

Role of Innovative Work in Automobile Industry in Dharwad District (Karnataka State)

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Abstract – The present research is study of Dharwad district in Karnataka automobile industry's change triggers and inspirations can be drawn from market for Innovative. In India, Karnataka is the fourth-largest car producer. The contribution of the State in this sector amounts to 8.5% of the national output. More than 55,000 people in the state are employed by the Karnataka automobile industry. The State has over 50 manufacturers of automobile components operating within its borders. Research has shown that five main inspirations for Dharwad's innovative automobile industry can be found. These five main inspirations were described by this research as five A's for innovating the market. The main inspiration for Innovative research based on the Dharwad automobile industry is affordability, accessibility, address, attractiveness and updating. Strategic emphasis on this would foster a creative approach and increase the creative potential for success. Since the first vehicle started, the Indian car industry has gone through several phases. Fundamental product, mass automobile production and lean manufacturing are the key phases of the automobile industry, driven by market demand and competitive supply. In the past, the state car industry in Karnataka has largely followed. But the maritime shift in the launch times, product development focuses and customer experience has been the subject of since the last decade and a half of the Indian car industry. Karnataka's Industrial Policy has listed cars as a target industry for the period 2014-2019. This represents the dedication of the state to further growth in the automobile sector and to be the largest Karnataka's automobile Industrial in India.

Key Words: Automobile Industry, Dharwad District, Karnataka, India, Automobile Sector

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INTRODUCTION

India's car industry is one of the world's largest and constantly growing industries. In the initial phase, the Indian automobile industry followed and influenced Western trends and technologies. However, the Indian car industry and market can generate its own uniqueness during the recent period. New product launches on the Indian market have recently aligned themselves more with the requirements of Indian customers than with product launch or configuration on Western markets. Home-grown car manufacturers and MNCs make significant efforts to innovate products that meet Indian customer requirements. As one of the most advanced industrial companies in the world, Karnataka is identified with Gujarat, Tamilnadu, West Bengal and Maharashtra. As administrative bodies, the State has 30 districts and 176 taluks. The State has distinguished itself over the last 100 years as it blends the fundamental strengths of major manufacturing companies in the public sector, large and medium-sized enterprises and a broad fragmented small business, it will create the powerful and vibrant industrial base [1]. In a wide variety of industries and with great examples of

success in both the old and new Karnataka has demonstrated its strength. Karnataka has recently emerged as the country's information and development hub and has made rapid progress in the new economy. The capital of Karnataka, Bangalor, is known internationally as the Asian Silicon Valley and is also considered the country's technological hub.

The State is known for its high-tech capabilities in key sectors such as telecommunication, electronics, IT, precision engineering, tools, automobiles, ready-made cloths, biotechnology and food processing. The strong base in Karnataka for large and medium sized industries has given the State a broad range of opportunities for promotion of a vibrant small-scale sector [2]. For investors, Karnataka has many inherent advantages-both domestically and abroad, offering plenty of investment opportunities. The State is a leader in knowledge-based industries such as IT, biotechnology, electronics, and telecommunications, aerospace and allied industries. There are many reasons behind Karnataka's pre-eminence on India's industrial and company board. The State has a wealth of natural

resources and is known for its healthy climate. It is supported by large training infrastructure comprising world-renowned schools, schools, higher education institutes and centers for research and development, and offers a strong base of highly trained and skilled personnel [3]. His workforce is highly qualified, disciplined and dedicated. In particular, it has forward-looking, development-oriented and investor-friendly governance which firmly believe in public-private partnerships and actively encourages them. The State has a vast network of roads and railways linked by air to international centres.

KEY FACTORS INFLUENCING THE GROWTH OF THE AUTOMOBILE SECTOR IN KARNATAKA

Over the past five years, car production in Karnataka has doubled. The state recorded a spectacular 36.5 percent composite annual rate of growth. The key contributing factors to Karnataka's car sector growth are:

- Presence of a wide-ranging ecosystem to help the Automobile industry expand. It covers manufacturers of part, original fabricators of equipment (OEMs) and research and development centres.
- Presence in the State of highly qualified employees
- There are three auto clusters in Karnataka. One cluster of car components and one cluster of industrial valves
- The State has an enormous local market with a strong client base
- Easy connectivity and international market accessibility
- Automobile giants have their manufacturing units in the state:
 - Tata Marco polo
 - BOSCH
 - Toyota Kirloskar
 - TVS Motors
 - Mahindra Reva
 - Volvo
 - L&T Komatsu
 - JK Tyres

- Karnataka has SEZ Zones marked for the automobile industry
- Leading OEM, Tier I and Tier II companies are located in the state
- Upcoming manufacturing hubs in Vemagal and Narsapur Industrial Areas



POLICIES AND INITIATIVES BY THE STATE GOVERNMENT IN KARNATAKA INDUSTRY POLICY 2014-2019

- The government is taking a range of measures to boost the state's car industry's production. The policies and initiatives of the State Government to improve the state's car sector are as follows:
- Commission proposal for the 'Karnataka Car Research & Innovative Centre' • This also serves as a base for incubation.
- The government is planning to set up a center with government support based on a PPP model.
- Single window clearing mechanism by means of an E-udyami program. It is intended to promote new investment approvals and other necessary approvals from various Ministries and organizations.
- The Green Card is given to a strong track record for exporters. This ensures fast transportation of goods without the hassle of post checks and reviews on documents and documents
- To offer OEMs the opportunity to partner with ITIs and to provide industry-specific training and skills creation / upgrade.
- The planned establishment of the State Automobile Sectoral Training Institute
- Enhanced port Mangalore and connectivity within the Karnataka main industrial clusters

- Proposed tax reduction as indirect incentives in favor of hybrid and electric vehicle manufacturers
- Strengthen and promote relations for the research purpose between the Automobile industry and academia
- Institutionalization of R&D for the Karnataka car sector
- Proposed creation of an industry group to research and recommend ways to improve the Karnataka auto component industry
- Throughout the time covered by legislation, the declaration of the car sector as a public utility pursuant to labor disputes Act 1947

LUXURY AUTOMOBILES IN KARNATAKA

Karnataka is now poised to be the second largest automobile hub in South India, best known for its Information Technology industry. The car majors such as Toyota, Volvo, Tata Motors and Mahindra Reva are already home to Karnataka. In addition, the state is also present in commercial or off-road vehicle manufacturers such as BEML. Other car majors already exist in Karnataka such as Volvo, which has two facilities in Hoskote and the Toyota Motor Corporation in Bidadi for manufacturing trucks and buses. Toyota produces cars and motors. Recently at Bommasandra near Bangalore Mahindra Reva has set up a new electric car production facility. In Dharwad, Tata Motors has established two building equipment and bus facilities. In Bangalore and KGF, BEML operates two plants to produce buses and trucks [4]. Mangalore is one of South India's fastest growing non-metro cities and will be instrumental in BMW's business offensive in India. The BMW number he expects to sell in Mangalore was "two digits per month," said Navnit Kachalia, Chairman and Managing Director, Navnit group. Of the 10.6 lakh cars sold last year, Mr. Sahr said that in India, 9,371 were sold. The company was then focused on the Hyderabad and Bangalore cars that sold mostly in Delhi and Bombay. In 2014, by adding 50 sales outlets throughout major metropolitan centers and emerging markets in India, BMW India would expand its dealer network aggressively [5]. In the U.S. and in Europe, he said that the company had a small electric vehicle in the pipeline. In petrol and diesel versions of the Chennai plant, the company manufactured BMW 3, 5 and X1 series. There are 11,000 units per year in production. BMW Series 7 and Series 1 will be manufactured in 2013. Karnataka will become South India's second biggest car hub after Tamil Nadu. The leading Indian car manufacturers in Karnataka are Toyota, Volvo, Mahindra Reva Electric Vehicles & Tata Motors. The doors for Mahindra Reva Electric Vehicles, one of the \$15.9 billion Mahindra Group, were opened in

Bommasandra, near Bangalore. In Dharwad there are two bus plants, Tata Motors, while BEML operates in two Bangalore and KGF plants. Karnataka is clearly the choice of the new car company. Therefore, the government can make a contribution to the Indian car industry with its neighbour, Tamil Nadu.

GROWTH OF LUXURY CARS SALES IN KARNATAKA

The recent growth in the Karnataka luxury car sector is much more than purely competitive market forces in a limited car segment. It reflects the changing way of life in the country's affluent class. In Karnataka, the segment of luxury cars (Average price 25-30 lakhs) grew by 20 or over the last few years on average. According to the Indian Automobile Manufacturers Society (SIAM), the luxury automobile sector in Karnataka grew by 23 per cent in a worse period of recession, with low market demand trends, although passenger cars (11.04 lakh vehicles) decreased by 0.5%. Yet the automobile sector expanded by 25 per cent to 15.26 lakh cars by the end of the financial year in March 2010. This is a sign that the sector is recovering optimistically. While it is expected that India's car industry will grow by an average of 17 percent to 19 percent, sales for luxury and super luxury cars will increase exponentially. The segment of luxury automobiles accounts for only 3-4 % of the total Karnataka automobiles. This segment has risen 25% (2009 sales) well above the growth reported in recent years in the small passenger car segment of 15 to 17% in terms of international leader [6]. This increase in sales of luxury cars is mainly due to the increase of wealth among the average population of Karnataka and people's desire to join the millionaire club by flooding its wealth. In recent years, Indian economic growth was higher than other emerging economies. India was overall the fastest (22.7 percent) population growth rate in 2007. India added a total of about 23 millionaires from 2006 to 2007, measuring in US dollars wealth (Merrill Lynch Cap Gemini reports). Between 2006 and 2007 India added 23,000 millionaires. But the country reported a 31.6 percent fall in millionaires during the Recession. But the recovery after the recession was much stronger than in other economies. This number is expected to rise to 140,000 by 2010. By 2010. This rapid growth in the millionaire's number is among the highest in the world and paves the way for further growth in the luxury automobile sector.



Figure 1: Luxury Cars Sales in Karnataka

KARNATAKA'S BIG LUXURY CARS

The combined market share of Mercedes-Benz, BMW and Audi is around 85%. The German car brand Mercedes-Benz had an advantage in the first movement since its operation was begun in Karnataka in 1995.



Figure 2: Market Statistics in Karnataka

However, the pressure will increase on the luxury car market as more new players enter the industry over the next few years.

2010

BMW: 3,619

Mercedes-Benz: 3,208

Audi: 1,658

2011 (January & February)

Mercedes-Benz: 842

BMW: 709

Audi: 558

During 2010-2012 many new cars are set to be launched with about 50 to 60 new models from leading international brands. The segment will change in the Luxury Car segment. Some of the players who will be seen as high market witnessing violent entrants include Tata Jaguar, Lexus, Volvo, Bentley and Fiat [7]. The future of the market will depend not only on the product itself, but also on its services.

BMW versus Mercedes-Benz.

Mercedes-Benz India Limited was formed in November 1994 as a joint venture between Daimler-Benz AG and formerly Telco (now Tata Motors). The Mercedes-Benz E-Class (W124) was one of the world's most popular models, and was introduced in March 1995. A state-of-the-art completely built manufacturing plant is located in Pune, now renamed DaimlerChrysler India Private Ltd. Mercedes India. Mercedes-Benz is recognised for the stringent quality requirements that the Indian custodians offer up-to-date models and technology. India is one of the company's most successful markets [8]. The Mercedes-Benz and Mercedes-Benz C-class E-class cars have been locally assembled, while the Mercedes-Benz SL-class cars are being imported as fully integrated models. The following goods are offered for sale: SLK, E-Class, C-Class, M-Class, SLK class, CLCclass and Maybach.

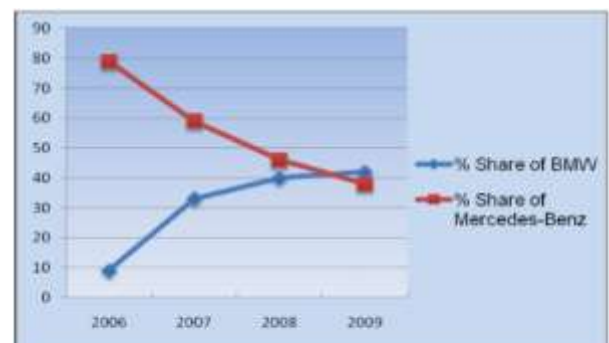


Figure 3: Share of BMW and Mercedes-Benz in Karnataka

By aggressive marketing, rapid growth in product portfolios, a strategic retail role and additional financial service offerings, BMW India has succeeded in capturing Mercedes-Benz' largest market share. BMW and Audi concentrate both on sporting technology and new launch in order to draw young buyers. A clear condition for such a policy is a lowered average age for luxury vehicle buyers. Financial support for car manufacturers is critical for the Karnataka scenario, which finances 75 percent of passenger cars and 60 percent of luxury cars. BMW Group is preparing to launch BMW Financial Services India to offer its customers insurance, fleet owners financing facilities and commercial funding [9]. The business is another common discount scheme for older models. In 2010, the "Pre-Owned Car Sales System" was introduced. In contrast with

the Mercedes-Benz 2-year warranty, BMW has yet attractive five-year coverage (after sale). Luxury cars are usually driven by drivers in the Karnataka scenario. BMW has been more successful in this trend, because during design and marketing, it focussed on the rear seat equipment. In order to provide increased convenience in Indian driving conditions, the company has focused on some other technology such as integrated activating steering, Park remote control (PDC) and head-up display (X5). Audi provides the current techno-affluent Karnataka and Indian youth with composure and agility technology. This German carmaker was awarded five different awards by Indian car media, known for its technology, luxury, and style. In its dedication to creative and sophisticated architecture, Audi receives big support from car purchasers [10-12]. The worldwide success of Audi is due in part to Audi's ability to identify potential growth markets. With local manufacturing, Audi can meet customer requirements economically. Audi is also the first choice for technologists who are interested in becoming more involved during their driving. In addition to the most rapidly growing luxury brand in Karnataka, Audi constantly introduces new models and versions to surprise car lovers. Audi Q5 is the best-selling Sports Car (SUV) imported into Karnataka. The business reported a revenue increase of 65 percent in May 2010 compared with May 2009. Audi and BMW both focused on the world class system and have a rather luxurious look at their models.

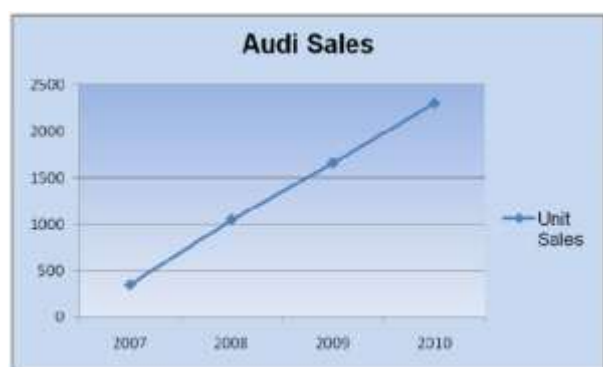


Figure 4: Audi Sales in Karnataka

In this dynamic mode, Luxury cars change preference due to the following reasons:

- With an increasing number of high-income and affluent people.
- Economic growth in this year is 8.8%, compared to just 6.7% in last year, and this rise also raises the confidence in customers.
- The target customer who had more than 45 years (top managers) earlier went to mid-30s (businessmen and young people were successful).

- The generation of today believes in the sentence "Has it been? Flaunt it! Flaunt it! Flaunt it!" And many other new explanations for buying luxury vehicles, including marriage presents for children, weddings and the booming riches of our people.
- Mounting to higher-end models as prices decrease after a very short time.
- Increased rural demand, in accordance with economic growth and development

AUTOMOBILE & AUTO COMPONENTS COMPANIES MAKING IN KARNATAKA



CONCLUSION

The present research is study of Dharwad district in Karnataka automobile the imaginative sector of business will be driven and triggered by changes. Research has shown that five major sources of inspiration to innovators in the Automobile industry are present in Dharwad, in Karnataka. Such five key inspirations have been described as five A's for Innovative business inspiration. The major inspirations for innovation based on research from Dharwad's district car industry are affordability, accessibility, addressing, attracting, and updating. Strategic emphasis on these inspirations should help promote creativity and maximize creative success potentials. Since the first car launch, the global car industry has undergone several phases. The basic product, mass vehicle manufacturing and lean manufacture are major phases of the automobile industry, influenced mainly by market demand and dynamic supply. But the maritime shifts in products launch, product development focus and overall customer experience have been witnessed over the last decade and a half in the Indian car industry. Market inspirations demonstrated in this study will guide innovation and automobile

technology managers to align their strategic focus to enhance market success. At management meetings, creative terms are a buzz in today's competitive and unpredictable business climate. Innovation is defined in many ways by industry experts, thinkers and academics. Most definitions however have a more or less similar significance. The best overview of the Innovative Concept is the leading strategy consulting company E&Y. The successful development of an idea that generates business value for sustainable growth is innovative. It's a way of life, not a plan. The state car industry in Karnataka covers a number of market areas shaped by many factors such as history, regional preferences and social beliefs. These factors, particularly passenger cars and vehicles of personal transport, such as 2W, are clearly influenced by the sales data of the automobile industry. This study is on the district of Dharwad in the Karnataka car industry, which triggers the change and inspires in the innovative market. Automobile manufacturers and other players take advantage of this motivation in the automobile sector in Karnataka in order that their inventions will be successful.

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