

# ENTREPRENEURSHIP IN GLOBALISING ECONOMY IN ACCORDANCE WITH CAR INDUSTRY

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**ABSTRACT:** In this paper the scenario of automobile industry (car industry) is studied in accordance with how the industry has developed in the past years, the collaboration with the foreign companies, changes in the Indian scenario. Car was considered to be a luxury once but now it has been a mandatory for many people due to various factors like population, standard of living, societal changes. It's quite challenging for the car companies to produce a car as per the customer needs with a profit. Thus by globalising the car industries, by means of collaboration with foreign associates paved way for new ideas and innovations.

## **DEFINITION – ENTREPRENEUR**

- According to economist **Joseph Alois Schumpeter (1883-1950)**, entrepreneurs are not necessarily motivated by profit but regard it as a standard for measuring achievement or success. Schumpeter discovered that they (1) greatly value self-reliance, (2) strive for distinction through excellence, (3) are highly optimistic (otherwise nothing would be undertaken), and (4) always favour challenges of medium risk (neither too easy, nor ruinous).

## **Types of Entrepreneur:**

- Social Entrepreneur
- Serial Entrepreneur
- Lifestyle Entrepreneur
- Co-Operative Entrepreneur
- Theory based Typologies
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## **DEFINITION – ENTREPRENEURSHIP:**

Entrepreneurship is the capacity and willingness to undertake conception, organization, and management of a productive venture with all attendant risks, while seeking profit as a reward.

In economics, entrepreneurship is regarded as a factor of production together with land, labour, natural resources, and capital. Entrepreneurial spirit is characterized by innovation and risk-taking, and an essential component of a nation's ability to succeed in an ever changing and more competitive global marketplace.

## **SCENARIO'S OF CAR INDUSTRY:**

### **USA Scenario - Car industry:**

The automotive industry in the United States began in the 1890s and rapidly evolved into the largest in the world as a result of the size of the domestic market and the use of mass-production. The United States was overtaken as the largest automobile producer by Japan in the 1980s, and subsequently by China in 2009, and is currently the second-largest manufacturer in the world by volume. In 2010, 7,761,443 automobiles were manufactured in the United States, although annual production levels of up to 15 million units were achieved in the 2000s. Prior to the 1980s, most of the plants were owned by domestic manufacturers of the Big Three (GM, Ford, Chrysler) and AMC. However that has dropped steadily since with auto transplants, factories established in the US by foreign-owned car companies.

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### **Europe Scenario - Car industry**

In 1860, Jean Lenoir of France patented an internal- combustion engine that is similar to the type of engine used in automobiles today. Internal-combustion engines run on gasoline or diesel (oil) fuel. Gottlieb Daimler and Karl Benz developed the first successful gasoline-powered automobiles separately in 1885 in Germany. Eventually, gasoline powered engines were used for nearly all automobiles because they provided for faster and longer trips than engines powered by electricity or steam. The first modern automobiles were made in Germany and France in the 1890s. Many small companies made them by hand. Until 1900, Europe led the world in the development and production of automobiles.

### **Indian Scenario - Car industry**

The majority of India's car manufacturing industry is based around three clusters in the south, west and north. The southern cluster consisting of Chennai and Bangalore is the biggest with 35% of the revenue share. The western hub near Mumbai and Pune contributes to 33% of the market and the northern cluster around the National Capital Region contributes 32%. Chennai, is also referred to as the "Detroit of India" with the India operations of Ford, Hyundai, Renault, Mitsubishi, Nissan, BMW, Hindustan Motors, Daimler, Caparo, and PSA Peugeot Citron is about to begin their operations by 2014.

### **How Entrepreneurship helps Car Industry in Globalising the economy?**

The automotive industry in India is one of the largest in the world and one of the fastest growing globally. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world, with an annual production of more than 4.7 million units in 2010. According to recent reports, India is set to overtake Brazil to become the sixth largest passenger vehicle producer in the world, growing 16 to 18 per cent to sell around three million units in the course of 2011-12. The supply chain of India is similar to that of Europe and America.

India, being one of the developing countries faced problems in the rise of automobile industry especially car industry due to its population, limited infrastructure, high cost of technology and increasing competition from the developed countries. The good part of the country was the well-developed tax structure. The power to levy tax and duties has been distributed among the three tiers of governments.

Access to latest and most efficient technology and techniques will bring competitive advantage to the major players. Utilising manufacturing plants to optimum level and understanding implications from the government policies are the essentials in the Automotive Industry of India.

The Indian car industry started its new journey on 1991 after the introduction of Foreign Direct Investment (FDI) by the central Government. The enhancement of this industry reached its height only after the entry of foreign players playing a major role in Asian countries especially India. Eg: Maruthi with Suzuki. The entry of US and UK companies like Hyundai, Renault, Volkswagen also played a major role in globalising the economy.

The key to success in the industry is to improve labour productivity, labour flexibility, and capital efficiency. Having quality manpower, infrastructure improvements, and raw material availability also play a major role. After globalisation, the foreign countries are keen on investing in India not only in Automobile sector but also in other sectors. This made the Indian Government to improve the infrastructure facilities, accessibility to all markets, cheap labour, and material availability.

The Foreign companies were able to produce cars at a price affordable to all class of customers with good interior features and mileage. This was possible for them as the cost of investment is less in Asian countries and they had better knowledge and usage of advanced technology.

The domestic markets faced high competition by the entry of foreign markets and they had to think new to maintain market for them. Thus began rise of new entrepreneurial ideas by the domestic companies like Tata, Mahindra, and Bajaj. They started exploring the likes and needs of customers, the technology used, the cost and price structure, demand and supply chain and also the strategies used by the foreign markets.

The globalisation of car industry increased the financial facilities for the consumers to increase their buying power. The financial institutions started providing various loan schemes as per the need of the buyers. They even had tie-ups with the car companies. This in turn led to increase the production and growth of country.

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## **CONCLUSION**

With the help of good entrepreneurship skills by the car industry and positive demographic factors, stable macro-economic environment and pro-reform policies of the government saw almost all major global auto players making their way into India. The intense competition has compelled the manufacturers to launch the latest global offering in India as early as possible. It has also enabled to keep the prices of the vehicles under check. The consumers, in turn, have benefited from wide choice of models, technologically advanced cars and better service from the car manufacturers.

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