A STUDY ON THE PERFORMANCE APPRAISAL OF
INDIAN AUTOMOBILE INDUSTRY

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Corporate sector have short term goals such as improving annual profits and value added as well as long term goals in terms of contribution to national wealth, creation of more employment, building up infrastructural facilities, building up a broad based and healthy capital structure, operating of essential services, creating export potential and thus participating activity in the overall economic growth of a country and improving the standard of living of people, ultimately the Gross Domestic Product (GDP) and the tax revenue to the government with from both direct and indirect taxes are maximized.

It is imperative to study the role of corporate sector in the economic growth of a country, particularly in the developing country like India have attracted several academicians, professional institutions, research and administrations to conduct diversified studies in this area. There is a need to study the industries internal efficiency which ultimately shall determine the overall industrial development in future.

Automobile industry is one of the key sectors of the economy since deliscensing and opening up of the sector to FDI in 1991-92. It has close linkages with the rest of the economy and hence has strong multiplying effect. Therefore, the present study is undertaken to make the performance appraisal of the selected sectors of the Indian automobile industry. The performance of Indian Automobile Industry is analysed on the basis of production trend, sales trend, profitability analysis, financial structure, financial performance, assessment of financial health, Economic Value Added (EVA) and Market Value Added (MVA).
Performance appraisal is of special importance in industries and automobile industry is one such industry from the social economic development of the country. Automobile industry is significant enough in terms of investment, employment, sales and profitability function. An Automobile industry differs from that of other industries. It would help to understand the pattern and structure of financial variables. It would also enable shareholders, investors, bankers, to identify the determinants of corporate performance in order to understand the financial capability and effectiveness of the companies.

An appraisal of performance is made from the accounting point of view to assess the effectiveness of plans, policies and objectives of the industry by measuring the efficiency of the automobile industry under study in various areas of operations.

In this context the researcher has studied the following

1. The trends of production, capacity utilization, sales and market shares.
2. The trends of profit factors contributing to the profit.
3. The components of financial structure
5. The impact of EVA and MVA for the wealth of the company.

On the basis of the above mentioned objectives the researcher has arrived at the fruitful findings and offered useful suggestions for the growth of Indian automobile industry.