
INDIAN LUXURY CAR MARKET

Article Particulars

Received: 24.10.2017

Accepted: 28.10.2017

Published: 30.10.2017

**V.MARIA KANAGARAJAN***Part-Time Ph.D., Research Scholar in Management,
Bharathiar University, Coimbatore, Tamil Nadu, India***Dr.D.RAMKUMAR***Research Supervisor, Research and Development Centre,
Bharathiar University, Coimbatore &
Assistant Professor, Department of Business Administration,
Government Arts College, Paramakudi, Tamil Nadu, India*

Indian Automobile Industry

The Indian automotive industry is distinctive when compared to the automobile industry of rest of the world. Only the mega rich could afford to import latest cars from the global market. The old war horse "Ambassador" which was designed based on 1950s model Morris Oxford was the largest selling car during the pre liberalisation era. Ambassador was manufactured at the West Bengal plant and they were driven to various destinations across the country. During the same period Premier Padmini which is based on an old Fiat model was the market challenger. Prior to the liberalisation era Car market like other categories in the country witnessed slow growth. Hindustan Motors and Premier Automobiles were the only major companies offering passenger cars to Indian consumers for a long time. Hindustan Motors and Premier Limited could not be solely blamed for this complacency (Sharma, C and Mishra, R.K., 2012). The licensing era made it difficult for these companies to plan for expansion or technological upgradation.

1983 is a landmark year for Indian passenger car maker, in this year Maruti Udyog Limited (Now Maruti Suzuki Limited) was started as a joint venture between Suzuki Corporation, Japan and The Government of India. The first offering from the company, Maruti 800 was an instant hit in the marketplace. Following the liberalisation policy of Government of India during 1991 the Indian automobile sector was deregulated. De-licensing and increase in foreign direct investment cap in the passenger car sector allowed global players to enter Indian market (Gupta, N. and Shekhar, V 2010).

Recently Tata Motors acquisition of Jaguar Land Rover, launch of Tata Nano the cheapest car in the world, emergence of world class automobile components manufacturers, arrival of global biggies, exploding domestic sales, zooming exports all these episodes have made Indian Car market as the most happening sector in the Indian economy.

Significance of Automobile Industry

Automobile sector is significant for the economy of any country, as it has got a strong forward and backward linkage with other sectors of the economy. Every change in the automobile sector got a cascading effect on other sectors both up and down in the value chain and this effect is referred to as multiplier effect.

Seven Categories of Indian Automobile Industry

Automobile industry in India is unique and it comprise of seven categories. For instance auto rickshaw or three wheelers is a category probably found only in Indian market. The seven categories of Indian automobile industry are listed below:

1. Two wheelers
2. Three wheelers (auto rickshaw)
3. Passenger cars
4. Light commercial vehicles (LCVs)
5. Multi-utility vehicles (MUVs)
6. Heavy commercial vehicles (HCVs)
7. Agricultural and farm equipment and
8. Earth moving equipment

Passenger Car Segments

Indian passenger car market is usually segmented on the basis of the length and type of the vehicle and the various segments in Indian Car Market are detailed in the following table. (India Marks, 2017)

Table - 1 Indian Passenger Car Segments

Segment	Length / type of vehicle	Models
A1 Segment	Mini – Up to 3400 mm	Nano, Maruthi 800
A2 Segment	Compact – 3401 to 4000 mm	Alto, Wagon R, i10, Swift
A3 Segment	Midsize – 4001 to 4500 mm	City, Sx4, Dzire, Logan, Accent, Verna
A4 Segment	Executive – 4501 to 4700 mm	Corolla, Civic, C class, Octavia
A5 Segment	Premium – 4701 to 5000 mm	Camry, E class, Accord, Sonata, Superb
A6 Segment	Luxury – Above 5000mm	Mercedes S class
B1 Segment	Van	Omni, Versa, Magic
B2 Segment	Multi Utility Vehicles	Innova, Tavera, Sumo
SUV Segment	Sports Utility Vehicles	CRV, Vitara

Luxury Cars in Indian Market

Luxury is the buzz word in India a conservative country which is driven towards equality. Luxury segments in gadgets, apparels, clothing, entertainment, food, etc is growing at a surprising rate. Luxury cars are no exception to this emerging trend. Luxury car brands like Mercedes, BMW and Audi and super luxury brands like Bentley, Bugatti, Rolls Royce, Porsche, Aston Martin, Maserati, Jaguar, Land Rover, Volvo, Ferrari and Lamborghini have flooded the Indian market with models (Motown India, 2016).

India is the hope for real growth for luxury car marketers. The sales of luxury cars in India during 2014 and 2015 boosted the confidence of car manufacturers (Carwale, 2017). But they could not consolidate the growth in 2016 when the National Green Tribunal banned the sales of diesel cars and SUVs with big engines of 2,000 cc and above in Delhi-NCR for eight months. Also, demonetisation of 500 and 1000 rupee notes, have forced most people to hire luxury cars instead of buying a brand new car (indiatoday.intoday.in, 2016).

The market for luxury car in India stagnates around 35,000 units. During the past three years, there is no real growth (Business Standard, 2016). Mercedes is the market leader in luxury car segment, Mercedes' 2016 sales was 13,231 units, which is two percent less than 2015 sales. BMW is the market challenger selling 7,861 units in 2016, which is 14 per cent growth over its sales in 2015. There are over two hundred luxury car brands in India and the list of luxury car brands above the price of Rs. 50 lakhs is presented in Annexure (Auto Portal, 2017).

Conclusion

Surging demand for luxury cars in emerging markets like China, India, and Brazil is compensating the slowdown in European markets. Luxury car market in India is all set to grow. But the future of luxury car makers in India depends of the challenges like economic slowdown, poor infrastructure, ever increasing cost of fuel, increasing finance cost, labour unrest and government regulations (Ahuja, 2014)..

References

1. Ahuja, P (2014) "Luxury Cars: A New Definition of Necessity in India", International Journal of Commerce, Business and Management, 3 (2), 260-268
2. Auto Portal (2017) Luxury Cars in India, [online] available from <<https://autoportal.com/newcars/cars-above-50-lakh-cf/>> [10 April 2017]
3. Business Standard (2016) Luxury car makers struggle to sell in India, despite many launches [online] available from <http://www.business-standard.com/article/companies/luxury-car-makers-struggle-to-sell-in-india-despite-numerous-launches-116121500984_1.html> [06 April 2017]

4. Carwale (2017) Luxury car sales report India 2016 [online] available from <<https://www.carwale.com/features/luxury-car-sales-report-india-2016-26572/>> [04 April 2017]
5. Gupta, N. and Shekhar, V. (2010) "The Indian Mid-Segment Passenger Car Industry", The IUP Journal of Business Strategy, 7(3), 60 -72
6. India Marks (2017) Car Segmentation by Society of Indian Automobile Manufacturers, [online] available from <<http://www.indiamarks.com/car-segmentation-society-indian-automobile-manufacturers/>> [10 April 2017]
7. indiatoday.intoday.in (2016) 2016: A year of ups and downs for the Indian automobile industry [online] available from <<http://indiatoday.intoday.in/auto/story/2016-a-year-of-ups-and-downs-for-the-indian-automobile-industry/1/839951.html>> [10 April 2017]
8. Motown India (2016) Luxury Cars In India: A Painful Growth [online] available from <<http://www.motownindia.com/Bureau/Corporate-News/989/LUXURY-CARS-IN-INDIA-A-Painful-Growth-PTHaryan>> [28 March 2017]
9. Sharma, C and Mishra, R.K., (2012) "Export participation and productivity performance of firms in the Indian transport manufacturing" Journal of Manufacturing Technology Management, 23(3), 351-369

Annexure

Luxury Car Brands in Indian Market Mercedes-Benz Models

S.No	Model	Price
1	Mercedes-Benz GLS 350 CDI	82.27 Lakh
2	Mercedes-Benz Maybach	1.70 Crore
3	Mercedes-Benz E-Class	69.47 Lakh
4	Mercedes-Benz E-Class Cabriolet	80.25 Lakh
5	Mercedes-Benz GLC	58.53 Lakh
6	Mercedes-Benz C-Class	74.30 Lakh
7	Mercedes-Benz S-Class Cabriolet	2.24 Crore
8	Mercedes-Benz G-Class	2.18 Crore
9	Mercedes-Benz S-Class	1.14 Crore
10	Mercedes-Benz C-Class Cabriolet	60.00 Lakh
11	Mercedes-Benz GLA-Class	73.40 Crore
12	Mercedes-Benz SLC	77.50 Lakh
13	Mercedes-Benz CLS	76.93 Lakh
14	Mercedes-Benz CLA-Class	71.29 Lakh
15	Mercedes-Benz AMG-GT	2.44 Crore

Porsche Models

S.No	Model	Price
1	Porsche Cayenne	1.04 Crore
2	Porsche Cayman	1.05 Crore
3	Porsche Macan	1.00 Crore
4	Porsche 911	2.75 Crore
5	Porsche Boxster	1.02 Crore
6	Porsche 718	85.30 Lakh
7	Porsche Panamera	2.15 Crore

BMW Models

S.No	Model	Price
1	BMW X3	51.90 Lakh
2	BMW 5 Series	50.32 Lakh
3	BMW S 6	1.15 Crore
4	BMW i8	2.29 Crore
5	BMW X5	80.00 Lakh
6	BMW M 5	1.30 Crore
7	BMW Z4	72.90 Lakh
8	BMW X6 M	1.15 Crore
9	BMW 7-Series	1.23 Crore
10	BMW M3	1.17 Crore
11	BMW M4	1.19 Crore
12	BMW M6	1.71 Crore
13	BMW X5 M	1.55 Crore
14	BMW 6-Series	1.12 Crore

Ford Model

S.No	Model	Price
1	Ford Mustang	66.30 Lakh

Land Rover Models

S.No	Model	Price
1	Land Rover Discovery	1.21 Crore
2	Land Rover Range Rover Sport	1.16 Crore
3	Land Rover Range Rover Evoque	53.20 Lakh
4	Land Rover Discovery Sport	54.86 Lakh
5	Land Rover Range Rover	2.76 Crore

Lamborghini Models

S.No	Model	Price
1	Lamborghini Aventador LP 700-4	5.75 Crore
2	Lamborghini Huracan	3.32 Crore

Nissan Model

S.No	Model	Price
1	Nissan GTR	2.08 Crores

Toyota Models

S.No	Model	Price
1	Toyota Land Cruiser Prado	61.90 Lakh
2	Toyota Land Cruiser	1.35 Crore

Ferrari Models

S.No	Model	Price
1	Ferrari 458 Speciale	4.01 Crore
2	Ferrari California T	3.30 Crore
3	Ferrari F12 Berlinetta	4.72 Crore
4	Ferrari 458 Spider	4.07 Crore
5	Ferrari 488 GTB	3.83 Crore

Volvo Models

S. No	Model	Price
1	Volvo S90	55.91 Lakh
2	Volvo XC90	1.25 Crore
3	Volvo XC60	48.60 Lakh
4	Volvo S80	44.58 Lakh

Audi Models

S. No	Model	Price
1	Audi TT	63.06 Lakh
2	Audi A8L	9.15 Crore
3	Audi Q5	55.44 Lakh
4	Audi A 6	49.50 Lakh
5	Audi Q 7	72.10 Lakh
6	Audi R8	2.48 Crore
7	Audi RS7	1.42 Crore
8	Audi S5	62.95 Lakh
9	Audi RS6	1.37 Crore

Bentley Models

S.No	Model	Price
1	Bentley Flying Spur	3.21 Crore
2	Bentley Mulsanne	5.55 Crore
3	Bentley Bentayga	3.85 Crore
4	Bentley Continental GT	3.57 Crore

Rolls-Royce Models

S. No	Model	Price
1	Rolls-Royce Drophead Coupe	4.00 Crore
2	Rolls-Royce Phantom	8.83 Crore
3	Rolls-Royce Dawn	6.25 Crore
4	Rolls-Royce Ghost Series II	4.93 Crore
5	Rolls-Royce Wraith	5.28 Crore

Lexus Models

S.No	Model	Price
1	Lexus RX 450h	1.12 Crore
2	Lexus ES 300h	57.76 Lakh

Jaguar Models

S.No	Model	Price
1	Jaguar XE	48.26 Lakh
2	Jaguar XJ	59.97 Lakh
3	Jaguar F-Type	1.54 Crore
4	Jaguar XF	63.22 Lakh
5	Jaguar F-Pace	68.40 Lakh

Maserati Models

S.No	Model	Price
1	Maserati GranTurismo	1.82 Crore
2	Maserati Ghibli	1.14 Crore
3	Maserati GranCabrio	2.10 Crore
4	Maserati Quattroporte	1.52 Crore

Mitsubishi Model

S.No	Model	Price
1	Mitsubishi Montero	68.09 Lakh

Aston Martin Models

S.No	Model	Price
1	Aston Martin Rapide	3.50 Crore
2	Aston Martin Vanquish	3.85 Crore
3	Aston Martin V12 Vantage S	2.75 Crore
4	Aston Martin DB 11	4.27 Crore