Impact of Covid-19 on Automobile Industries in India

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Abstract

The study focuses on the impact of COVID-19 situation on the automobile industry in India, its impact on sales during the pandemic situation and the Market share of the Automobile industries during this pandemic situation. This study used secondary data collected from various automobile related websites like ministry of automobile industries IBEF (India Brand Equity Foundation), Ministry of Heavy Industry and Public Enterprises and Ministry of Health and Family Welfare, Government of India. The study suggests automobile industries to take some initiatives to increase their car sales by reducing prices or giving some extra offers during the pandemic situation.

Key Words: COVID, Automobile, Market, Sales

I. INTRODUCTION

The Coronavirus Pandemic has been affecting the livelihoods of almost everyone that we know and it hasn’t Coronavirus disease 2019 (COVID-19), also known as the coronavirus, or COVID, is a contagious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The first known case was identified in Wuhan, China, in December 2019. The disease has since spread worldwide, leading to an ongoing pandemic. Symptoms of COVID-19 are variable,
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but often include fever, cough, headache, fatigue, breathing difficulties, and loss of smell and taste. Symptoms may begin one to fourteen days after exposure to the virus. At least a third of people who are infected do not develop noticeable symptoms. Of those people who develop noticeable symptoms enough to be classed as patients, most (81%) develop mild to moderate symptoms (up to mild pneumonia), while 14% develop severe symptoms (dyspnea, hypoxia, or more than 50% lung involvement on imaging), and 5% suffer critical symptoms (respiratory failure, shock, or multiorgan dysfunction). Older people are at a higher risk of developing severe symptoms. Some people continue to experience a range of effects (long COVID) for months after recovery, and damage to organs has been observed. Multi-year studies are underway to further investigate the long-term effects of the disease.

Symptoms of COVID-19 are variable, ranging from mild symptoms to severe illness. Common symptoms include headache, loss of smell and taste, nasal congestion and runny nose, cough, muscle pain, sore throat, fever, diarrhoea, and breathing difficulties. People with the same infection may have different symptoms, and their symptoms may change over time. Three common clusters of symptoms have been identified: one respiratory symptom cluster with cough, sputum, shortness of breath, and fever; a musculoskeletal symptom cluster with muscle and joint pain, headache, and fatigue; a cluster of digestive symptoms with abdominal pain, vomiting, and diarrhoea. In people without prior ear, nose, and throat disorders, loss of taste combined with loss of smell is associated with COVID-19.

Of people who show symptoms, 81% develop only mild to moderate symptoms (up to mild pneumonia), while 14% develop severe symptoms (dyspnea, hypoxia, or more than 50% lung involvement on imaging) and 5% of patients suffer critical symptoms (respiratory failure, shock, or multiorgan dysfunction). At least a third of the people who are infected with the virus do not develop noticeable symptoms at any point in time. These asymptomatic carriers tend not to get tested and can spread the disease. Other infected people will develop symptoms later, called "pre-symptomatic", or have very mild symptoms and can also spread the virus.

As is common with infections, there is a delay between the moment a person first becomes infected and the appearance of the first symptoms. The median delay for COVID-19 is four to five days. Most symptomatic people experience symptoms within two to seven days after exposure, and almost all will experience at least one symptom within 12 days. Most people recover from the acute phase of the disease. However, some people continue to experience a range of effects for months after recovery—named long COVID—and damage to organs has been observed. Multi-year studies are underway to further investigate the long-term effects of the disease.

II. LITERATURE REVIEWS

Jatinder Singh (2014) explained automobile industry in India has undergone serious restructuring since reforms initiated in 1991. The contribution of automobile industry reached about 8% of GDP of India. Because of increase of income of the middle level households in India. Easy loan policies for buying two wheelers and cars followed by the banks helped rapid growth of automobile sector. The rapid growth is
also as a result of heavy FDI inflows, around 48% of total FDI between the period 2000-2011

**Jimmy Corton Gaddam (2013)** explained that the increase in the trend of production and sales of automobile industry was due to the increase growth of the Indian economy and also the increase of high income level of the consumers. There is immense future potential for automobile industry as there is still a low penetration of automobile in India.

**Lokhande, et.al (2013)** explained about the historical trend of the automobile industry in India. The Indian automobile industry has opened up after the liberalization (1990) and now the automobile market had become a highly competitive one. To sustain in this competitive, market the organizations have to be creative & bring innovations.

**M. Krishnaveni, et.al (2015)** explained that production and exports trends of the automobile in India has been rising year by year. The rise in demand and increase in the inflows through 100% FDI has contributed to the rise in the production and exports of the automobiles in India.

**Alpana Roy (2016)** explained that the increase in transport sector has contributed to the climate changes in major cities across the world. The author has taken Delhi and Kolkata as the location for study to show how the increase in the growth of vehicles is correlated with the increase in the average mean temperature in the city.

**Shrivastava R. K, et.al (2013)** explained that rapid urbanization and growth of motor vehicles has serious effect on environment and human life. Most of the cities in South Asia including India are suffering from the high air pollution. The pollutants like CO, SO2, NO2, PM, etc. mainly comes from the emissions of the transport sector.

**Geetha P, et.al (2015)** explained that all the major cities in the world due to rapid urbanization and increase in population resulted in rapid growth of number of vehicles which in turns resulted in air pollution and issues related to health & environmental damage. The pollutants are analyzed with the simulation software Hysplit4. Path of the pollutants are traced. The trajectory of the pollutants is dependent on the local wind speed, temperature and wind direction. The collected data plotted from the simulation is used by the environmentalists for the setting up the roads, industrial site, etc.

**Kokila M, et.al (2016)** explained that the air pollution contamination in a region is result of its own zone’s air pollution and also from the nearby regions because of certain factors like wind speed and wind direction. The metrological data is collected and with the help of the hysplit4 simulation the scattering pattern of the pollutants from the vehicles and its scattering territory is mapped.
III. OBJECTIVES

1. To analyse the sales of Automobile Industries Car Sales during the Covid 19 Pandemic situation and Lock down in India.
2. To evaluate the Market Share of the Automobile Industry during the Covid 19 pandemic situation in India.

IV. METHODOLOGY

The present study is based on secondary data. Secondary data were collected from various reports of ministry of automobile industries Ministry of Heavy Industry and Public Enterprises. On the other hand, data related to covid are collected from Ministry of Health and Family Welfare, Government of India.

**Figure-1, Day wise COVID Cases in India**

*Source: Ministry of Health and Family Welfare, GoI*
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**TABLE 1**
STATUS OF COVID IN INDIA AS ON MAY 9TH 2021

| India | Confirmed case | Active Case | Cured/ Discharged case | Death |
|-------|----------------|-------------|------------------------|-------|
| No. of. Cases | 22296414 | 3736648 | 18317404 | 242362 |

Source: Ministry of Health and Family Welfare, GoI

**Automobile Industries in India**

The first car that plied on Indian roads was as early as 1897 and the first Indian to own a car in 1901 was Jamshedji Tata. It was in 1942, before India’s independence that Hindustan Motors manufactured the first automobile in India. Soon after India’s independence, the Government of India tried to boost the sector by encouraging manufacturing of automobiles. Before that, the cars were imported directly. The automobile sector formally came into being in the year 1952 when the Government appointed its first tariff commission with the aim of indigenizing this industry. The year 1952 also marked the introduction of passenger cars in the country. Manufacturers like Hindustan Motors, Premier Automobiles and Standard. Even SUV’s started being manufactured by Mahindra and Mahindra, Bajaj, Standard Motors, etc. Cumbersome and medium commercial vehicles were made by 7 manufacturers which included Ashok Motors, Simpsons and Co., Premier Motors and more. Two-wheeler vehicles like scooters, motor bikes or mopeds were manufactured by Bajaj Auto, Escorts Group, Royal Enfield, Automobiles Product of India, Ideal Jawa, etc.
Motor Liberalization

It started from a phase where there were few options with automobiles. This phase continued for an extended period until the phase of the liberalisation. It encouraged many international players to foray into Indian markets. Many of them collaborated with the local manufacturers to form companies to capture markets as per the needs of local customers.
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**TABLE 2**
SALES REPORT OF PASSENGER CARS IN PRE AND DURING COVID OF INDIA

| OEM          | Sales FY'19 | Sales FY'20 | GROWTH | FY'19 MS Pre COVID | FY'20 MS during COVID | MS Diff |
|--------------|-------------|-------------|---------|--------------------|-----------------------|---------|
| Maruti Suzuki| 17,29,555, 5| 14,14,346   | -18     | 51.90              | 51.30                 | -0.60   |
| Hyundai      | 5,45,243    | 4,85,309    | -11     | 16.40              | 17.60                 | 1.20    |
| Mahindra     | 2,36,854    | 1,80,244    | -24     | 7.10               | 6.50                  | -0.60   |
| Tata         | 2,10,143    | 1,31,197    | -38     | 6.30               | 4.80                  | -1.50   |
| Toyota       | 1,50,525    | 1,14,081    | -24     | 4.50               | 4.10                  | -0.40   |
| Honda        | 1,82,586    | 1,02,016    | -44     | 5.50               | 3.70                  | -1.80   |
| Renault      | 79,654      | 89,534      | 12      | 2.40               | 3.20                  | 0.90    |
| Kia          | 0           | 85,171      | 0       | 0.00               | 3.10                  | 3.10    |
| Ford         | 92,937      | 66,415      | -29     | 2.80               | 2.40                  | -0.40   |
| Volkswagen   | 34,850      | 25,736      | -26     | 1                  | 0.90                  | -0.10   |
| MG           | 0           | 21,954      | 0       | 0.00               | 0.80                  | 0.80    |
| Skoda        | 16,521      | 14,441      | -13     | 0.50               | 0.50                  | 0.00    |

Source: Auto Punditz
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From the above table, it shows that the automobile industries sales have came down during this pandemic period created by covid 19. Maruti Suzuki is the leading car selling industry in India but this pandemic has also affected this market in India. According to the data Renault is the only company which sale has increased. MG and Kia are new entries to the Indian market so the sales value cannot be calculated from the data. Automobile industries also faced a drop in market share. Especially Honda had faced -1.8% Down in Market share. Kia market share has increased because they are new entries to the market; followed by kia Hyundai has a hike in market share during this lockdown in India.
### TABLE 3
SALES REPORT OF LUXURY CARS IN INDIA

| OEM          | Sales FY'20 | Sales FY'21 | Growth FY'MS 20 | Growth FY'MS 21 | MS Change |
|--------------|-------------|-------------|-----------------|-----------------|-----------|
| Mercedes     | 11,394      | 7,087       | -37.80          | 35.70           | 38.60     | 2.90      |
| BMW          | 9,999       | 5,824       | -41.80          | 31.30           | 31.70     | 0.40      |
| Audi         | 4,233       | 2,218       | -47.60          | 13.30           | 12.10     | -1.20     |
| Jaguar       | 3,756       | 1,696       | -54.80          | 11.80           | 9.20      | -2.50     |
| Volvo        | 2,034       | 1,197       | -41.20          | 6.40            | 6.50      | 0.10      |
| Porsche      | 387         | 249         | -35.70          | 1.20            | 1.40      | 0.10      |
| Lamborghini  | 13          | 26          | 100             | 0.00            | 0.10      | 0.10      |
| Rolly Royce  | 26          | 21          | -19.20          | 0.10            | 0.10      | 0.00      |
| Ferrari      | 25          | 16          | -36.00          | 0.10            | 0.10      | 0.00      |
| Bentley      | 29          | 12          | -58.60          | 0.10            | 0.10      | 0.00      |

Source: Auto Punditz

From the above table it shows that the premium car industries have faced a crisis in sales during the period of covid 19. Especially Bentley and jaguar have faced a huge crisis when compared to other luxury premium cars manufacturers in India. Lamborghini is the only premium car manufacturer that had a huge profit of double the sales figure when compared to previous year sales of cars. Only Benz had the hike in market share price during the covid 19 pandemic of around 2.9% hike in the market share when compared to previous year market share.
V. CONCLUSION

Automobile Industry is the leading Share Holders of the Indian market which hikes the Indian GDP. From the above data that shows that after the pandemic situation in India the car sales had faced a huge crisis because people have never faced a situation like this and they can’t even survive this situation. Though they can’t able to afford the cars. This covid had not only affected the automobile market and its share it also affected the daily life of the people. To overcome this hard situation Automobile industries should take some initiatives to increase their car sales by reducing prices or giving some extra offers during the pandemic situation. This may increase the sales of the car during this pandemic period. These are some of the simple ways to increase the car sales during this pandemic period.

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