

Automotive industry in India

The automotive industry in India is the fourth-largest by production in the world as per 2022 statistics.[1][2][3] As of 2023, India is the 3rd largest automobile market in the world in terms of sales.[4] In 2022, India became the fourth largest country in the world by the valuation of its automotive industry.

As of April 2022, India's auto industry is worth more than US\$100 billion and accounts for 8% of the country's total exports and 7.1% of India's GDP.[5] According to the 2021 National Family Health Survey, barely 8% of Indian households own an automobile.[6][7] According to government statistics, India has barely 22 automobiles per 1,000 people.[8][9]

India's major automobile manufacturing companies includes Maruti Suzuki, Hyundai Motor India, Tata Motors, Ashok Leyland, Mahindra & Mahindra, Force Motors, Tractors and Farm Equipment Limited, Eicher Motors, Royal Enfield, Sonalika Tractors, Hindustan Motors, Hradyesh, ICML, Kerala Automobiles Limited, Reva, Pravaig Dynamics, Premier, Tara International and Vehicle Factory Jabalpur.

History

In 1897, the first car ran on an Indian road. Through the 1930s, cars were imports only, and in small numbers.

An embryonic automotive industry emerged in India in the 1940s. Hindustan Motors was launched in 1942 building Morris products, long-time competitor Premier in 1944, building Chrysler Corporation products such as Dodge and Plymouth, and beginning in the 1960s, Fiat products.[10] Mahindra & Mahindra was established by two brothers in 1945 and began assembly of Jeep CJ-3A utility vehicles. In the same years, J. R. D. Tata, the chairman of Tata Group founded TATA Engineering and Locomotive Company (now Tata Motors) in Jamshedpur. Following independence in 1947, the Government of India and the private sector launched efforts to create an automotive-component manufacturing industry to supply to the automobile industry. In 1953, an import substitution programme was launched, and the import of fully built-up cars began to be restricted.[10]

Passenger Cars

Hindustan Motors was established in Kolkata in technical collaboration with Morris Motors to manufacture Morris Oxford models that would later become HM Ambassador.

Addisons, Madras – An Amalgamations Group company, was the agent for Nuffield's Morris, Wolseley, and Riley cars, and Chrysler's Plymouth, Dodge, and De Soto cars and trucks. The first Morris Minor assembled in India and the first car assembled in Madras was driven out from Addison's twin-plants on Smith Road by Anantharamakrishnan on 15 November 1950.[12]

Premier Automobiles, Mumbai – entered into technical collaboration with Chrysler to manufacture Dodge, Plymouth and Desoto models and with Fiat to manufacture the 1100D models which would later become Premier Padmini range.

Standard Motor Products of India, Madras – entered into technical collaboration from Standard-Triumph to manufacture Standard Vanguard, Standard 8, 10 and later Standard Herald.

1970 to 1983

The beginning of the 1970s didn't see growth potential; and most of the collaboration license agreements came to an end, but with the option to continue manufacturing with renewed branding. Cars were still meant for the elite and Jeeps, now owned by American Motors Corporation, were largely used by government organizations and in some rural regions. By the end of the decade, some developments were made in commercial vehicle segments to facilitate the movement of goods. The two-wheeler segment remained unchanged except for increased sales to the middle class in urban areas. There was an emphasis on having more farm tractors, as India was embarking on a new Green Revolution; and Russian and Eastern bloc imports were brought in to meet the demand.

Post 1992 Liberalisation

Eventually multinational automakers such as Suzuki and Toyota of Japan and Hyundai of South Korea were allowed to invest in the Indian market, furthering the establishment of an automotive industry in India. Maruti Suzuki was the first and the most successful of these new entries, in part the result of government policies to promote the automotive industry beginning in the 1980s.[14] As India began to liberalise its automobile market in 1991, a number of foreign firms also initiated joint ventures with existing Indian companies. The variety of options available to the consumer began to multiply in the nineties, whereas before there had usually only been one option in each price class. By 2000, there were 12 large automotive companies in the Indian market, most of them offshoots of global companies