

India's Small Car Industry and its Emergence as a Potential Lead Market for the Low-Cost Small Car Segment

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Abstract

Rising incomes, better financing for vehicles and improved roads are the combined drivers for strong growth of the automotive sector in India (KPMG 2007). In the fiscal year 2006-07, the domestic passenger car market grew by 20 percent, making India one of the fastest growing passenger car markets in the world in absolute terms (SIAM 2008; OICA 2007). The recent introduction of the low-cost small car concept Tata Nano has generated much hype and generated discussion on the emergence of a burgeoning global low-cost small car market. This study conducts a comprehensive evaluation of India's small car automobile industry and analyzes its role as potential lead market for the low-cost small car concept.

Table of Contents

List of Figures	iv
List of Tables	iv
List of Important Abbreviations.....	v
Important Remarks to Currency Exchange.....	v
1 Introduction.....	- 6 -
1.1 Methodology	- 7 -
1.2 Structure of the Study	- 7 -
2 Inspiration Tata Nano	- 8 -
3 Small Car Segment India	- 11 -
3.1 Market Overview	- 11 -
3.2 Current Small Car Models in India.....	- 16 -
3.3 Future Models in India.....	- 18 -
4 India as a Small Car Manufacturing Hub.....	- 19 -
4.1 Growth Drivers	- 19 -
4.1.1 The Economy	- 19 -
4.1.2 Governmental Initiatives.....	- 22 -
4.1.2.1 Automotive Mission Plan.....	- 22 -
4.1.2.2 Policy	- 24 -
4.1.2.3 Infrastructure.....	- 28 -
4.1.3 Development of Resources and Capabilities.....	- 29 -
4.1.3.1 Induction of Technology.....	- 29 -
4.1.3.2 Design & Engineering.....	- 32 -
4.1.4 Financing.....	- 34 -
4.2 Challenges for the Industry.....	- 35 -
4.2.1 Infrastructure.....	- 35 -
4.2.2 Skilled Labor.....	- 38 -
4.2.3 Raw Materials	- 40 -
4.2.4 Social/Political Disharmony	- 41 -
4.3 New Investments.....	- 42 -
4.4 Small Car Exports	- 45 -
5 India as a Lead Market for Small Cars	- 49 -
5.1 Lead Market Theory.....	- 49 -
5.2 Lead Market Condition Evaluation in India.....	- 52 -
5.3 Discussion of India's Lead market Role	- 62 -
6 Conclusion	- 64 -
Reference List	- 66 -
Appendix 1: Market Data for Indian Automotive Industry	- 74 -
Appendix 2: Special Reference Section.....	- 76 -

List of Figures

Figure 1: The Tata Nano.....	8
Figure 2: Interior of the Tata Nano	9
Figure 3: Depiction of Various Supplier Sources for the Tata Nano.....	10
Figure 4: Passenger Car Production Growth for Various Countries.....	12
Figure 5: Cars per 1000 People for Various Countries.....	13
Figure 6: Domestic Market Shares by Manufacturer.....	15
Figure 7: GDP / GDP Growth Rate Schematic of Various Countries.....	20
Figure 8: Nominal Rates of Tariff for Automobiles, Auto Components and Raw Materials.....	26
Figure 9: Effective Rates of Protection for Automobiles and Auto Components	26
Figure 10: The Golden Quadrilateral Triangle Highway.....	28
Figure 11: Engineer / Designer Salaries of Various Countries.....	33
Figure 12: Kuznets Inequality Curve.....	41
Figure 13: Map of New Investment Locations for Small Cars.....	42
Figure 14: Export Trends for the Indian Automobile Industry.....	45
Figure 15: Lead Market / Lag Market Schematic.....	50

List of Tables

Table 1: Domestic Market Share by Vehicle Type.....	13
Table 2: SIAM Segment-Wise Classification.....	14
Table 3: Small Car Models in India: Segment A1 and A2.....	16
Table 4: Future Small Cars in India.....	18
Table 5: Foreign R&D Investment in Various Countries.....	29
Table 6: Average Years of Schooling for Various Countries.....	38
Table 7: New Plant Investments.....	43
Table 8: GDP per Capita Comparison for Various Countries.....	55
Table 9: Exports of Small Cars to Various Nations.....	56
Table 10: Exports of Mopeds to Various Nations.....	57
Table 11: Exports of Exposed and Developed Cinematographic Film to Various Nations.....	59
Table 12: Framework for a Quantitative Lead Market Analysis.....	60