

Impact of Covid-19 Pandemic on Indian Automobile Industry

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Abstract- Due to decreased efficiency, the auto sector is currently experiencing a serious crisis (GDP). COVID-19 has an impact on travel, tourism, and auto shows. It uses new emerging technologies, such as image processing, practical cleverness, in-depth learning, and the shift from simple cars to smart & autonomous cars, to make transportation simple, easy, and secure. One of the first epidemics of its kind, Covid-19 is causing the automotive sector to reevaluate its operations.

The research presented in this paper aims to analyse the market using information obtained from the Department of Automotive Industry, the Department of Heavy Industry, and the Department of Public Enterprises in various regions, as well as the actions taken to combat the COVID-19-related economic downturn by examining related issues faced by passenger cars.

The focus of this study is on "How to manage present disruptions and get ready for the "new normal," as well as "What is the impact of Covid-19 on the automotive value chain."

Key words: Emerging technologies, COVID-19, new normal, market share difference, growth

INTRODUCTION

Electric vehicles and dangerous hydrogen engines were employed before the gasoline engine, both of which were safe for the environment but impractical to use for a variety of reasons. Carl Benz, who built the first automobile in 1885, consistently receives more recognition in the automotive business than Gottlieb Daimler, who was the first to show interest in internal combustion engines that burn fuel.

Earlier on the short distance, long-distance closed model cars took the role of open model cars. Despite the existence of ecologically friendly vehicles, gasoline-powered vehicles gained popularity since they were more affordable. Automobile expos, excursions, and races were held to increase public awareness of cars. The automobile business has

improved as a result of numerous automakers starting to produce vehicles at competitive pricing. The automobile industry is crucial for the global economy in many ways because it connects to other sectors of the economy, creates jobs there, and boosts economic development.

The four megatrends of connected, autonomous, electrified, and shared driving are causing significant changes in technology and economic models in the auto industry. The COVID-19 rash adds to the industry's stress during this transition.

STATEMENT OF THE PROBLEM

Great uncertainty revolves around the speculation of a car's need. First, the economic outlook is highly dependent on sanitation, policies to combat the epidemic, measures to support recovery. Second, the epidemic can affect consumer behaviour as well as favourites. The proliferation of teleworking can reduce the need for vehicles, while greater uncertainty in public use transportation can have the opposite effect. The need for change is also possible, through change of need for rental cars or car sharing. The purpose of this paper is to examine how the COVID-19 tragedy affected India's automobile industry. It discusses the sector's efforts and the consequences of the epidemic. Many industries were forced to shut down or operate at a quarter of their regular volume in the spring of 2020 due to lockdown measures. In addition, demand for products and services is depleted and may decline over time, reflecting losses and growing uncertainty. The initial shutdown had a positive effect on the economy, and it rebounded after that, but the automobile industry has already been severely impacted. Given the potential for a long-lasting catastrophe and the current obstacles ranging from technical progress, industrial visions in every nation depend on international demand

REVIEW LITERATURE

Rajamohan et al. (2020)¹ undertook a study to determine the impact of COVID-19 on the stock market, focusing on the National Stock Exchange of the automotive industry. The findings show that high prices were exchanged at a rate of depreciation. Additionally, low earnings in the vehicle industry index have been recorded. As a result, it is possible to draw the conclusion that the COVID-19 outbreak has had a significant impact on the automobile sector's stock market.

Yan et al. (2020)² To assess consumer choices and factors influencing the purchase of a car during a pandemic, a hybrid model called the SEM-Logit model was proposed. The impact of demography, the pandemic, and subtle psychological factors on the procurement process were examined using the proposed model. The findings demonstrate how the epidemic has severely impacted car buying. Decisions about the hiring of new employees have been influenced by elements like family income, the risk of travel, and the severity of the pandemic in the surrounding areas. Additionally, politicians are using the information to help them implement crucial steps to deal with the issue of car purchasing. Srivastava R. K, et.al (2013)³ He clarified that the environment and human health are negatively impacted by rapid urban growth and car increase. The majority of South Asian cities, including India, experience severe air pollution. Pollutants as CO, SO₂, NO₂, PM, etc. are predominantly produced by the transportation industry.

According to the Society of Indian Automobile Manufacturers⁴, In FY21, the sector had a fall in sales across all automotive classes (passenger car sales fell by 2.24%, two-wheel drive sales by 13.19%, commercial vehicle sales by 20.77%, and three-wheeled vehicle sales by 66.06%).

Parliament of India Rajya Sabha, Department-related Parliamentary Standing Committee on Industry⁵, believes that in order to transition to electric mobility, the entire industrial system must

be reorganised. Instead of placing all your eggs in one basket, it would be excellent to implement a phased production system. In addition, the current automotive industry should be encouraged to become more efficient in case the new technology does not yield the expected results.

Additionally, the decline in productivity brought on by a drop in demand has hurt job creation. A legislative panel that was sent to Venkaiah Naidu, the chairman of the Rajya Sabha, calculated that 3.45 lakh jobs would be lost in the country's automotive industry. Due to a decline in sales, major automaker Maruti Suzuki has cut back on its temporary workforce by 6%. The automotive industry, which has contributed more than 7% of India's GDP, is currently in a severe slump; in recent months, certain car manufacturers have seen their yearly sales decrease by more than 30%.

OBJECTIVES

1. To analyse sales/growth of Automobile Industries (passenger Car Sales) during the Covid-19 Pandemic situation and Lock down in India.
2. To assess the Automobile Market Share during the Covid-19 epidemic in India.

METHODOLOGY

The current study is based on secondary data. The secondary data was collected from various reports from the Department of Automotive Industry and the Department of Heavy Industry and Public Enterprises. On the other hand, covid-related information is collected from the Department of Health and Family Welfare, Government of India.

TABLE 1 THE CURRENT STATUS OF COVID-19 ACROSS INDIA AS IN JANUARY 2022

TOTAL CASES	DISCHARGED CASES	DEATHS	ACTIVE CASES
4,13,02,440	3,89,76,122	4,95,050	18,31,268

Source: Ministry of health and family welfare, Govt. of India.

¹ Rajamohan, S., Sathish, A., & Rahman, A. (2020). Impact of COVID-19 on stock price of NSE in automobile sector. *The International Journal of Advanced Multidisciplinary Research*, 7(7), 24-29.

² Yan, Y., Zhong, S., Tian, J., & Jia, N. (2020). An Empirical Study on Consumer Automobile Purchase Intentions Influenced by COVID-19. Available at SSRN 3593963.

³ Shrivastava, R. K., Neeta, S., & Geeta, G. (2013). Air pollution due to road transportation in India: A review on assessment and reduction strategies. *Journal of environmental research and development*, 8(1), 69.

⁴ www.siam.in

⁵ Downturn in Automobile Sector - Its Impact and Measures for Revival, report no-303, www.rajyasabha.nic.in

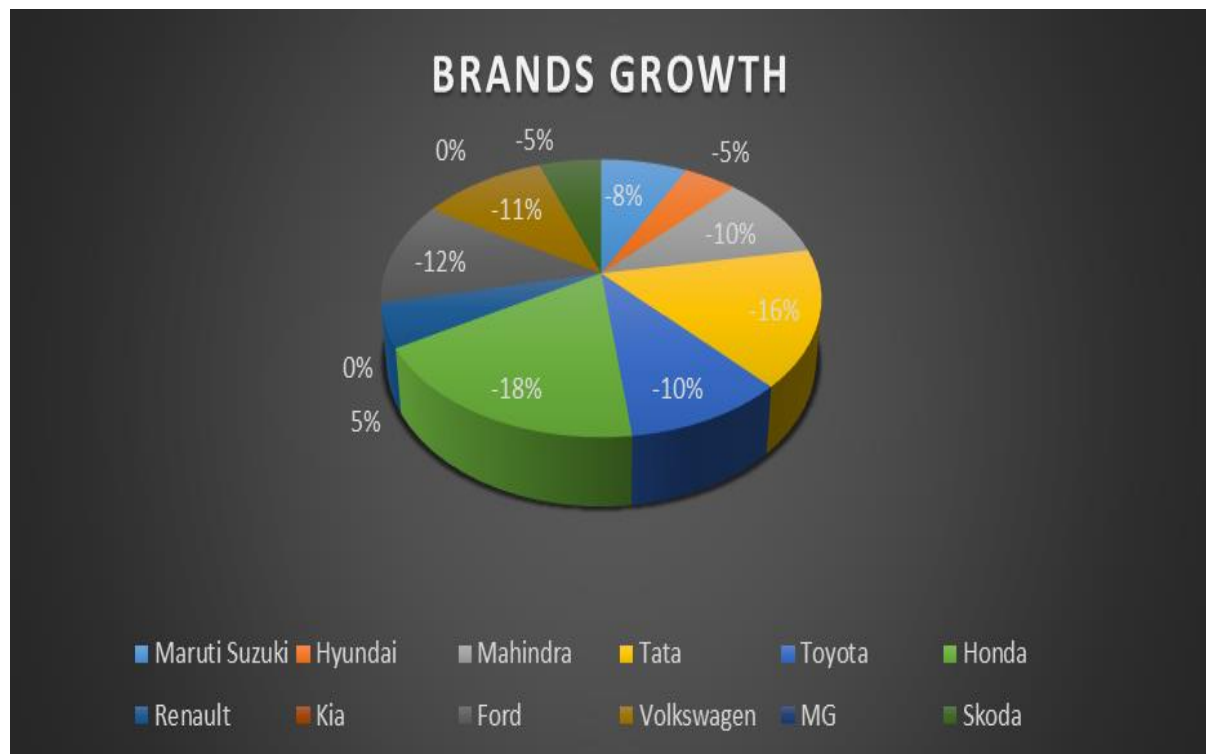
TABLE 2 SALES REPORT OF PASSENGER CARS IN PRE AND DURING COVID OF INDIA

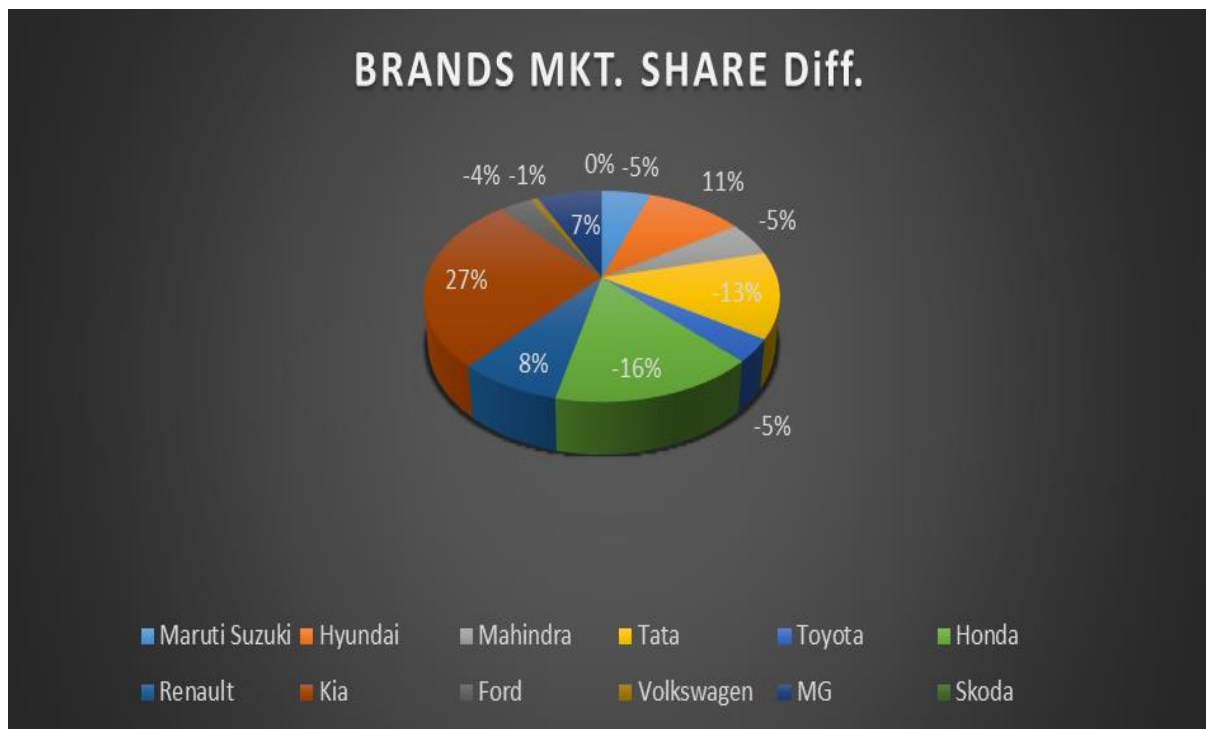
BRANDS	SALES		PERCENTAGE			
	FY'19	FY'20	GROWTH	FY'19 MS Pre COVID	FY'20 MS During COVID	MKT. SHARE Diff.
Maruti Suzuki	17,29,555	14,14,346	-18	51.90	51.30	-0.60
Hyundai	5,45,243	4,85,309	-11	16.40	17.60	1.20
Mahindra	2,36,854	1,80,244	-24	7.10	6.50	-0.60
Tata	2,10,143	1,31,197	-38	6.30	4.80	-1.50
Toyota	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

In the table 2 above, it shows that sales of the automotive industry have declined during the epidemic caused by covid 19. Maruti Suzuki is a leading car dealership in India but the epidemic has also affected its Indian market. According to details Renault is the only company that has increased sales. MG and Kia are new entries introduced in the Indian

market so sales value cannot be calculated from the data. The automotive industry is also facing a decline in market share. In particular Honda faced -1.8% Down in the Market share. Kia market share has increased because they are new market entries; followed by Kia Hyundai has an increase in market share during the lockdown in India.





FINDINGS AND SUGGESTION

Employee Relations

However, not all employees of the company make significant behind-the-scenes contributions. One must carefully consider which claims to waive out when it comes to dismissal. The 80/20 rule clearly works, yet implementing it can negatively impact a company's reputation. With converted numbers according to demands, a system like 4-4-2 can be used instead of 80/20. An ideal combination will be selected plants prepared with the appropriate expertise and employee development programmes. Developing initiatives to boost employees' output, assure their compensation in trade with top management, and provide them many firm shares as a further incentive. The optimum moment to strike a compromise is right now if there is a significant salary income gap between immediate cadres.

Research & Development (R&D) Facilities

Not every design endeavour helps a business succeed during a recession. The 4-4-2 technique is described in the book "Management in Downturn" by recognised academics and industry leaders. Out of every 10 projects, this entails reducing 4, keeping 4, and doubling down on 2.

People will choose cars over two wheels and carpooling since the term "social distance" will be in use for at least a year or more. Considering the astute decision Tata Nano made in 2009, affordable, integrated vehicles would surely profit from rising

demand. Additionally, the widespread manufacture of electric automobiles can help to emphasise workplace environmental policies. Manufacturing of microbe-resistant and self-sanitizing utilities and automobiles will also be crucial.

Supply Chain

A broken intra- and intercontinental supply chain may take 6 to 12 months to resume operations on a full-time basis. Many suppliers might also promote closure or collapse. Therefore, it becomes clear that the sector needs to improve its network. Numerous fresh suppliers and distributors will merge as a result of rising demand and the introduction of brand-new goods and services to the market. Given the situation, building new partnerships with new competitors as soon as possible will be advantageous because prices will undoubtedly rise significantly during the economic collapse.

Renewing dated contracts with reputable distributors and suppliers will increase company flexibility and enforce the supply chain to produce better results because of its adaptable nature. Win-win through fresh connections will be the greatest choice rather than logging in potential losses by relying on outdated connections.

CONCLUSION

The Indian market's largest shareholder is the automobile industry, which boosts India's GDP. According to the information above, automobile

sales in India have had significant difficulties as a result of the epidemic because most individuals have never encountered a situation like this and are unable to even endure it. Despite not being able to afford automobiles. This COVID not only had an impact on the automotive business, but also on how individuals lived their daily lives. The car sector must take action to enhance the purchase of its vehicles by cutting costs or by providing more incentives during the pandemic in order to overcome this challenging circumstance. In this epidemic period, this may boost auto sales. These are just a few examples of goal-setting software that automobile industry can use.

Although it may or may not always be accurate, the recession is often thought of as a catastrophe with long-term effects because it will inevitably move the economy. Get used to these awful times since that's the only way to get through them. Companies that permit both regular and non-existent strategy plans are able to do this. Businesses must ensure they have the appropriate set of strategies in place before knocking on doors, regardless of whether they decide to occasionally formulate strategic plans or not.

FUTURE OF THE AUTO SECTOR: POST COVID-19 SCENARIO

According to Automotive Sector Reports, the Indian automotive industry is already suffering from a lack of growth that will be 18 percent in FY 2020. Since February 2020, both marketing/sales and production have been dealing with a decrease. To add fuel to the fire, COVID-19 has developed its own end-of-the-world strategy.

The Indian automobile industry's condition will continue unfavourable for the following three reasons and beyond FY 2021, as the International Monetary Fund (IMF) anticipates a negative growth standard for the entire world in FY 2021 (Coronavirus Crisis):

1. Potential decline in car sales: Due of the current world problem, which is solely caused by human proximity, the four-wheel drive market may experience a sharp spike in sales following lockdown. As "Work from Home" becomes more popular among employees, demand could further fall.
2. Limited financial support for customers to purchase electric vehicles (EVs): Lack of large-scale e-vehicle purchases and a fall in the top-

selling automobile model are the causes of decreased demand. the top Indian communication and information forum, which claimed that after seven years of operation, lowering battery prices would make regular passenger cars more expensive than electric ones. The same causes led to an overall growth in EV sales.

3. The tourism and travel industry at halt: According to the Tourism and Travel Industry, the tourism sector contributes roughly 10% of India's GDP. As a result, the Indian tourist sector is anticipated to see a net loss of \$1.25 trillion (2020). The tourism business can take up to 2-3 years to normalise due to the reality of the situation and worries about social isolation. For the same reason, it is reasonable to anticipate a direct impact on the Indian auto business.

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