



Economic Briefs



INDIA

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1.1: AUTOMOBILE PRODUCTION GROWTH

1.2: GROWTH RATE OF AUTOMOBILE PRODUCTION (SEP-SEP)

1.3: GROWTH RATE OF VEHICLE SALES (SEP-SEP)

1.4: GROWTH RATE OF AUTOMOBILE DOMESTIC SALES (SEP-SEP)

1.5: GROWTH RATE OF AUTOMOBILE EXPORTS (SEP-SEP)

1.6: MARKET SHARE IN AUTOMOBILE DOMESTIC SALES

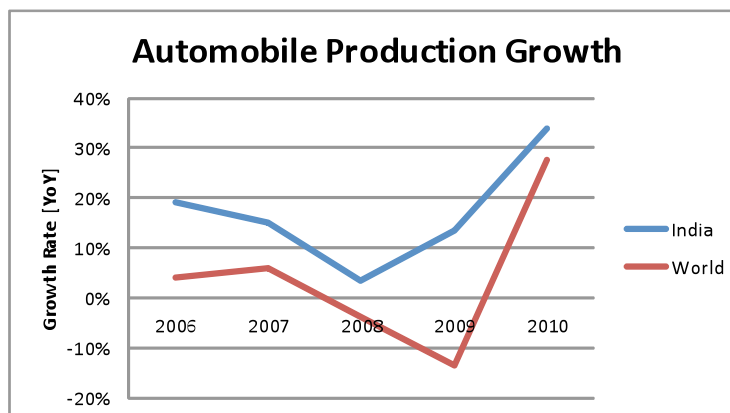
1.7: MARKET SHARE IN AUTOMOBILE EXPORTS

Sectoral Snapshot

Driving the Economy, Automobile Production in India

India's contribution to world automobile production almost doubled in the last five years, from 2.5% in 2005 to 4.5% in 2010. While these are still relatively small shares, the size of the potential market in India is huge with Indian population accounting for close to 1/5th of world population. No wonder then that the growth rate in production of automobiles in India has been positive even during the recession years and above that of the world (fig.1.1).

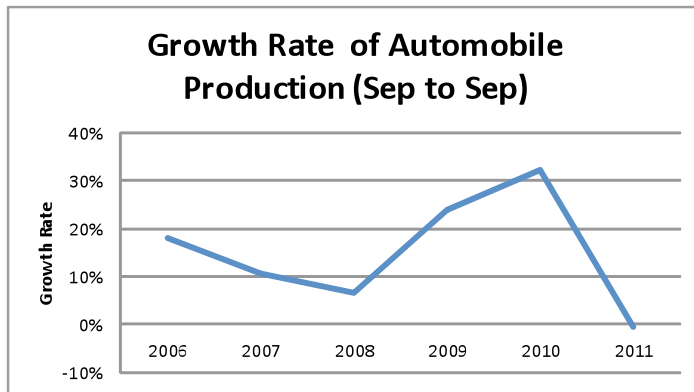
fig 1.1



Over the last decade in particular, India has seen a surge in automobile production with manufacturing strongholds evolving in cities such as Chennai. While growth rates in production of passenger and commercial vehicles had been in the upswing from 2008, more recent months have seen a gradual decline with the most recent September data showing a negative growth rate compared to the previous September (fig . 1.2).

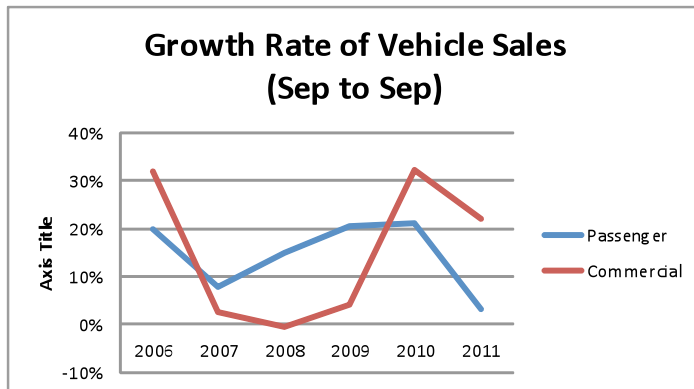


fig 1.2



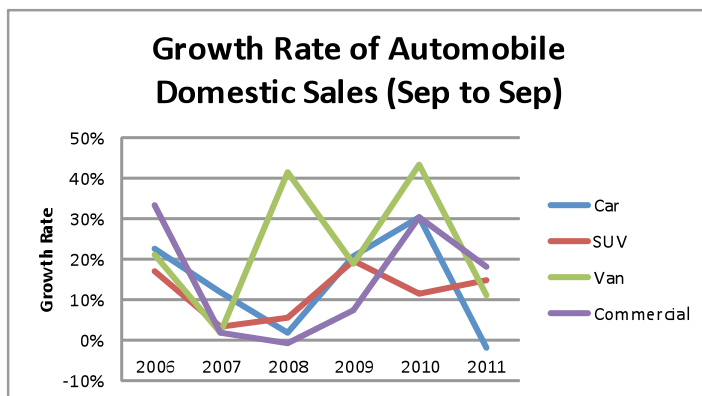
Source: CEIC data

fig 1.3



Source: CEIC data

fig 1.4

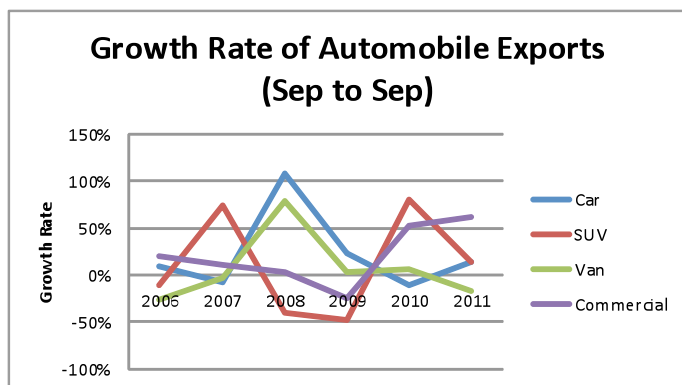


Source: CEIC data

- Both commercial and passenger vehicle overall sales have slowed down over the last 12 months with rates of growth in passenger vehicles showing the steepest decline (fig. 1.3)
- In domestic sales, cars and vans appear to have seen the sharpest reduction in growth rates over the last 12 months while domestic sales of utility vehicles (SUVs) actually picked up speed (fig. 1.4)

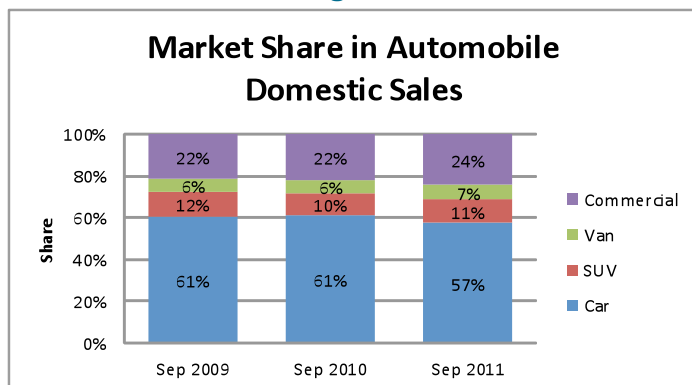


fig 1.5



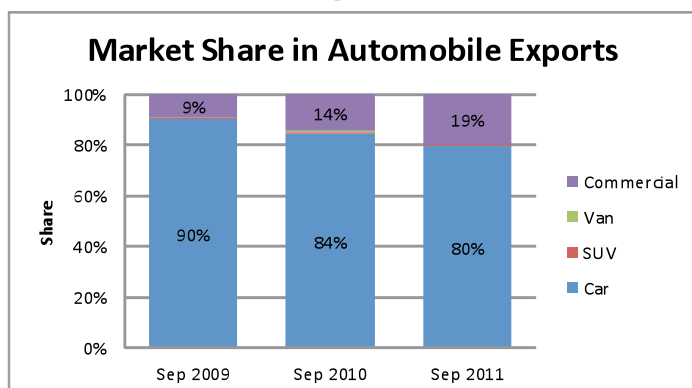
Source: CEIC data

fig 1.6



Source: CEIC data

fig 1.7



Source: CEIC data

- Exports to some degree have come to the rescue with growth rates in exports of commercial vehicles and cars showing positive signs while SUV exports lost steam (fig. 1.5)
- Amongst all vehicles, cars have held the majority of the market share but showed a slight decrease in September 2011, while the other categories showed a slight improvement in domestic market share (fig. 1.6)
- The decline in share of overall vehicle exports was significant for cars dropping from 90% in Sep. 2009 to 80% in Sep. 2011. Commercial vehicle exports gained at passenger car's expense (fig. 1.7)

With planned and continuing major investments in transportation infrastructure and with only 96 vehicles per 1000 inhabitants in 2009, the potential for significant long term growth in this sector continues to be positive in spite of recent declines in growth rates.