to fill a clearance form which will be available with HR Department, take signature of the required authorities and submit it back to HR Department. An experience certificate would then be issued to the employee. At the time of settlement outstanding dues if any, shall be recovered.

Salary Earnings: After resignation the earnings up to the relieving date shall be paid.
Leave: Privilege leave outstanding if any, shall be encashed.
Deductions: Salary advance, income tax liability etc. are deducted at the time of settlement of dues.

The confirmed employee shall submit his / her resignation giving one month/s or a longer period notice as applicable. The period of notice shall commence from the date on which the notice is given. The decision as to which date on employee can be relieved rests with the management.

It has been noted that no leave can be availed during the period of notice.
At the time of settlement formalities for PF withdrawals and Gratuity payment are also completed.

**Separation Notice to the dealership**

It has been observed that if any employee wants to leave dealership by his/her own wish for what so ever reason after completion of continues service six(6) to twelve (12) months he/her have to give at least one month notice to the dealership. If He/she fails to do so dealership may recover amount equal to one month gross salary plus training, uniform, and incidental expenses from his/or her full and final settlement.

**(12) Attrition rate calculation practices and policies**

Employee attrition is one of the critical problems which are faced by the automobile dealerships during these days. In broad term, attrition is a situation which employer face when employee left the organization due to job dissatisfaction, new opportunity in the market, retirement & natural cause (death/illness). Now days this is one of the most important question which is asked by the dealer owner to HR people…."Why our attrition rate is higher than other dealership".

Earlier it wasn't important for the dealership, whether their employees are committed or not, but now the time has been changed. The dealership cannot afford to lose its best employee to competitors. Therefore, HR team conducts exit interview when an employee left the job to get the information about one’s decision to leave an organization. It is a paramount consideration for a HR team to think, why people are vacating their positions. Still Human Resource team face the challenge due to wrong information provided during exit interview.
Reason for Leaving:-

Those days are gone when salary was the sole motivator for an employee to leave an organization. It has been observed during the research three main reasons that are followed by other common reason:

(i) In equity in compensation
(ii) Limited career opportunities
(iii) Role stagnation

Common reasons for attrition observed during the research are as below:

1. Mismatch of job profile.
2. Job stress and work-life imbalances
3. Odd working hours/Early morning-night shifts
4. Habit or mentality of Job hopping
5. Lack of authority provided to accomplish ones task
6. Monotonous stereo type nature of job

The list can be endless but the reason why employees leave the dealership is vary according to the systems of the dealership. The work should give to them the level of the employees and the nature of the responsibility he/she can handle. Therefore it's very challenging task for an HR expert to cope up with this situation and retain talent with an organization.

Associated cost with high Attrition :

Talent loss :

It includes the cost of lost knowledge, skills and contacts that the person who is leaving is taking with them out of your door.
**Recruitment cost:**

- The cost of advertisements; agency costs; employee referral costs; internet posting costs.
- Calculate the cost of the manager who has to understand what work remains, and how to cover that work until a replacement is found.
- Cost of the various candidate pre-employment tests to help assess candidates’ skills, abilities, aptitude, attitude, values and behaviors.

**Training cost:**

(i) It includes the cost of orientation in terms of the new person's salary and the cost of the person who conducts the orientation.

(ii) It also consists of the training.

(iii) Calculate the cost of various training materials needed including dealerships process manuals, computer or other technology equipment used in the delivery of the training.

**Motivational cost:**

It refers to the cost arises because of motivating the other employees to retain them in the dealership in terms of increasing their salary and time.

**Lost Productivity Costs:**

As the new employee is learning the new job, the dealership policies and practices, etc. they are not fully productive.
How to Retain Employees:

Retaining employees has always proved to be fruitful across many dealerships rather than to search for new & efficient talent. So to gain the fruit of this tree, different dealerships devise different strategies for retaining their employees. Simply hiking ones salary in an endeavor to retain your valuable employee will serve no purpose as today's workforce has a lot going during his/her decision making process and it's certainly not restricted to just pay. So following measures are used at selected dealership to retain employees.

- Insurance schemes for the employees and some of there family members
- Leased accommodation, hostel facility
- Transportation facilities to & from office
- Personal healthcare like medical attention for self & family
- Recognition of merits & rewards
- Participation in decision making
- Memberships of prominent social clubs.
- Entertainment, cultural programmes, success parties and get together
- Carrier planning and Motivational schemes

Calculation of attrition Rate

Following formula was being widely used in most of the selected dealerships for calculating the attrition rate:-

\[
\text{Left} \times 100
\]

(Opening + joining)

e.g. Left from 1\textsuperscript{st} April to 30\textsuperscript{th} June = 50
As on 1st April Opening manpower = 300
Joined from 1st April to 30th June = 40
Attrition Rate = \( \frac{50}{(300 + 40)} \times 100 = 14.70\% \)

But HR experts’ opinion that at the dealerships it will not give true picture because the data is for the three months and generally attrition rate is calculated on yearly basis. So to give more appropriate picture it has been suggested that if we want to calculate attrition rate on

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Computing Annualized Value is</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>Multiply the Value by 12</td>
</tr>
<tr>
<td>Quarterly</td>
<td>Multiply the Value by 4</td>
</tr>
<tr>
<td>Half Yearly</td>
<td>Multiply the value by 2</td>
</tr>
<tr>
<td>Annual</td>
<td>Do not multiply :-(</td>
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So, for above case, if we apply the same logic then
Attrition Rate = \( \frac{50}{(300 + 40)} \times 100 \times 4 = 58.80\% \)

**Conclusion:**

To dealership’s growth, HR department should give close attention to why attrition is occurring in the present. To ignore why people are leaving the dealership is to ignore the dealership greatest assets – its people. People in dealership are needed to perform the task; but they are not just machine but more than that. They are dealership dreams, hopes, ambitions, creativity and innovation. And to retain these valuable assets is one of the surest ways to build a dealership and this is the only way an organization can keep lower its attrition rate.

**(13) Misconduct policies**

Any of the following acts of commission or omission on the part of an employee shall amount to misconduct at selected dealerships
a) Willful insubordination or disobedience whether or not in combination with other or any lawful and reasonable order of superior

b) Willful slowing down in performance of work or abetment or instigation thereof

c) Theft, fraud or dishonesty in connection with the company's business or property (or the theft of property of another employee within the premises of the company including residential premises.

d) Taking or giving bribes or any illegal gratification

e) Habitual absence without leave or absence without leave for more than 10 consecutive days or overstaying the sanctioned leave without sufficient grounds or proper and satisfactory explanation

f) Late attendance on not less than four occasions within a month

g) Habitual breach of any standing order or any law applicable to the establishments or any rules made hereunder

h) Engaging in trade within the premises of the establishment

i) Drunkenness, riotous, disorderly or indecent behavior on the premises of the establishment or any residential premises owned or leased by the company

j) Habitual neglect of work or gross or habitual negligence

k) Willful damage to work in progress or to property of the establishment

l) Smoking and spitting on the premises of the establishment where it is prohibited by the management.

m) Failure to observe safety instruction notified by the management

n) Unauthorized possession of any lethal weapon in the establishment

o) Willful harassment based behavior that is offensive to individuals including unwelcome sexual advances, suggestive remarks, sexist, religious and ethnic jokes.

p) Publicly display or circulating any pictures screens savers, computer wallpapers or literature of a sexually suggestive or of a rude nature, which
would in any manner, hurt the religious sentiment of any section of the workforce and creates a hostile work environment.

q) To access, edit, record, display transfer, share or use any kind of sexually explicit, indecent or obscene or audio, video data or text on official facilities.

r) Any act/behavior by an individual that is unethical or unprofessional e.g. sexual discrimination or demeaning behavior towards junior staff members/peers etc.

s) Habitual breach of any rules or instructions for maintenance and for proper conduct of work in any department or the maintenance of the cleanliness of any portion of the establishment.

t) Any conduct referred herein or not, which is punishable under the Indian Penal code or any act if proved in a court of law.

3.14.4.B. Following are the Common Labour Laws under which most of the selected dealerships were registered. However applicability of the laws varies from dealership to dealership.

(I) **THE APPRENTICES ACT, 1961**

To be more precise a person who is learning trade by being employed in it for an agreed period is called apprentice. In India the Apprentices Act was enacted in 1961 and was amended by Act 41 of 1986. The Apprentices Act has amongst others two important objectives, e.g., promotion of new manpower skills and improvement / refinement of old skills through theoretical and practical training in number of trades and occupation.

The amended Act defines the technician (vocational) apprentice who holds or is undergoing training in order that he may hold a certificate
in vocational course involving two years of study after completion of the secondary stage of school education recognized by the All India Council and undergoes apprenticeship training in any such subject filed in any vocational course as may be prescribed. The Act provides an important instrument for sharpening the capability, ingenuity, resourcefulness and skill of the workers and through this eventually helps them enrich their lifestyle.

(II) **THE CONTRACT LABOUR (REGULATION & ABOLITION) ACT, 1970**

It is a matter of common knowledge that the Contract labour had no security of service and they are being exploited by the employer not only in an unorganized sector, but in organized sector also. The state of contract labour has been too pathetic to describe. It is precisely with view to disown the responsibility of implementing the various labour welfare legislations as also to avoid application of the Industrial Disputes Act, that the system of employing contract labour is being ruthlessly practiced because the Industrial Dispute Act does not cover the contractual labour. Therefore, to protect the interests of the contract labour, the Act pertaining to the Contract Labour (Regulation and Abolition) has been passed in 1970.

The purpose of Contract Labour (Regulation and Abolition) Act is too pronged. One is to regulate the employment of contract labour in certain establishments and second is to prohibit such employment in certain circumstances.

And every establishment and contractor who employs 20 or more persons by notification of the appropriate government on any day during
the preceding 12 months as contract labour has to follow the rules of the Act.

(III) EMPLOYEES’ PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952

Employees’ Provident Fund and Miscellaneous Provisions Act came into existence in 1952 to ensure compulsory provident fund, family pension and deposit linked insurance in factories and other establishments for the benefit of employees. The Act is an important piece of labour legislation and has been amended exhaustively by Act 33 of 1988.

Presently, the law covers those employees who draw wages i.e. (basic pay + D.A. + retaining allowance, if any) not exceeding Rs.6,500/- per month.

(IV) EMPLOYEES’ STATE INSURANCE ACT, 1948

Employees’ State Insurance Act is the first major legislation on social security for industrial workers in India. The Scheme, as per provisions of the Act, is devised so as to provide social protection to workers in contingencies such as illness, long term sickness or any other health risks due to exposure to employment injury or occupational hazards. Under the provisions of the scheme, medical facilities are also made available to the legal dependants of insured persons.

After enforcement of the provisions of the ESI Amendment Act, 1989, the Act is now applicable in the first instance to non-seasonal factories using power and employing 10 or more persons and non-power using factories and establishments employing 20 or more persons. As of
now employees of the covered factories and establishments earning wages up to Rs.10, 000/- per month come under the purview of the scheme.

(V) THE FACTORIES ACT, 1948

The beginning of modern labour legislation lies in factory legislation whereas the rapid industrialization and urbanization without any planning resulted in insanitary and crowded living. The quest for making quick profits, unmindful of its social consequences caused the hours of work to be excessive; even the children of tender ages were required to work more than 12 hours a day which necessitated passing of Factories Act aiming at protecting human beings from being subjected to unduly long hours of bodily strain or manual labour. The Act provides that employees should work in healthy and sanitary conditions so far as the manufacturing process will allow and that precautions should be taken for their safety and the prevention of accidents. The Factories Act was amended in 1976 and has now been amended in 1986 by Act 20 whereby radical changes have been made in the original Act. Sweeping powers are now bestowed upon the Inspectors under section 9 of the Act to enter the premises and seize material and make enquiries and pass directions etc. This Act is a comprehensive piece of legislation covering all aspects relating to factories, including approval, licencing and registration of factories, the inspecting authorities under the Act, health, safety, welfare, working hours, employment of adults and young children, annual leave and penalties.

(VI) INDUSTRIAL DISPUTES ACT, 1947

The Industrial Disputes Act, 1947 aims at bringing of the conflicts between employee and employers to an amicable settlement and at the same time it makes provisions for some of the other problems that may arise from time to time in an industrial or commercial undertaking. The Act
primarily aims at regulating and harmonizing relationship between employer and the employees by methods such as mediation and adjudication where that becomes necessary or unavoidable. The Act does not discourage collective bargaining so long as the industrial peace is not disturbed or normal working is not disrupted. Even then should there be any difficulty or any problem under the provisions of the Act, the machinery set up may be approached so as to maintain and sustain the industrial peace without anyone having to resort to illegal strikes or lockouts. The Act also provides for payment of compensation on account of retrenchment or lay-off. So the Act is meant for providing social justice to the employees and the employers alike, in the interest of progress in the field of industry and commerce. The Act is a complete code that provides suitable machinery for resolving any dispute that may arise between the employees and employers.

(VII) PAYMENT OF BONUS ACT, 1965

Bonus is usually a seasonal gratuity to employees beyond their normal pay. Payment of Bonus Act was enacted in 1965. This Act applies to certain persons employed in every factory or an establishment employing not less than 20 persons on any day during an accounting year. The establishments covered under the Act shall continue to pay bonus even if the number of employees falls below 20 subsequently. An ‘employee’ under the Act means any person other than apprentice, engaged for hire / reward whether the terms of employment be expressed or implied and includes supervisors / managerial and administrative employees drawing salary / wages not exceeding Rs.10,000/- p.m. who has worked for not less than 30 days in an accounting year, shall be eligible for bonus for a minimum of 8.33% of the salary / wages even if there is loss in the establishment whereas a maximum of 20% of the employee’s salary / wages is payable as bonus in an accounting year.
However, in case of the employees in the salary / wage Rs.10,000/- p.m. for the purposes of payment of bonus, their salary / wages would be deemed to be Rs.3500/- pm.

(VIII) PAYMENT OF GRATUITY ACT, 1972

Gratuity is, in fact, bounty given to employees usually on retirement. The Payment of Gratuity Act as enacted in 1972 applies to every shop or establishment within the meaning of any law for the time being in force in a state in which 10 or more persons are employed on any day of the preceding 12 months.

Gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service for not less than 5 years:
(a) On his superannuation, or
(b) On his retirement, resignation, or
(c) On his death or disablement due to accident or disease.

An employer will be liable to pay gratuity to the legal heirs / nominees of the deceased employee even if the employee has not completed 5 years of service.

(IX) TRADE UNION ACT, 1926

The Trade Union Act in India came into existence long before independence in 1926. It provides that any seven persons can form a trade union and get it registered. The Act has granted immunity from criminal prosecution for any agreement furthering trade union objectives and form civil suit for action which would induce workers to break contract of employment or otherwise interfere with trade, business or employment.
(X) WORKMEN’S COMPENSATION ACT, 1923

The Workmen’s Compensation Act of 1923 was a turning point in the history of labour laws and trade union movement. This was the earliest national legislation to provide compensation to the workmen as a result of an accident during the course of employment. The general principle is that a workman who suffers injury in course of his employment should be entitled to compensation and in case of a fatal injury his dependants should be compensated. The Act provides security to the workmen who are partially incapacitated resulting in a loss in the earning capacity.

3.14.4.C. Licenses required to be obtained from various government authorities to run the business of automobile dealership in Pune and Pimpri-chinchwad area

1) License under shop and establishment Act.
2) License from Industrial safety and Health Department
3) Trading License from Municipal Corporation
4) Sky Sign License from Municipal Corporation
5) Petroleum Storage License from Municipal Corporation
6) License from Pollution Control Board
7) Generator license for generating electricity
8) Commercial Vehicle Lift License
9) License for employing contractual employees
10) License from Municipal Corporation for operating Industrial canteen
3.14.4.D For running smooth operations of entire business selected dealerships were divided whole operations into below mentioned departments. Names of the following departments will different as per parent employer’s norms but functions will remain same.

1) Sales and Marketing
2) Service
3) Spares
4) Bodyshop
5) Human Resource
6) Administration
7) Accessories
8) Accounts and Finance
9) Electronic Data Processing (Information Technology)
11) Reinsurance
12) Customer Care
13) Secretarial & Taxation
14) Purchase

3.14.4.E Common working areas/Layout observed in most of the selected dealership

1. Showroom – (Sales Area)
2. Back Office Operations- Sales and Service
3. Meeting Room / Conference Room
4. Space for other departments. (Accounts, Administration, HR, Purchase, etc)
5. Parking Area/Stock Yard
6. Stores
7. Service bays
8. IT Department
9. canteen
10. Rest rooms/changing rooms/customer lounge
11. Wash rooms/toilets-ladies/gents

Note:- For clear-cut idea researcher attached one copy of layout of automobile dealership in appendices

3.14.4.F Common grade wise hierarchy

It has been observed that to maintain the hierarchy selected dealerships in Pune and Pimpri Chinchwad area is having below mentioned Grades & Subgrades.

A) General Manager Grade
   G.3 General Manager
   G.2 Deputy General Manager
   G.1 Assistant General Manager

B) Manager Grade
   M.3 Senior Manager
M.2 Manager
M.1 Assistant Manager

C) Executive Grade
   E.3 Senior Executive
   E.2 Executive
   E.1 Junior Executive

D) Assistant Grade
   A.2 Senior Assistant
   A.1 Assistant

E) Worker/ Technician Grade
   W.3 Senior Technician
   W.2 Technician
   W.1 Junior Technician

3.14.4.G Common Salary Heads/ fields observed in most of the selected dealerships is as follows -

1) Basic Rate Per month
2) House Rent Allowance
3) Dearness Allowance
4) Lunch/Food Allowance
5) Fixed and Variable Incentives.

6) Conveyance Allowance

7) Leave Travel allowance

8) Shoe or Uniform Allowance

9) Education Allowance

10) Medical Allowance

Note:-For clear cut idea researcher attached copies of salary slips of automobile dealership in appendices

3.14.4. H Grade wise salary structure in automobile dealerships

Salary of employee at automobile dealers has divided in two parts i.e. fixed salary and variable income. Fixed salary is decided at the time of appointment, confirmation & promotions. Variable income is earned through performance & scheme decided by parent company and dealers. Incentive is given on purely performance and target achievement. It is generally given on monthly, quarterly and annual basis.

Salary range is mainly depending upon the age of dealership, size, profitability, earning capacity and style of management. After data collection it has been observed that in various dealerships average Grade-wise salary range is as below.

1. General Manager Grade - From 45,000 to 70,000 + Perks
2. Manager Grade - From 20,000 to 45,000 + Perks
3. Officer Grade - From 7,500 to 25,000 (including incentives)
4. Assistant Grade - From 5,000 to 12,000 (including incentives)
5. Worker Grade - From 4,000 to 10,000 (including incentives)
3.14.4.1 Common standard facilities and systems were observed in selected automobile dealership for smooth functioning of day to day business which are as follows -

1. **Salary Advance**

   Selected dealers are giving Salary Advance in case of emergency, which fulfills the temporary financial need of the employees.

2. **Morning Meeting/ Weekly Meeting**

   Generally, it is conducted by respected Head of the department. In the morning weekly meeting, information regarding new happening, schemes, products are discussed and informed to all the concerned. Targets are allocated to each individual. Problems faced are also discussed and strategies were decided to find out the solutions.

3. **Leave**

   Every employee has right to prevail the leave. Various types of leaves are provided by dealerships. Before proceeding on leave permission of immediate supervisor as well as sanction from HOD is required. It has been observed that selected dealerships are using leave cards for smooth functioning of the system. Each leave is having its own rules and regulations for consumption. Types of leaves were given to employees at dealerships is as below:
   a. Earned Leave
   b. Casual Leave
   c. Restricted Paid Holidays
   d. Advance Privilege Leave
   e. Sick Leave
   f. Compensatory Off
g. Education leave  

h. Optional leave

4. **Uniform**

   All Most all the selected dealership provides uniforms to its permanent employees once in a year. It has been observed that Uniform’s pattern depends upon grade and job profile of the employee. Principal employers as well as dealers logo has been printed on uniform to maintain corporate identity. Uniform shows harmony and integrity. Uniform represents the dealership.

5. **Safety Shoes**

   Safety shoes are provided to shop floor workers or the workers who works in body shop and stores, workshop. It helps to prevent employee from burns, cuts, infection and any leg injury.

6. **Flexible timing**

   Flexibility in timing helps concern department employee to work on target base rather than worry about in and out time.

7. **Sales Kit/ Tool Kit**

   Sales kit is provided to sales persons to facilitate them with all the necessary things when they visit customers. Generally Sales kit includes calculator, visiting cards, empty folders, Brochures, enquiry form, customer feedback form. Tool kit is provided to shop floor employees to facilitate their day to day work.
8. **Photo l-card**

Photo l-card is provided to the concerned employees as per the norms of the principal employer. It has been observed that it provides information such as photo of the employee as well as name, designation, department, employee code number and his/her blood group.

Note:-For clear cut idea researcher attached copies of photo l-card of automobile dealership in appendices

9. **Hostel Facility**

Hostel facility is provided to the employees who are not local and their permanent residence is in outstation. Hostel facility provided with minimum rent or free of cost. It differs from dealership to dealership, as it is matter of company policy. Some dealerships provide residence facility to senior grade employees.

10. **Annual Meeting or Annual Review Meeting**

In annual meeting, progress of each department is reviewed by director and senior officials of the dealership. In the annual meeting review as well as analysis was done on the performance done by each department with compare to targets. In the same meeting, corrective actions were suggested by the senior officials where dealerships have not performed in different areas. Also in the same meeting for next year’s mission targets, performance strategies were finalized after sanction / approval from the directors of the dealership.

11. **Mobile Phone Facility**

Mobile facility is provided to key personnel to get connected with office/ customers etc. But while discussing with dealership officials it has been concluded that mobile phone facility is become a necessity and not a
luxurious thing. It has been observed that one service provider and grade wise expenses reimbursement plan for mobile phone expenses has been finalized by the dealership.

12. Transport facility

Old demonstration four-wheeler car is used as a shuttle for going from one place to other. Branches/stock yards, which are far from city or located far away requires transport facility to send material/communication i.e. letter, inter office communication, documents, files. Higher level grade employees will get car for their personal and official use.

13. Organization supervision, control & system

It has been observed that operations of the dealerships are monitored/controlled through hi-tech software's and computer hardware's such as LAN and web based operations. For communication mobiles, computers and internal phones systems like EPABX systems are used. It facilitates dealer owners to keep contact concern employee and to generate important information as well as Management Information System (MIS) report as and when required. At some dealerships CC-TV cameras are used to monitor the movements and activities in the dealership.

14. Important quality, Productivity and behavioral boost measures used by the dealerships

Various measures were used by automobile manufacturing companies to change the mentality, behavior, attitude and thought process of the employees. The ultimate aim is to use the above measures to increase the productivity and improving the quality. It has been
observed the at dealership level also the same techniques has been used for improving the behavior and productivity of personnel. It has been observed that Pune based automobile dealerships have achieved a high level of Productivity by using following measures:-

A) ISO Series

B) 5 S

C) Kaizan Techniques

A) **International Standard of Operation Series 9000, 9001-2000, 14000**

It has been observed that all the Maruti dealerships in Pune has certified by ISO 9001-2000 certification. ISO 9000 is a family of standards for quality management systems. ISO 9000 is maintained by ISO, the International Organization for Standardization and is administered by accreditation and certification bodies. The rules are updated, the time and changes in the requirements for quality, motivate change. Recently, on November 15, 2008, has made changes to the requirements of ISO 9001.

Some of the requirements in ISO 9001 (which is one of the standards in the ISO 9000 family) include

- a set of procedures that cover all key processes in the business;
- monitoring processes to ensure they are effective;
- keeping adequate records;
- checking output for defects, with appropriate and corrective action where necessary;
• regularly reviewing individual processes and the quality system itself for effectiveness; and
• facilitating continual improvement

A company or organization that has been independently audited and certified to be in conformance with ISO 9001 may publicly state that it is "ISO 9001 certified" or "ISO 9001 registered". Certification to an ISO 9001 standard does not guarantee any quality of end products and services; rather, it certifies that formalized business processes are being applied.

Although the standards originated in manufacturing, they are now employed across several types of organizations. A "product", in ISO vocabulary, can mean a physical object, services,

There are many more standards in the ISO 9001 series (see "List of ISO 9000 standards" from ISO), many of them not even carrying "ISO 900x" numbers. For example, some standards in the 10,000 range are considered part of the 9000 group: ISO 10007:1995 discusses Configuration management, which for most organizations is just one element of a complete management system. ISO notes: "The emphasis on certification tends to overshadow the fact that there is an entire family of ISO 9000 standards ... Organizations stand to obtain the greatest value when the standards in the new core series are used in an integrated manner, both with each other and with the other standards making up the ISO 9000 family as a whole".
Note that the previous members of the ISO 9000 series, 9001, 9002 and 9003, have all been integrated into 9001. In most cases, an organization claiming to be "ISO 9000 registered" is referring to ISO 9001

**Auditing**

Two types of auditing are required to become registered to the standard: auditing by an external certification body (external audit) and audits by internal staff trained for this process (internal audits). The aim is a continual process of review and assessment, to verify that the system is working as it's supposed to, find out where it can improve and to correct or prevent problems identified. It is considered healthier for internal auditor to audit outside their usual management line, so as to bring a degree of independence to their judgments.

**Advantages**

It is widely acknowledged that proper quality management improves business, often having a positive effect on investment, market share, sales growth, sales margins, competitive advantage, and avoidance of litigation. After discussion with dealership officials it has been concluded that following advantages are received with the help of ISO certification:

1. Create a more efficient, effective operations
2. Increase customer satisfaction and retention
3. Reduce audit cost
4. Enhance marketing
5. Improve employee motivation, awareness, and morale
6. Increases profit
7. Reduce waste and increases productivity
In today’s service-sector driven economy, more and more companies are using ISO 9000 as a business tool. It has been observed and noted that the use of properly stated quality objectives, customer satisfaction surveys and a well-defined continual improvement program and using ISO 9000 processes dealerships are increased their efficiency and profitability.
A copy of ISO Certificate in one of the automobile dealership is shown as below:
AIB-VINÇOTTE International Ltd
Brussels, Belgium

Quality Management System Certificate
EN ISO 9001:2000

This is to certify that
Sai Service Station Limited
located at
Mumbai – Pune Road, Phugewadi
Pune – 411 012 Maharashtra, India
With site:
1. DE9/0, A.M. Road, Deccan Gymkhana, Pune 411 004
2. Survey No. 16A, Ghararad Compound, Kondhwa, Pune 411 004
3. 15/115 A, Charandas Road, Wagholi, Coimbatore 628234
4. No.47, Palikaripalayam, Edappally, Cochin

has established and is maintaining a quality system which is in accordance with the requirements of EN ISO 9001:2000 “Quality Management System” for:

Sale of Maruti vehicles, Maruti genuine spares and servicing of Maruti range of vehicles manufactured by Maruti Suzuki India Ltd. under collaboration from Suzuki Motor Corporation, Japan.

Further clarifications regarding the scope of this certificate and the applicability of EN ISO 9001:2000 requirements may be obtained by consulting the organization.

This certificate is based on the result of a quality audit, documented in the audit report no. Sai-Pune & Cochin. Renewal.

This certificate is granted subject to AIB-VINÇOTTE International’s General Regulations.

Certificate number 96710d
Date of first issue: October 21, 1996
Date of issue: February 2, 2009
This certificate expires on: November 14, 2010

Signed for the certification body:

ir. P. OLIVIER
Chairman Certification Committee

A copy of ISO Certificate in one of the automobile dealership is shown as below:
B) **5'S**

It has been concluded that behind the success of most of the Pune and Pimpri Chinchawad area based dealerships the concept of 5S is responsible. 5S is the name of a workplace organization methodology that uses a list of five Japanese words which, start with the letter S. This methodology that is often incorrectly characterized as "standardized cleanup" however, it is much more than clean-up. 5S is a philosophy and a way of organizing and managing the workspace and work flow with the intent to improve efficiency by eliminating waste improving productivity.

**What is 5S?**

5S is a method for organizing a workplace, especially a shared workplace (like a shop floor or an office space), and keeping it organized. It's sometimes referred to as a housekeeping methodology; however this characterization can be misleading, as workplace organization goes beyond housekeeping.

The key targets of 5S are workplace morale, safety and efficiency. The assertion of 5S is, by assigning everything a location, time is not wasted by looking for things. Additionally, it is quickly obvious when something is missing from its designated location. Advocates of 5S believe the benefits of this methodology come from deciding what should be kept, where it should be kept, and how it should be stored. This decision making process usually comes from a dialog about standardization which builds a clear understanding, between employees, of how work should be done. It also instills ownership of the process in each employee.
In addition to the above, another key distinction between 5S and "standardized cleanup" is Seiton. Seiton is often misunderstood, perhaps due to efforts to translate into an English word beginning with "S" (such as "sort" or "straighten"). The key concept here is to order items or activities in a manner to promote work flow. For example, tools should be kept at the point of use, workers should not have to repetitively bend to access materials, flow paths can be altered to improve efficiency, etc.

The 5S's are

Phase 1 - **Seiri** - Sorting: Going through all the tools, materials, etc., in the plant and work area and keeping only essential items. Everything else is stored or discarded.

Phase 2 - **Seiton**- Straighten or Set in Order: Focuses on efficiency. When we translate this to "Straighten or Set in Order", it sounds like more sorting or sweeping, but the intent is to arrange the tools, equipment and parts in a manner that promotes work flow. For example, tools and equipment should be kept where they will be used (i.e. straighten the flow path), and the process should be set in an order that maximizes efficiency. For every thing there should be place and every thing should be in its place.

Phase 3 - **Seisō** - Sweeping or Shining or Cleanliness: Systematic Cleaning or the need to keep the workplace clean as well as neat. At the end of each shift, the work area is cleaned up and everything is restored to its place. This makes it easy to know what goes where and have confidence that everything is where it should be. The key point is that maintaining cleanliness should be part of the daily work - not an occasional activity initiated when things get too messy.
Phase 4 - **Seiketsu** - Standardizing: Standardized work practices or operating in a consistent and standardized fashion. Everyone knows exactly what his or her responsibilities are to keep above 3S's.

Phase 5 - **Shitsuke** Sustaining the discipline: Refers to maintaining and reviewing standards. Once the previous 4S's have been established, they become the new way to operate. Maintain the focus on this new way of operating, and do not allow a gradual decline back to the old ways of operating. However, when an issue arises such as a suggested improvement, a new way of working, a new tool or a new output requirement, then a review of the first 4S's is appropriate.

A sixth phase "Safety" is sometimes added. Purists, however, argue that adding it is unnecessary since following 5S correctly will result in a safe work environment. There will have to be continuous education about maintaining standards. When there are changes that will affect the 5S programme—such as new equipment, new products or new work rules—it is essential to make changes in the standards and provide training. Dealerships embracing 5S often use posters and signs as a way of educating employees and maintaining standards.

Snap shots of Name plates / posters of 5S at dealerships
C) **Kaizen Technique**

Kaizen was created in Japan following World War II. The word Kaizen means "continuous improvement". It comes from the Japanese words ("kai") which means "change" or "to correct" and ("zen") which means "good".

Kaizen is a system that involves every employee - from upper management to the cleaning crew. Everyone is encouraged to come up with small improvement suggestions on a regular basis. This is not a once a month or once a year activity. It is continuous. Japanese companies, such as Toyota and Canon, a total of 60 to 70 suggestions per employee per year are written down, shared and implemented.

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In most cases these are not ideas for major changes. Kaizen is based on making little changes on a regular basis: always improving productivity, safety and effectiveness while reducing waste. Suggestions are not limited to a specific area such as production or marketing. Kaizen is based on making changes anywhere that improvements can be made. Western philosophy may be summarized as, "if it isn't broke, don't fix it." The Kaizen philosophy is to "do it better, make it better, and improve it even if it isn't broken, because if we don't, we can't compete with those who do."

Kaizen in Japan is a system of improvement that includes both home and business life. Kaizen even includes social activities. It is a concept that is applied in every aspect of a person's life. In business Kaizen encompasses many of the components of Japanese businesses that have been seen as a part of their success. Quality circles, automation, suggestion systems, just-in-time delivery, Kanban and 5S are all included within the Kaizen system of running a business.

Kaizen involves setting standards and then continually improving those standards. To support the higher standards Kaizen also involves providing the training, materials and supervision that is needed for employees to achieve the higher standards and maintain their ability to meet those standards on an on-going basis. At dealership level it has level it has been observed that the principal employers are taking active part in this concept. Manuals, booklets etc. of best practices across the dealership were published/ sheared by the manufactures to improve the internal practices and policies.
3.14.4.J. **Standard Operating Procedures (SOPs)** observed in the dealerships which are explained in the form of flow graphs. However, there may be a slight difference in the below mentioned SOPs according to dealership to dealership.

a) Organizational Hierarchy

b) Manpower Planning

c) Recruitment

d) Selection

e) Induction

f) Performance Appraisal

g) Training

h) Separation
a) Standard operational Organizational Hierarchy observed in Pune based automobile dealerships.
**b) Standard operating Manpower Planning Practices at Automobile Dealership**

Most of the automobile dealers understand the importance of manpower planning & it has been observe that they follow the same stream but slight difference in process. Budget, authority, expansion plan & methods differ as per the company.

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Analyzing Opportunities

Budget Allocations

Establishing Objectives

Determining Planning Premises

Identifying Alternatives

Recruitment & Selection

Implementation

Review
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c) Standard Operating Recruitment practices at Automobile Dealership

Requirement

Analysis of Manpower

Budget Allocation

Process of Job Analysis

Create Job description

Identify job specification

Identifying Alternatives

Internal Recruitment

External Recruitment

Promotions/Transfer

Selection Procedure

Allotment of Personnel
d) Standard Operating Selection Practice at Automobile Dealership

Plans of recruitment

Alternative plan

Data Bank

Preliminary Screening

Written/Technical Test

Comprehensive Interviews

Reference checks

Making Selection

Rejection Possibility
e) Standard operating Induction Process at Automobile Dealership

- Joining Formalities
- Family Introduction
- Company Orientation
- Product Orientation
- System Orientation
- Location Visit
- Technical Training
- Reorientation, Culture Building
- Feedback, Eva. Test
- Actual Work
e) Standard Operating Performance Appraisal practice at Automobile Dealership

Draft of Appraisal Plan

Recommendation & budget

Approval of Appraisal Plan

Distribution of Appraisal Form

Scrutiny by HR & HOD

First Recommendation

Modification by Directors & approval

Intimation & issue of letters

Change in salary structure
f) Standard Operating Training Practice at Automobile Dealership

- Identifying Training Areas
- Allocation of Training Budget
- Training Calendar
- Need Analysis
- Selection of Manpower
- Execution of Training
- Feed Back & Evaluation
- HRMS Updation of records
g) Standard Operating Separation Practice at automobile Dealerships

- Unrest/de-motivation of employee
- Resignation
- Resignation to HOD-HR
- Counseling by HR
- Acceptance by HOD-HR
- Clearance from other Department
- Full and Final Settlement
- Experience Certificate etc.
- Exit Interview

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