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AUTOMOBILE MARKETING IN PRIVATE SECTOR IN INDIA

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CHAPTER-2

AUTOMOBILE MARKETING IN PRIVATE SECTOR IN INDIA

1. Introduction Of Marketing Of Automobiles In Private Sector:

(A) Elements Of Market-

The auto Industry is one of the largest industries in India. It is one of the Major or Key sectors of the economy. The industry comprises of automobile and the auto component sectors and includes commercial vehicles, multi utility vehicles, passenger Cars, two-wheelers tractors and related auto-components. The industry has shown great progress and great advances since delicensing and opening up of the sector to foreign direct investment in 1993. It has linkages with the rest of the economy and has a strong multiplier effects. This results in the auto industry being the driver of Economic growth and India is keen to use it as a lever of accelerated growth in the country.

In India, since the early 1940's when the auto Industry rolled out 1st passenger Car, its significance in the economy has increased day by day. However, from its early days till 1980s mid (for two wheelers and light commercial Vehicles) and until the 1990's for passenger Cars the focus of development of the automotive Industry has been on import substitution.

During last decade, conscious efforts has been made to manage state policy perspective in a manner that this industry
realizes its full potential in the economy. With this the industry has shown great advances and progress since abolition of licensing in 1991.

There are at present 13 manufacturers of passenger cars and multi utility vehicles, 7 manufacturers of Commercial Vehicles, 11 manufacturers are of 2 or 3 wheelers and 10 manufacturers of tractors besides 4 manufacturers of engines. The automobile industry has an investment of a sum exceeding US$12.5 billion approximately. The industry employs more than 5,00,000 people directly and more than 10 million people indirectly; The arrival of new and contemporary models has stipulated demand for vehicles in the market. No doubt that the automobile industry has progressed year after year in a rapid way.

B. Market Segmentation-

Budget Car Segment-

It is the largest segment in Indian market. Here the entry level starts from Rs 1.5 to 3 lakh. Maruti 800 and Omni are the dominant players in these segments. With the launch of Tata Nano with a price range of 1 lakh the outlook of this segment has changed. This segment is sometimes referred to as the small car segment. Competition in this segment is extreme in Indian market.

Maruti 800 (Budget Car Segment)
Compact Car Segment-

It lies between budget car and family car. Preferred price range is between Rs 3 to 4.5 lakh. **Maruti Zen, Fiat Uno, Tata Indica, Santro, Matiz** is some of the dominant players in this segment.

Maruti Zen (Compact car segment)

Daewoo Matiz (Compact car segment)

Family Car Segment-

The purchasing capacity of buyers of this segment is somewhat higher than that of the budget and compact car segment. Price ranges between Rs 4.5 to 6 lakhs. Maruti Esteem, Daewoo Cielo, and HM Contessa belongs to this segment. In India cars that are sold in India as ‘Budget Car’ and ‘Compact Car’ do not meet their purpose, especially in term of space, that they turn to ‘the family car segment’.
Premium Car Segment-

This segment represents the buyer who require true world class luxury car. Price ranges between Rs 6 to 8 lakh. Ford Escort, Honda City, Honda City, Mitsubishi Lancer, Audi 1800, Opel Astra etc are some of the major cars in this segment.

Super luxury saloon segment-

Buyer in this segment looks for a real super premium segment car. Mercedes Benz E229, E-250, Rover Montego, Audi 6, BMW is the players in this segment. Obviously, this is a tiny segment in the Indian context.
Segment Wise Market Share in 2009-10

- Two Wheelers: 76.23%
- Passenger Vehicles: 15.86%
- Commercial Vehicles: 4.32%
- Three Wheelers: 3.58%

Source: SIAM
C. Development Of Market-

Overview-

It is expected that the automobile industry will play an important role in helping the economy to continue its growth. Not only domestic sales are expected to grow dramatically but India will play a significant role in the global automotive market. The world's
leading manufacturers of automobiles like General Motors, Toyota, Ford and others have a significant share in growth of automotive industry. These manufacturers hope to not only capture an emerging market, but also to use these bases as export hubs to serve the region and the global market.

State Of Indian Economy-

India ranks just behind China with the world's second largest population at over 1 billion people. Approximately 1% of the population own automobiles in India, which is much smaller proportion than the rest of South-East-Asia region. It is still expected that India will continue to be one of the fastest expanding economies Foreign direct investment in India tripled from $ 4.7 billion to $ 15.7 billion from Financial year April 2005 to March 2006 to Financial Year April 2006-2007. The automobile Industry is one of the leading industries in India for Foreign direct investment and the US auto makers have made considerable investments since the early 1990's.

According to statistics from the Government of India FDI in the transportation sector (the fourth largest sector) in India totaled $ 3.5 billion from August 1991 to December, 2006.

2. facilities Of Production :

The high growth in the Indian economy has resulted in many foreign car manufacturers entering the Indian market. Rolls Royce, Bentley and Maybach are examples of the few high end automobile manufacturers to enter India in the recent years.
There were only a few handful of cars in the Indian market in the 1980s. Most of these were outdated models like Hindustan Motors Ambassador (which is still produced and sold). The only car with the latest technology then was the Maruti 800. It became very popular because of the low price, high fuel efficiency and good reliability. Since then the market has grown with over 20 manufacturers and hundreds of models and variants. The Maruti 800 is at the lower end of the price range costing approx US $5,000 and Bugatti Veyron at the other end with a price tag of over 2 Million US dollars.

The Indian automotive industry has also greatly matured. The Tata Indica was indigenously developed by Tata Motors. Another Indian manufacturer Mahindra & Mahindra also came up with its own SUVs, the Scorpio and the Bolero. These cars have proved very popular here and are also exported to the European markets. An electric car is also manufactured by a local company, REVA. Tata Motors plans to produce the world’s first air powered in partnership with MDI of France.

The passenger vehicle sales in India crossed the one million mark in 2005. This segment grows at 10-15% annually. Around 85% of the cars sold in India are financed as against the global average of 70%. In neighbouring China, only 15-20% vehicles are financed. There are only three cars in India for 1000 people as compared to the other extreme 500 cars for 1000 people in the United States. Goldman Sachs has predicted that India will have the maximum number of cars on the planet by 2050 overtaking the United States.
BMW
* Chennai, Tamil Nadu

Chevrolet
* Halol, Gujrat

Fiat
* Pune, Maharashtra

Ford
* Chennai, Tamil Nadu

Honda
* Noida, Uttar Pradesh

Hyundai
* Chennai, Tamil Nadu

Mahindra
* Nasik, Maharashtra

Mahindra-Renault
* Nasik, Maharashtra & Chennai, Tamil Nadu (Under construction)

Mercedes-Benz
* Pune, Maharashtra

San
* Verna, Goa

Suzuki
* Gurgaon, (Haryana) and Manesar

Tata
* Lucknow, Uttar Pradesh
* Pune, Maharashtra
* Jamshedpur, Jharkhand
* Singur West Bengal
Toyota

* Bangalore, Karnataka

Domestic Austin

* Six (Discontinued).

BMW

BMW is manufacturer of prestigious sport sedans that are known for their nimble handling. BMW enjoys good brand recognition in India, thanks to Indian movies and the rich who have been importing these cars for decades. It has set up a plant in Chennai, Tamil Nadu to manufacture cars locally exclusively for the local market with no plans for export. It set up a plant locally to circumvent the high import duties.

• 3 Series
• 5 Series

Chevrolet

Chevrolet has been one of the most recognized brands in India for several decades. They were made popular as the vehicle of choice of the heroes in Bollywood movies. General Motors initially entered India with the Opel brand, but the Opel brand was dropped in March 2006 because sales were at an all time low due to high prices and General Motors wanted to focus more on their Chevrolet brand. Since the Chevrolet brand was introduced in India, there have been no new Opel products.
GM's Indian operations were originally a JV between Hindustan Motors and GM, with most of GM's vehicles assembled at Hindustan's plant in Halol, Gujarat. Since then, GM India is now wholly owned by GM.

Cars from Chevrolet are:
- Tavera - Rebadged Isuzu Panther
- Aveo - Second Generation Chevrolet Aveo sedan
- Aveo UV-A - First Generation Chevrolet Aveo hatchback
- Forester - (Discontinued) Rebadged First Generation Subaru Forester
- Optra - Rebadged Daewoo Lacetti
- SRV - Rebadged Daewoo Lacetti
- Spark - Formerly Daewoo Matiz in India

Chinkara-
- Roadster
- Jeepster

Daewoo
- Cielo (Discontinued)
- Matiz (Discontinued, Now re-launched as Chevrolet Spark))
- Nexia (Discontinued)

Dodge
- Kingsway (Discontinued)

Fiat

Fiat India has struggled in India since its inception. The Fiat Uno was one of the first products to be introduced. The Fiat Palio
was later introduced and was initially a big hit with its style and ride comfort coupled with solid build but has slowly lost its sheen due to low fuel efficiency. Other models were introduced such as the Palio Weekend and Siena. Fiat tried re-branding of the Fiat Siena to Fiat Petra without much success. It roped in Sachin Tendulkar as one of its brand ambassadors. Even Michael Schumacher appeared in an ad for the Palio. It has entered now into an alliance with Tata Motors to jointly manufacture cars at its plant in Ranjangaon, near Pune. The facility will enable the two companies to make about 200,000 cars per annum, and also house an engine manufacturing unit with a capacity of 250,000 units per annum. The alliance will also see Tata Motors use Fiat’s diesel technology - the 1.3 litre multijet diesel engine - for its own vehicles. The two companies also have a distribution and service partnership.

- Uno (Discontinued)
- Palio
- Palio Stile
- Siena (Discontinued)
- Siena Weekend (Discontinued)
- Petra (Discontinued)
- Adventure

**Bajaj Tempo Ltd.-**

Bajaj Tempo Ltd. was formerly known as **Force Motors**. Bajaj Tempo Ltd. Founded in **1958**, it is located in Akurdi, neighbourhood of Pune, India. They manufacture three wheelers, multi utility and cross country vehicles, light commercial vehicles, tractors and now heavy commercial vehicles.
Ford

Ford entered India in collaboration with Mahindra & Mahindra in 1995 with a major plant in Tamil Nadu. The first model was the Escort.

- Escort - It was offered with a 1.3 Liter petrol termed Alpha and 1.5 Liter Diesel engine termed Orion, and at a time when the car wars in India had just begun. The diesel version was fancied by many due to the fact that diesel was available at half the price of petrol (gasoline/gas) in India at that time. Among the famous owners of the Ford Escort was Azim Premji who drove a black one for almost eight years until he traded it for a Toyota Corolla. The Ford Escort 1.8 was ranked the highest in the J.D. Power and Associates 1997 Indian Customer Satisfaction Study. **It was also voted the Best Quality Car in the J.D. Power India Initial Quality Study.**

- Ikon - Was launched to phase out the Escort, known for the Rocam engine, available with a choice of petrol and diesel version, the car did well. Ford is known for launching new versions with some minor cosmetic changes every now and then.

- Mondeo (Discontinued) - Was Ford’s offering to the D segment in India in 2001, was brought in as a CBU from Belgium with Ghia being the only trim version available. It was available with both 2.0L Duratorq diesel and 142 bhp 2.0L petrol Duratec engines. It was the first car to be offered with Xenon
HID headlamps in India. It is alleged that the Mondeo performed better than the 2.3 L Accord available in India at that time. But buyers stayed away as it was more expensive than the Accord. The diesel version was phased out in 2003.

- Endeavour - Sold as the Ford Everest in other parts of Asia and based on the Ranger pickup, it was offered in both 4X4 and 4X2 options but with only a 2.5 L, 4 Cylinder In-line, Turbocharged & Inter cooled Diesel Engine and manual transmission.

- Fusion - was launched as a Urban Activity Vehicle available with a 1.6 L, 4 cyl 101 bhp engine with 5 speed manual transmission.

- Fiesta - Launched in November 2005 and was Ford’s fifth model in India, and is available in 1.6 L petrol and 1.4 L diesel engines. **Bill Ford made a personal visit to launch the car in India.**

**Hindustan Motors**

Hindustan Motors is **one of the oldest Indian car manufacturers.** It is best known for the Ambassador which has been virtually unchanged for about **30 years.** It is still very popular as a taxi and is widely used by Indian politicians. Many people have come to associate India with Ambassador and is a prominent part of the Indian landscape.

- Trekker (Discontinued)
- Landmaster (Discontinued)
• Contessa (Discontinued) - 5th Generation Vauxhall Victor
• Ambassador - a version of the 1950s Morris Oxford.

Honda-

Honda Siel Cars entered India in 1995. It sells 4 cars in India - the City, Civic, Accord, and CR-V. The manufacturing plant of Honda Siel is located in Greater Noida. The model of Accord sold in India is the 2003 model. The most inexpensive car from Honda - The City. The most Expensive - The Honda Accord V6.

• Accord - It was introduced in India in July 2001. It is sold in three versions - Accord VTi-L M/T, Accord VTi-L A/T and Accord V6 A/T. Both the engines, the standard i-4 and V-6 have been de-tuned which produce less power compared to the American models, the 1-4 produces 142 bhp while the V6 produces 221 bhp, de-tuned for better fuel efficiency.

• City - Was launched in India in December 1997, initially offered in two options. A 1.3 liter engine producing 90 bhp and a bigger 1.5 liter producing 100 bhp. Two years later a VTEC option was also offered. All were four cylinder engines. In October 2003 the City underwent a major revamp and is popularly called as New Honda City (NHC). Surprisingly Honda gave the new City less powerful engines and decided to improve the fuel efficiency. The new City features a 1.5 liter engine producing 77 bhp. It offered more interior space and with bright and refreshing interiors. About two years later, a facelifted version - CITY ZX - was introduced. At the same time, a VTEC engine model too was introduced.
- **Civic** - Was launched in July 2006 in India 6 months after the international debut. The car is the first in this segment in India to offer unprecedented safety features like ABS, EBD as standard. It is also the first in its class to feature reverse swing windshield wipers. The only problem with the car with respect to India is its low ground clearance.

- **CR-V** - It was introduced in India along with the Accord. It was and is still offered with a 2.4 liter i-VTEC engine producing 152 bhp.

**Hyundai**

When Hyundai entered India, the brand was virtually unknown in the Indian market. They signed up Bollywood actor Shah Rukh Khan and their excellent advertising campaign made Hyundai a household name and helped it reach the second place behind market leader Maruti Suzuki.

- Santro - second generation Hyundai Atos
- Accent - second generation Hyundai Accent sedan
- Sonata - sold as the Sonata Embera
- Verna - third generation Hyundai Accent sedan
- Getz - sold as the Getz Prime
- Elantra - 3rd generation Hyundai Elantra sedan
- Terracan (discontinued)
- Tucson
- **EON**

**International Cars & Motors**

- Rhino
**Mahindra & Mahindra Limited**

The automotive section of Mahindra started off when a first batch of seventy five Utility Vehicles (UVs) was imported in CKD condition from Willys in 1947. It has come a long way, not just manufacturing Jeeps but also agricultural equipment and light trucks.

- Armada (Discontinued)
- Voyager (Discontinued)
- Bolero
- Commander
- CL
- MaXX
- Scorpio
- Mahindra and Mahindra Classic: This was an open jeep with good off roading capabilities, a 4*4 and 4*2 option, huge headlamps and roof mounted lights.

**Renault**

- Logan

**Mercedes-Benz**

- M-Class
- S-Class
- E-Class
- C-Class

Mercedes-Benz has had to cater to the ever growing luxury segment in India, in a much better fashion now, especially after the arrival of the other luxury German manufacturers. Now, Mercedes-Benz cars are launched in India soon after the worldwide launch and homologation as opposed to earlier, when Mercedes-Benz had monopolized the niche Indian market.
Mitsubishi Motors

• Lancer - Sixth Generation Mitsubishi Lancer
• Cedia - Seventh Generation Mitsubishi Lancer
• Pajero - Second Generation Mitsubishi Pajero
• Montero - Third Generation Mitsubishi Pajero

Opel-

General Motors’ Opel no longer functions in India after its Corsa’s production stopped in March 2006. GM is instead focusing on its Chevrolet brand for the Indian market.

• Corsa (Discontinued) - 2nd Generation Opel Corsa
• Corsa Sail (Discontinued) - 2nd Generation Opel Corsa
• Corsa Swing (Discontinued) - 2nd Generation Opel Corsa
• Vectra (Discontinued) - 3rd Generation Opel Vectra
• Astra (Discontinued) - 1St Generation Opel Astra

Plymouth-

• Savoy (Discontinued)

Premier Automobiles-

Walchand Hirachand started Premier Automobiles Ltd (PAL) in 1942. They were the first to kick off the automobile revolution in India by assembling De Soto and Plymouth cars in 1946 in association with Chrysler from the United States. They also manufactured the famed Premier Padmini which was a version of the Fiat 1100.

• Padmini (Discontinued)
• 118 NE (Discontinued)
• Premier Sigma
Peugeot

Tied up with Premier Automobiles Ltd to manufacture the Peugeot 309. The car was popular but labour problems resulted in it being discontinued and PAL's relation with Peugeot turned sour. After which there was no car launched from the joint venture. Even the existing owners find it difficult to find spares.

- 309 (Discontinued)

Renault (Mahindra Renault)

- Logan

REVA

- REVA

Rover

- Montego (Discontinued)

San

- Storm

Sipani

- Badal (Discontinued)
- Badal 4 (Discontinued)
- Dolphin (Discontinued) - a version of the Reliant Kitten, a Reliant Robin with 4 wheels and Triumph inspired front suspension.
- Montana (Discontinued)
- Montana Di (Discontinued)

Skoda

Skoda is an important car manufacturer of India. It recently launched the Laura, the Octavia still continues to exist. Skoda also offers the Superb in India but its not too popular.
• Octavia
• Superb
• Laura

**Standard Motors**

• Standard Vanguard (Discontinued)
• Standard 8 (Discontinued)
• Standard 10 (Discontinued)
• Standard Penant (Discontinued)
• Triumph Herald (Discontinued)
• Standard Gazel (Discontinued)
• Standard 2000 (Discontinued) - Rebadged Rover SD1

**Maruti Suzuki**-

Maruti Udyog was formed as a partnership between the Government of India and Suzuki of Japan. It brought India its first “affordable” car, the Maruti 800. It is the biggest car manufacturer in India and especially dominant in the small car sector. After the Maruti 800, it launched the Maruti 1000, followed by the Maruti Esteem the European version of the Suzuki Swift. With the launch of Cielo from DCM Daewoo, Maruti decided to up the game and launched the Maruti Esteem VX, it was followed by the AX version but was dropped later on due to poor sales. Maruti once had a market share of approximately eighty percent, but facing competition with companies like Tata, Hyundai etc. Maruti Udyog’s market share has dropped to around forty percent. According to Auto Car India, the only Maruti Suzuki car worth buying is the new Maruti Swift. Maruti Zen’s production stopped because of the success of Swift, but it has been revived as the Zen Estilo.
800 (production has been stopped in India)
Omni
1000 (Discontinued)
Maruti Zen (Discontinued, but revived and re-branded as the Zen Estilo)
Alto
Esteem
Baleno - (Discontinued)
Baleno Altutra - (Discontinued)
Gypsy
Swift
SX4
WagonR
Versa
Zen Estilo - First Generation Suzuki MR Wagon
Grand Vitara - First Generation Suzuki Grand Vitara
Khazasi
Ertiga (launched on 12th April, 2012)

Tata Motors-

Tata Motors, also known as Telco is the third largest car producer in India after Maruti and Hyundai. It was responsible for developing India’s first indigenous vehicle, the Indica. It has proved to be a success in the market after initial quality problems. The company also exports the car to many countries. Tata Motors also has an interest in the commercial vehicle segment of which it controls around 70%.

Estate (Discontinued)
Sierra (Discontinued)
It stopped producing the Toyota Qualis to make way for the Toyota Innova, which was launched in India in 2005. The most expensive car from Toyota is a very powerful SUV - The Land Cruiser Prado. Toyota Kirloskar Motors LTD is a joint venture between Toyota Motor Corporation and the Kirloskar Group.

- Qualis (Discontinued) - 3rd Generation Toyota Kijang
- Camry - 6th Generation Toyota Camry
- Corolla - 9th Generation Toyota Corolla
- Innova
• Land Cruiser Prado - 3rd Generation Toyota Prado

Imports

BMW
• BMW 7-Series
• BMW X5
• BMW X3

Land Rover
• Range Rover
• Range Rover Sport

Mercedes-Benz (Daimler Chrysler)
• CLS-Class
• SL-Class
• S-Class
• SLK Class

Nissan
• Teana
• X-Trail

Porsche
• 911
• Boxster
• Cayenne
• Cayman

Rolls Royce

Rolls Royce is perhaps the most respected and prestigious car in automotive history and it is available in India at a price tag of Rs.3 5,000,000.
• Rolls Royce Phantom

Volvo
• Volvo XC90
3. **Study of Demand of Automobiles in Different Parts of Market in India:**

**Determinants of Demand:**

Determinants of demand for this industry include the prices of the vehicles (which basically are dependent on wage, material and equipment costs).

(a) **Exchange rate**- Movement in the value of rupee determines the attractiveness of Indian products oversease and the price for domestic consumption.

(b) **Affordability**- The income of a person also determines that whether a person can afford to buy a motor vehicle or not. Higher the income, more will be affordability.

(c) **Product Innovation**- It is an important determinant as it is because product innovations that better new models are produced each year.

(d) **Price of Petrol**- Movement in prices of petrol have an impact on demand for large cars in India. During the periods of high fuel cost as experienced in 2007 and the 1st half of 2008, demand for large cars declined and the demand for smaller cars went up because of more fuel efficiency. The changing patterns in customer's taste for smaller cars led to the **Launch of Tata Motor's Nano**- One of the world's smallest and cheapest Cars.

(e) **Demographics**- It is very clear that the high population of India has been one of major reasons for large size of automobile Industry in India.
However, when overall passenger car sales have met problems, the sales of luxury cars have experienced encouraging growth. The Indian unit of BMW had to raise capacity of its factory four times during 2011.

**Factors Affecting the Demand and Growth of the Auto Industry in India**-

The conversion of government policies, economy's growth, people's purchasing power have all contributed to the phenomenal growth of Indian Automobile Industry. Some of the major factors influencing growth of the automobile industry in India are as follows:

(a) **Rise in the Per Capita Income Increases Demand for Vehicles**-

Agricultural and Industrial production increase has reflected in higher GDP (Gross Domestic Product) and over all growth of the economy which is about 9% in the last 3 years. Higher GDP means higher purchasing power. More over sales of vehicles for domestic and commercial use have also increased in the recent years.

(b) **Growth In Standard Of Living Of The People**-

The rise in standard of living of the people due to migration towards urbanization has changed the face of Indian automotive Industry. Joint Families living in small towns and villages have started sending their younger generation in cities in search of better opportunities. The new age educated migrants have a higher purchasing power and a higher standard of living presently the rate of urbanization is 30%, which is likely to increase by **40% in 2030. Higher the**
standard of living and higher the urbanization the higher will be purchase and consumption of automotives by the families.

(c) Road Development-
The roads of India and Indian Highways have undergone a tremendous improvement in the last twenty years. Some of the National Highways are of international standards. This road development and improvement in infrastructure has made road transport cost effective and speedy option for goods and passengers.

(d) Rise In The Per Capita Income Increases Four Wheeler Sales-
The growth of Industrial sector in 1970's, IT boom in 1980s and BPO Boom in 1990's have transformed the Indian middle class. The present generation is earning the same levels of salary which their parents were earning after years of work. This has pushed up the demand for automobiles. A rise in per capita income is also indirectly responsible for the increased demand of four wheelers and other automobiles.

(e) Multiple attractive Schemes for purchase of automobiles-
Numerous attractive schemes offered by most nationalized and foreign banks and low interest rates for purchase of Cars and other automobiles also increase the purchase and demand of automobiles.

(f) Exhaustive range of options in Price and models of automotives-
There was a time when Indian consumer has to choose between Premier padmini and ambassador, but it happened in 1970's, and till 1980. Now there are at least 123 different
models of Cars available from approximately 30 manufacturers. The prices also have a large range, for all types of Consumers may it be very high class or a middle class Consumer. The prices of the compact cars like Tata's Nano has convinced the middle class people to think about purchasing a four wheeler.

4. Important Decisions of Market:
There are various important decisions of market which the manufacturers or producers have to undertake while running an automobile industry or before entering, into the world of automobiles.

Some of the major decisions and points that an automotive manufacturer has to keep in mind are-

(a) Government Policies, Influence On Industry's Size And Structure-
The policies of Indian government, the influence of policies on automobile industry, the size of the industry and the structure of the industry all are to be kept in mind while taking any decision about automobiles or automobiles industry.

(b) Greater Expansion Activities-
Another important decision of market is the decision about expansion of activities. A manufacturer has to decide that in which area or region he has to expand his operations.

(c) Changing Market Dynamics And Changing Firm Strategies-
The changing market conditions are also to be thought before taking any decision about automobile market. The changing strategies are also to be kept in mind when one thinks about automobile business or purchase.
(d) **Demand of the Consumers**-
   The most important decision is that what the consumer wants and expects from the producer. The Demand of the consumer should must be given priority above all.

(e) **Intensifying Market Competition**-
   Another major decision comprises of intensifying the competitors. A manufacturer should produced more attractive product than that of competitor but that too in an economic way.

(f) **Profit**-
   Profit decision is most important decision. By no means should the profit percentage come down. It should always increase.

(g) **Risk**-
   Another important decision is the risk involved in dealing with the business. The manufacturer of automobile must take risk but upto a certain level. It should not bring any loss for the business.

5. **Government Policy**
   **(Auto Policy Of Government Of India ):**

   **Policy Objectives**-
   This policy aims to promote, integrate, endure and self-sustain the level of growth of Indian automotive industry. Its objectives are as follows-
(a) To promote a globally competitive automotive industry and emerge as a global source for auto world.

(b) To Establish an international hub for manufacturing small, affordable passenger Cars.

(c) To add modernization to the industry.

(d) To ensure balanced transition to open trade at a minimum risk.

(e) Development of domestic safety and environmental standards at par and at level with international standards.

(f) To develop the sector as a lever to increase industrial growth and employment.

(g) To promote research and development in the automotive sector.

(h) To emphasis on low emission fuel auto technologies and availability of appropriate auto fuels and encouragement.

The society of Indian Automobile manufactures (SIAM) welcomed the announcement of National Policy and feels that the policy would serve as a measure to promote growth to the automobile sector.

The national policy has rightly recognized the need for modernizing the profile of vehicle to arrest degradation of air quality.

However, with the help of auto policy the automobile industry would get further vibrant and globally competitive. The industry would get the required support from other ministries and departments of government of India in achieving its objectives.
The period that followed 1970's, witnessed a sizeable growth contributed by tractors, scooters and commercial vehicles. Even till those days, cars were something of a sort of a major luxury. Eventually, the country saw the entry of Japanese manufacturers establishing Maruti Udyog. During the period that followed several foreign based companies started Joint ventures with Indian companies.

Today the Indian automobile present a galaxy of varieties and models meeting all possible expectations and globally established industry standards. The automobile sectors of India is the seventh largest in the world. In a year the country manufactures about 2.6 million cars making up an identifiable increase (chunk) in the world's annual production of about 73 million cars in a year. The country is the fifty largest producer of commercial vehicles. Industry experts believe that there will be an unbelievable huge increase in these figures in the coming decades. The figures published by the Asia Economic Institute indicate that the India Automobile sector is set to emerge as the global leader by 2012. In the year 2009, India rose to be the fourth largest exporter of automobiles following Japan, South Korea and Thailand. Experts state that in the year 2050, India will Top the Car volumes of all the nations of the world with about 611 million cars running on its roads.

Over the next two or three years the country is expecting the arrival of more than a dozen new brands making compact car modes. At present about 75 percent of India's automobile industry is made up by small cars, with the figure ranking the nation on top of any other country on the globe.
Recently, the automotive giants of India including General Motors (GM), Volkswagen, Honda and Hyundai have declared significant expansion plans on account of its huge market potential. A very low base of car ownership in the country estimated at about 25 per 1000 people and a rapidly changing economy the nation is firmly set on its way to become an outsourcing platform for a number of global auto companies. Some of the upcoming cars in the India soil comprise Maruti A-Star, (Suzuki), Maruti splash (Suzuki), VW up and VW polo (Volkswagen), Bajaj small Car (Bajaj Auto), Jazz (Honda) and Aveo (GM) in addition to several others.

Indian automobile industry has been growing at a pace of 18% per year. Therefore, global automobile giants like VOLV, General Motors and For have started looking at India as a prospective not destination to establish and expand their operations.

Like many other nations India's highly developed transportation system has played a very important role in the country's economy over the part to this day. One can say that the automobile Industry in the country has occupied a Solid space in the platform of the Indian Economy. Empowered by its present growth, today the automobile Industry in the country can produce a diverse range of vehicles under three broad categories namely cars, two wheelers and heavy vehicles.