

The phenomenon of recession marketing essay

[Business](#), [Marketing](#)



Introduction:

The global economy has seen a downturn since the year 2007 in the last decade. This is mainly because of the banking sector in America and Europe. The downturn has resulted into low productivity, high rate of unemployment, increasing inflation and many other concerns throughout the world. India being a developing country has certainly experienced the harsh effects of recession in the past few years. There are various sectors which are highly affected in the Indian Economy due to recession. Automobile sector is such one significant sector in India which has tasted the bitter experience of the recession in the recent past. The automotive industry in India is one of the larger markets in the world and had previously been one of the fastest growing globally, but is now seeing flat or negative growth rates. The potential of Indian Automobile Market can be imagined by its market share and the contribution made in industrial growth on overall basis. The Indian automobile sector is the second largest market in Asia and fifth largest in the whole world. At the same time Tata Motors is one of the major auto manufacturing companies in India. The present study is focused upon the impact of recession over Indian auto sector in general and on Tata Motors Pvt. Ltd. in particular.

The Phenomenon of Recession:

Recession can be defined as a period of general economic decline; typically defined as a decline in the Gross Domestic Product (GDP) for two or more consecutive quarters. Recession is a part of business cycles which continue to operate in long run. A recession is considered to be less severe than the

depression. But if recession continues for a longer period it could change into depression. Sometimes recession is confused with depression, but perhaps it is to be cleared in a precise manner. Recession means a slowdown or slump or temporary collapse of all business activities. It is a process of transformation of the economy. Even some economists see recession as an opportunity for emerging economies. The money lending process becomes easier by banks, taxes are reduced and opportunities are created for small investors in the recession period. This leads to economic growth in the long run in developing economies. Another fact is that the prices of essential commodities and food grains hike in the period of recession which turns into high inflation. This results into low consumption and hence people try to make savings for the sake of meeting inflationary challenges. 2 The great recession of 1930's has affected not only America but the entire world. In the recent past in 1992-93, 2001, 2003 and 2007 we have witnessed recession in a different manner. But the current recession is considered to be the worst one in the recent past. The low consumption trends are not followed after the period of recession. It may be a result of psychological change in thinking of the people. The period of recession; though affects adversely on the economic growth, the Govt. has to take some harsh decisions. In a welfare economy like India, reducing inflation is a gigantic task in the recession period. The regulators like R. B. I. and others play an important role in the keeping the effect of recession down in long run. The Union Govt. of India has seen a declining growth rate in the past three years with GDP going down to 5 per cent from 8 per cent.

Recession in India:

The global economic downturn hit India in 2008. The major impact of this was seen on the information and technology sector, as there were plenty of young Indians had lost their jobs in a year or two. The important feature of recession is that it shifts from one sector to another in no time. This was the case about automobile sector also. The recession started to show its effects on the economy by way of rapid increase in inflation, unemployment and low productivity in various sectors of the economy. Dr. D. Subbarao, Governor of Reserve bank of India, expressed his concerns regarding increasing unemployment and low production in various sectors of the economy in June 2009. The Union Govt. though kept an ambitious target of keeping the growth rate above 8 % of GDP; it was quite not seen reachable due to the long term economic slowdown. He also suggested various measures to survive in the global economic slowdown by way of decreasing the interest rates for cheaper loans, motivating people for making proper investments and so on¹. The main concern though was to handle this situation of recession and not to let any of the major sectors suffer. The Indian economy has seen a difficult period in the last few years. The increasing demand for crude oil and gold are making the Current A/c deficit of the country adverse. ³ the consumption power of the middle class and lower middle class families is becoming weaker. The production of various goods in the nation has become slow and most importantly the growth rate has gone down in no time. This phenomenon can be observed in the other developing countries too. The increasing population, low production of crops and down falling incomes of the people is the major worry raised by recession.

The Indian Automobile Sector:

The Indian automobile industry is a key component of the economy which contributes 5 % to the national GDP. It was de-licensed in July 1991 with the announcement of the New Industrial Policy. The passenger car was however de-licensed in 1993. No industrial license is required for setting up of any unit for manufacture of automobiles except in some special cases. The norms for the Foreign Direct Investments (FDI) and import of technology have progressively been liberalized over the years for manufacture of vehicles including passenger cars in order to make this sector globally competitive. At present 100 % FDI is permissible under automatic route in this sector. the import of technology/ technological up gradation on the royalty payment of 5 % without any duration limit and lump sum Payment of US \$ 2 million is also allowed under automatic route in this sector. This liberalization has helped this sector to realize its own potential. The automotive industry, comprising automobile and the auto component sectors, has made rapid growth since de-licensing and opening up for the sector to FDI in 1991. The auto industry in India currently employs more than 12.5 million people both directly and indirectly. The industry also provides 20 % indirect taxes to the Govt. In 2009, India became the 7th largest vehicle manufacturer in the world, 2nd largest manufacturer of two wheelers, largest manufacturer of tractors, 5th largest manufacturer of commercial vehicles and 4th largest passenger car market in Asia. During 2009 India was the second fastest growing markets in the world and also exported vehicles to more than 40 countries. This shows the ultimate potential that automobile sector has in India. Still there is a lot of potential in

this market as far as the investments are concerned. Many global companies are eyeing on this market. The competition has risen in India as the domestic companies are finding it difficult to provide world class vehicles for the verity of customers. The customers are the real beneficiaries in these circumstances as they get choice at one hand and rebates in prices on the other. The Indian customers are having a view of individual mobility which gives ample opportunities for car makers in the market. The increasing demand for small and sports utility cars from last two years has given more hopes for this particular sector. The investment in the industry of nearly Rs. 50, 000 Crore in 2004-05 has gone up to Rs. 85, 000 Crore by 2007-08. Automotive Industry, globally, as well in India, is one of the key sectors of the economy. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and acts as one of the drivers of economic growth. The well-developed Indian automotive industry produces a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-vehicles such as jeeps, scooters, motor-cycles, mopeds, three wheelers, tractors and other agricultural equipments etc. The sector has tremendous potential of providing employment which will increase the present figure of employment in manufacturing sector which is quite low at 12% as compared to the countries like Malaysia (50%); Korea (62%) and China (31%). This sector is also affected due to the global crisis of recession in the last two years. Therefore there is a need to see the impact of recession in general and on a renowned company in India, The Tata Motors Pvt. Ltd. in particular. The Indian experience with respect to automobile sector is a little different than

the global one. The present study is therefore essential in knowing the current scenario regarding recession and Indian Auto sector.

Need of the Study:

Indian automobile sector is an important factor in the Indian economy and has been affected by recession in the past. The consumer behavior regarding car and other vehicles has changed in a drastic manner in this period. Tata Motors Pvt. Ltd., a major player in this sector plays an important role in driving this sector. India being a huge market for auto sector has seen many ups and downs to in the past two-three years due recession. It is therefore thought of great importance to study the impact of recession on Indian automobile sector in general and on Tata Motors Pvt. Ltd. with special reference to small cars (usually called family cars).

Title of the Project:

Impact of Recession on Indian Automobile Sector with Special Reference to Manufacturing of Family Cars of Tata Motors Pvt. Ltd.

Scope of the Project:

The present study is focused upon the recent recession and its impact on Indian automobile sector in brief and particularly on Tata Motors Pvt. Ltd.'s small car manufacturing in the pre recession and the current period as a basic view point. The study will be based on the data regarding sales volume of the company in the past two-three years. The data regarding sales of other competitors for Tata motors will be considered for comparison.

Recession is an ongoing phenomenon and therefore the results or impact of recession cannot be drawn on whole basis. It is hence, easier to ascertain

data regarding current scenario and to consider it for the study. The project will aim at studying the impact of recession on Tata Motors Pvt. Ltd.'s small car manufacturing from the period of 2008 to 2012. Basically the secondary data will be used for the study.

Significance of the Project:

The present study will be helpful in understandingThe present scenario of automobile sector in India. The segment wise distribution of motor vehicles in India. The sales promotion activities in auto industry in India. The challenges put forward by global recession to the automobile sector. The effects of recession on Indian automobile sector. The company profile of Tata Motors Pvt. Ltd. The market share of Tata Motors in India, andImpact of recession on the company's strategies for longer period. The above mentioned points are vital in respect of understanding the impact of recession on Tata Motors Pvt. Ltd. from last two years. The study will be fruit full in understanding the managerial decision making of the company in periods of constrain.

Limitations of the study:

The present study will be limited to the extent of understanding the impact of recession on Tata Motor Pvt. Ltd. Company's small car (family car) manufacturing during the period of 2008 to 2012. The study will be based on secondary data collected from various books, journals, periodicals, articles in the news papers and electronic media like internet. The study is related to Tata Motors Ltd. hence it will be a case study only.

Objectives of the Study:

Following are the general objectives set for the present study. To study the impact of recession on family car segment of Tata Motors Pvt. Ltd. To study the market share of Tata Motors Ltd. in family car segment. To analyze Tata Motors Co. Ltd. with the help of SWOT technique. To make suggestion on increasing the market share of the company.

Chapter II

Review of Literature

Review of Related literature

The current issue considered for this project is very important from the view point of the impact of recession on a very important sector of the economy. Recession is a current phenomenon and therefore the idea of studying the impact of recession on small car manufacturing of one of the most prestigious companies in the world is of utmost significance. The recession has certainly affected many countries in the world. It has resulted into high inflation, low consumption, low productivity, high unemployment and many other severe challenges. India being a traditional country with great human values and emotions carries out the effects of recession on many folds. Every new thing or durable commodity in Indian houses is worshiped before its use, it certainly tells the value of customs and traditions on Indian minds. This psychological phenomenon needs to be understood to make certain conclusions about the Indian automobile market and the impact of business cycles on public expenditure. Certain books, journals and thesis are studied to understand the impact of recession on Indian car industry before this project started. A few to mention below are of utmost importance. A study <https://assignbuster.com/the-phenomenon-of-recession-marketing-essay/>

conducted by Mr. Mathur, Shyam Behari under the title, " A study of sustainability of the small car segment in automobile sector in India" for the award of degree of Ph. D. to the Tilak Maharashtra University, Pune, Maharashtra, India, awarded in 2012; The study is based on a certain survey. Questionnaires were collected from about 1500 respondents with a variety of questions regarding the sustainability of small cars in the Indian market. Following are the important findings.

1. 71 percent of respondents have shown their preference towards low engine capacity cars to get higher fuel efficiency. It shows that in future only cars giving higher fuel efficiency will be preferred by Indian consumers.
2. In India still personal disposable income of majority of respondent is not so high that they can afford to buy a big car and therefore, 71 percent of the total respondents have expressed their opinion that their disposable income permit them to buy only a small car and thus small cars are going to be sustainable in Indian car market.
3. Increased affluence and easy availability of loans and finance facilities have led to many two wheeler users to buy their first car which is normally a small car. This has made the small cars sustainable in Indian car market. 78 percent of total respondents have endorsed this fact.
4. Price of the cars as well cost of spares, parts and component also govern the choice of a car. Normally price of small cars as well cost of spares, parts and components are comparatively low and affordable. Therefore, people prefer to buy small cars. This fact was endorsed by 74 percent of the total respondents. Thus it appears that small cars are going to be sustainable in Indian market.
5. Indian middle class consumer is buying a car for either as a necessity or for comfort. The financial constraint therefore does not permit him to have the

luxury of expensive, out of reach big cars. 82 percent of the total respondents of this study are of the same opinion. Looking to large base of middle class population in India, it can safely be concluded that small cars are going to be sustainable in Indian car market. 6. The focus of current middle class families is more on spending and enjoying life. Their personal disposable income has also increased substantially. The desire to lead a comfortable life is motivating them to buy a car, and with the financial constraint more than often it is small car. Therefore, popularity of small cars is increasing. 80 percent of respondents have shown their agreement that desire to lead comfortable life among middle class will contribute to the sustainability of small cars. 7. A very small car launched by Tata Motors is not sustainable in Indian automobile sector as 82 percent of the respondents have expressed their opinion against Nano it is perceived as not safe and stable. 8. Tata Motors Nano car was positioned as a better alternative for two wheeler. However those who are using two wheelers for their personal and family use and can afford to buy at least a small car are also having hesitation in buying Nano. 93 percent of the respondents have that they would not like Nano to take out their family instead of scooter or a motor bike. Thus it can be concluded that Tata Motors Nano has lost its initial charm and hype created in Indian car market. 10. Nano is not a preferred choice of Indian consumers, neither as a first car nor as a second or additional car. 88 percent of respondents have disown it as their choice as a first car and 93 percent of respondents have disown it as their choice as second or additional car. 11. 85 per cent respondents said that there is a fact that inflation has made it difficult to own even a small car in India. Also the

rising fuel prices are discouraging the buyers. The above mentioned findings suggest the psychological tendencies of Indian customers about small cars. This research is based on certain questionnaire filled up from 1500 respondents in Pune of Maharashtra. The research also reveals that there is a considerable impact of recession on consumer car buying patterns. It shows that the recession has affected the automobile market in India. K. C. Chakrabarty, The Assistant Governor of Reserve Bank of India mentioned in his speech, entitled as " Transit Path for Indian Economy: Six Steps for Transforming the Elephant into a Tiger", published in RBI Bulletin, Oct. 2012. In this speech author stated that: ' Indian economy is going through a very rough period in respect of declining GDP. The global recession has affected the growth rate of the country in a bad manner. There is only one way to make a way out of this tough period, is to motivate people towards heavy savings and allowing different sectors like service, automobile, infrastructure to make heavy investments.' Dr. D. Subbarao, The Governor of RBI, in his speech published in RBI Bulletin, Dec. 2009 mentioned that: ' There is a need to strengthen the economy by way of making distribution of available resources amongst the various sectors. The current global recession has hit the economy and we are trying to recover as early as possible. Though, our efforts will be more towards strengthening the industries by way of making them available the economic resources at cheaper rates.' He also said, ' the passage of recession has to be carefully negotiated, so that, we can build the confidence of the investors in our economy.' Neeraj Garg, Director, (Member of Boards) Volkswagen Passenger Car division, India. In an article published entitled Booming Market, in a reputed annual bulletin of The Hindu, (a

leading newspaper in India), entitled as The Economic Survey of India(issue 2011). The author has admitted in his article that ‘ India is a potentially sound market for small family cars. The emerging companies in the Indian market have put up strong challenges to the domestic rivals. Though the economy is going under the pressure of recession, but we see a good and healthy environment in the future.’Kiminobu Tokuyama, Managing Director and CEO, Nissan Motors India Pvt. Ltd., in his article from the same bulletin mentioned above by entitled as ‘ Ways to Stay Ahead’ mentioned that,‘ The Indian automobile sector, in the last few years has shown positive signs for not only domestic players but also to the foreign companies. The increasing demand for family cars is encouraging one and our company is ambitious about providing quality cars to the liking of Indian customers.’ He further wrote that, ‘ the Indian customer’s tendencies are changing in a rapid time as lot of middle class families are preferring small cars rather than Two wheelers; which is a good sign for upcoming companies in India.’

Chapter V

Research Methodology

Research Methodology

Research methodology used for any study determines its findings. Therefore, studying such a vast topic related to recession and its impact on Tata Motors Ltd. required a lot of data. The study basically depends upon the secondary data which is collected from various sources. At the outset, the secondary data is collected from: BooksResearch journalsPeriodicals, ReviewsIndustry analysis by various institutionsSurveys conducted by the Govt. Data from various news papersAnd data from websites of various institutes. The

collection of primary data through questionnaires and observations is not feasible as geographically, India is a wide spread country. The consumer behavior is not an essential part of the study; therefore there is no need to take personal interviews of Tata Motors customers. The data acquired from above mentioned sources will be analyzed with help of different:

TablesChartsGraphsDiagrams etc. The data for analysis is considered from the year 2006-07 to 2011-12. The data will be analyzed in following three manners: Annual sales of Tata Motors Pvt. Ltd. Annual sales of passenger vehicles of Tata Motors Pvt. Ltd. Car wise sales of Tata Motors Pvt. Ltd. The findings will be mentioned in the last section of Data Analysis Chapter. Certain recommendations will also be made regarding the study.

Use of Descriptive and Analytical Method:

Descriptive research includes surveys and fact finding enquiries of different kinds. The major purpose of descriptive research is description of state of affairs as it exists at present. In social science or in business research we quite often use the term Ex post facto research for descriptive research studies. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening. Most ex post facto research projects are used for descriptive studies in which the researcher seeks to measure such items as, e. g., frequency of shopping, preferences of people etc. this kind of studies also include attempts by researchers to discover causes even when they cannot control the variables. The methods are used in descriptive methods are like survey methods of all kinds, including comparative and correlation methods which will be helpful in making comparisons between two or more variables.

The research methodology will be adopted for this project will be of descriptive nature. This method is useful in making overall description of data in a precise manner. This particular method requires analytical understanding of secondary data. The phenomenon of recession is currently an ongoing process; therefore it is essential to talk about its nature, causes, consequences and remedies to control its adverse effects in a specific manner. The automobile sector in India is a vital part of the economy; therefore it is essential to understand the impact of recession over this sector as a whole. Descriptive method gives us the freedom of describing the phenomenon as it happens. The comparison between sales of two or more years will be helpful in understanding the sales patterns. Even the revenues earned in the pre-recession period and in the current period will show us the state of affairs of the company and the impact of recession on it. The analysis of the available data will be done with the help of tables, charts, graphs etc. the analytical method is important in this regard. We can use the previous as well as current data regarding sales, production and revenues of Tata Motors Pvt. Ltd.

Chapter III

Industry Analysis

Industry Analysis

Introduction:

India has arrived on the global stage. With a population of more than 65% below the age of 35, India is considered as the country of most young people in the world. The desires of such young people about vehicles of their

personal use are also of great importance. Gone are the days when economists, global corporates and politicians referred to India as a third world nation. The global financial meltdown in 2008 changed this perspective. Today, India is referred to as an emerging economic superpower. The slowdown has also unveiled India within India with unmatched potential in various sectors in the economy. India is certainly having a huge market potential in automobile sector at both metro cities and in semi urban areas or even in the wide spread rural area. The de-licensing of Indian automobile sector has turned into making it a global market at Indian soil. A number of companies are entering in India with a view of providing world class vehicles to the taste of Indian customers. Surely, the impact is that more concentration is being given to the quality, after sales service and most importantly customer satisfaction issues in this important sector. The auto sector has played a key role in putting India on the global map in terms of quality, cost efficiency and trust. There are all types of vehicles produced in India. There was a time, when the Indian customers did not enjoy any choice amongst the vehicles as there were very few companies working in Indian market. But today that scene has changed and new companies are entering into the market with whole new series of vehicles to suit different choices and different needs of Indian customers. Today we can see a Bugatti Veyron (world's most expensive car) steaming on Indian roads as well as Tata Nano (world's cheapest car) getting popular in no time in the middle class families. Even there is lot more to offer in commercial vehicle segment. India is the largest producer of tractors in the world. Also the largest transporter in the world with well connected roads across the nation. The

commercial vehicle manufacturing is a key area in the automobile sector. it has a very vital market share as new and cheaper technology is available within the country. India is also exporting vehicles abroad specially in the countries where there are lesser opportunities for auto industry to prosper. Following are the major domestic players in Indian automobile sector: Tata Motors Pvt. Ltd. Mahindra and Mahindra Ltd. Maruti Suzuki India Ltd. Hero MotoCorp. Ltd. Bajaj Auto Ltd. Ashok Leyland Ltd. Sundaram Clayton Ltd. TVS Motors Ltd. Eicher Motors Ltd. Force Motors Ltd. Even there are many foreign based companies working in India as per the Govt.'s norms, a few to mention below are as under. Ford Motors Ltd. Volkswagen Motors Ltd. General Motors Ltd. Honda Motors Ltd. Nissan Motors Ltd. Suzuki Motors Yamaha Motors The increasing consumer ratio in India both for commercial as well as passenger vehicles shows an untapped potential in Indian market for all the companies. The recent surveys show that the customer satisfaction through quality has become a key for every company in auto sector in India.

Gross Turnover:

Table 1. 1 Gross Turnover of the Automobile Manufacturers in India.(in USD Million)

2006-07

2007-08

2008-09

2009-10

2010-11

3047636612332504329658583(Source: Society of Indian Auto

Manufacturers)The above table shows that there is an increasing trend in the gross turnover in the first two years but in the year of 2008-09 there is a slowdown in the gross turnover. It is because of the impact of recession. But in the following years of 2009-10 and 2010-11 the rate of gross turnover has increased in a significant manner. This can be understood with the help of following graph. Graph 1. 1- Gross Turnover of the Automobile Manufacturers in India (in USD Million)

2006-07 to 2010-11

Production Trends:

As the demand for different types of vehicles is increasing day by day, it is obvious that the companies tend to produce as per market demand. There are various companies who have established their production plants in India itself. The foreign based companies are making market surveys to find out their potential in India. The production trends are changing in drastic manner. The newer technologies are adopted here to improve the quality of the vehicles. Indian customers are more passionate about fuel efficient vehicles at affordable prices. Table 1. 2- Automobile Production Trends in India (Number of vehicles)

Category

2006-07

2007-08

2008-09

2009-10

2010-11

2011-12

Passenger

Vehicles154522317775831838593235741129827723123528Commercial

vehicles519982549006416870567556760735911574Three

Wheelers556126500660497020619194799553877711Two

Wheelers84666680266818419792105129031334934915453619(Source:

Society of Indian Auto Manufacturers)The production of two wheelers is

rather high in India as a result of strong desire for individual mobility. Though

the middle class families are now motivated to purchase small cars by

providing those exciting offers and other such facilities. The above

mentioned figures indicate the volume of production by the automobile

sector in India.

Market Share via different segments:

The market share for the year of 2011-12 for different types of vehicles

shows the trend of demand for vehicles in Indian markets. Chart 1. 1-

Domestic Market Share for 2011-12

Creation of employment by Automobile sector:

The automobile sector is also significant in the way that it provides no. of employments to the skilled and non skilled labors throughout the country.

The workers working in this sector, directly or indirectly are the key components of the economy. In this regard the automobile sector plays a crucial role as it provides bread and butter to millions of people. Table 1. 3- Workers engaged in automobile sector

(In numbers)(2007-08 to 2009-10)

Years

2007-08

2008-09

2009-10

Total Persons Engaged 466667509741619588 (Source: Society of Indian Auto Manufacturers) Graph 1. 2- Number of Workers working in automobile sector in India

Export Trends:

The automobile sector in India, not only fulfills the domestic demand but it also exports the vehicles in a huge number. As like the eastern countries like Japan and China, India is also producing competitive vehicles which can sustain themselves in the global market. This is the reason why, Indian technology is becoming popular among the globe. The recent past has seen a growth in the exports by Indian manufacturers. The countries from African Continent as well from Europe are importing Indian vehicles in a good number. Table 1. 4- Automobile Export Trends (Numbers in Units)

Category

2006-07

2007-08

2008-09

2009-10

2010-11

2011-12

Passenger Vehicles 198452218401335729446145444326507318 Commercial

Vehicles 495375899442625450097404392663 Three

Wheeler 1438+96141225148066173214269968362876 Two

Wheeler 6196448197131004174114005815316191947198 (Source: Society

of Indian Auto Manufacturers) The above mentioned data can be put in a

simple graph so as to study the export patterns of the Indian automobile

sector. Graph 1. 3- Export trends of all segment vehicles

Chapter IV

Company Profile

Company Profile

Introduction:

The Tata group is one of the oldest organizations in India, previously it was known as TELCO. The Tata Group of Companies was established in the year of 1945. The company operates in various sectors like power, telecommunication, steel, edibles like salt, gold and most importantly automobile sector. It is a well known auto industry as it produces world class

cars, trucks, buses and other vehicles to match the public choice. It is spread in all over India with its plants across the country. However, ever since the first vehicle of this company rolled out in 1954, the company has never looked back and proceeded to a long march. The visionary industrialist, Late Jamshedji Tata had a dream of providing qualitative vehicles to cater the different need of the Indian customers. The company's manufacturing base is spread all over the country as it has set up plants at different locations as per need. It has its plant at Jamshedpur in the state Jharkhand, Sanand in Gujarat, Pune in Maharashtra, Dharwad in Karnataka, Pantnagar in Uttarakhand and Ranjangaon in Maharashtra. The company is very alert about its Research and Development program as it has developed its own R & D section in different regions. Being an Indian origin company, it identifies the needs of Indian auto customers hence it can give qualitative vehicles all purposes. The company was previously producing only commercial vehicles. It has enjoyed a significant monopoly in this segment for many decades. As other companies like Ashok Leyland, Mahindra and Mahindra etc entered the commercial market, Tata motors has lost some of its share to these companies. Tata Motors Ltd. is also known for its widespread network of service station across the country, ensuring customers No. 1 after sale services. This is one area in which companies don't stand near Tata Motors. The company has shifted its focus in manufacturing small passenger vehicles in the last few decades. It has acquired significant amount of public trust in its vehicles. The company has given certain international quality cars to the Indian customers which can fulfill their desires. The company has earned revenues of more than 1, 65, 650 million Rs. in the last few years. The

growing profits of the company show the faith of the Indian customers in this company. The brand has created its identity through its long lasting culture of supreme quality of engines, fuel efficiency, and low cost vehicles and most importantly good after sale services. Not only in India, but in foreign countries also, Tata motors have exported their cars, trucks and buses so that to meet the global needs of vehicles and earn revenues in foreign currency. The company has successfully acquired some of international giants in auto sector and made significant contribution in the global market. It has acquired Jaguar Land Rover in 2008, Daewoo Commercial Vehicles Company of Korea in 2004 and formed Tata Daewoo Commercial vehicles Company since its inception. Even with many other international companies, Tata motors has made collaboration and expanded its business all over the world. Diagram 1. 1- Features of Tata Passenger Vehicles: Tata Motors Ltd. provides employment to more than 55000 employees in the country which is a significant achievement. The company provides training to its employees at its training centers for better work efficiency. It also provides high salaries to its workers along with other facilities like free medical facilities, free education to their children, compensation in case of accidents at the plant etc. the company is very sensitive about the welfare of the workers as well as the officials. Even the Tata group is taking initiatives in many social activities as a social responsibility.

Products Offered in car segment

C: UserssavitaDesktopTATA MOTORSindica. jpgTata Indica- The most fuel efficient car in the Indian market. Available in both, Petrol and Diesel version. One of the most trusted cars in India by middle class families. C:

UserssavitaDesktopTATA MOTORSsafari. jpgTata Safari- the first SUV in Indian market to make an impact on the high class customers. One of the most trusted luxury family cars in India. C: UserssavitaDesktopTATA MOTORSindigo. jpgTata Indigo- the luxurious car with all new features to capture the attention of Indian higher middle class. The classy looks and comfortable features have made this car a vital part of auto market in quick time. Available in both diesel and petrol models, this car has earned tremendous demand In short period of time. C: UserssavitaDesktopTATA MOTORSsumo grande. jpgTata Sumo Grande- A muscular SUV with potential demand from both Middle class and higher class customers. C: UserssavitaDesktopTATA MOTORSmanza. jpgTata Manza- A club class sedan for those who have passion for their prestige. C: UserssavitaDesktopTATA MOTORSaria. jpg Tata Aria: a new muscular car with both experiences of a Sedan and an SUV. Specially designed for the high profile professional and adventure loving customers. C: UserssavitaDesktopTATA MOTORSventure. jpgTata Venture: A car for a complete Indian family. With more space and comfortable driving experience, venture has brought ' Adventure' in the Tata camp. C: UserssavitaDesktopTATA MOTORSano. jpg Tata Nano- the worlds cheapest car, designed especially for the small Indian families. The most anticipated car is here in India. Nano has acquired a good market in no time. The Dream car of Mr. Ratan Tata, the former Chief of Tata motors who thought to give every Indian to drive his own car at very affordable prices. C: UserssavitaDesktopTATA MOTORSwinger. bmpTata Winger- a new family car to carry big size families and even useful for commercial purpose. A strong

and spacious car with all the modern features catching the eye of Indian families.

SWOT Analysis of Tata Motors Pvt. Ltd.

We can study the performance of Tata Motors Company with SWOT technique. This technique helps in finding out the Strengths, the Weaknesses, the Opportunities and the Threats to a particular area of study. I've considered here the family car manufacturing of Tata Motors Pvt. Ltd. with a view that this company has earned a lot of reputation throughout its long journey. It will be helpful in understanding in the strategy making of Tata motors and also to understand their future planning with regards to the various challenges in the market. Though, Tata Motors have an expert 'think tank' to make accurate decisions and a visionary young and dynamic leader in Cyrus Mistry who took over charge from Mr. Ratan Tata last year. The following points can be drawn in respect of SWOT analysis of the company.

Strengths:

Public faith
Market experience
Huge Capitals and Resources. Tie ups with foreign Companies
Fuel Efficiency of the cars
Strong network of Service Stations and Distribution chain
Effective product promotion strategies

Weaknesses:

Lack of new models
Competitive weaknesses
Lack of new plants
Dependence over automotive subsidiaries

Opportunities:

Huge potential in international market
Huge potential in Two Wheeler segment
Eco friendly car manufacturing
Potential in allied sectors/services
Finance mobilization

Threats:

Increasing Fuel demand
Rising fuel prices
Rising inflation and cost of raw materials
Environment sustainability issues of Govt.
Recession and depression
Heavy competition. With the help of above mentioned points we can say that though, there are some drawbacks in Tata motors Ltd. the company has much more potential in the near future. The points of strengths are definitely more than the points of weaknesses which is a good sign for the growth of this reputed company in future.

Chapter VI

Data Analysis, Conclusions and Recommendations

Data Analysis and Findings

Basically, the secondary data is used for the purpose of analysis so the data collected regarding the sales patters of the company. The total sales as well as the passenger car sales are considered in this regard. The data collected, has been put in tables and graphs so that the analysis will become easier.

Table 1. 5- Total sales of Tata Motors (including exports)

Year**Total Sales (Units)****Percentage of growth**

20074879237200832696-

302009576271052010674413120118227822 Findings: the above mentioned information is sufficient to say that in the year of recession, we say 2008 the sales has gone down by a huge margin. In the year 2007, there was a growth rate of around 37% but the sales have eventually gone down in 2008 and there is a negative growth of -30 %. Also, in the very next year 2009, the growth rate has climbed up due to the heavy exports of trucks and buses during the year. The sales in the years 2010 & 2011 has grown but in a slow manner than the preceding. This information can be easily observed by the following graph. Graph 1. 4- Sales of Tata Motors Pvt. Ltd. Graph 1. 5- Percentage of growth of total sales (including exports) Table 1. 6- Tata Motors Passenger Vehicles Sales:

Year**Sales of Passenger vehicles****Percentage of growth**

20071651527200814327-

12200915662552010199773420112941747 Findings: the performance of passenger car segment is slowed down in the year 2008, registering a decline of 12% in sales. The company had adopted strategies to overcome the recession effect in 2009, which showed a good result as the growth raised to 55%. The growth of the company again gone down in 2010 as a

result of continuous hike in fuel prices. No doubt the company has survived in the tough period but the sales were affected in the recession period.

Graph 1. 6- Sales of passenger cars (family cars)Graph 1. 7- growth rate of passenger car salesThe graph clearly shows that the growth rate has fallen down in the year of 2008. Recession has made its impact on the sales and hence we can say that the sales volume has gone down in this year. Table 1. 7- Car wise sales in the period of 2009 to 2011.

Name of the Car

Sales 2009

Sales 2010

Sales 2011

Tata Nano361057847466Tata Indica422859239307Tata

Indigo510652346888Tata Sumo & Safari171027655255The above table

shows how the sales have risen in the three years. Tata nano, the most anticipated car has shown good signs of increase in sales. The other cars also have shown similar sales results. There is an upward going trend in the sales volume of each car. We have considered only 4 cars who's

performance is good in the market. Graph 1. 8- Car wise sales from 2009 to 2011. With the above information we can conclude that, Tata Motors Pvt.

Ltd. has faced multiple challenges in the period of recession. But the vision of keeping quality in front has worked for the company in tough times. We can conclude in some points as follows: There is a decline in company's total sales of passenger vehicles in the year 2007-08. The performance of small cars is also discouraging in the same period as there was high degree of

inflation going around. The customers from middle class families were not ready to buy cars as they had very little income to spend. The percentage growth in sales has certainly declined in the year 2008. The Tata Motors Ltd. has made a good comeback in the market by acquiring some of the foreign companies in 2008-09. The revenues of the company have also gone high in this period. The company has absorbed the economic pressure in the recession period. The company has proved its strengths in the market by dominating the market share.