

Competition Heats Up In Indian Vehicle Market

The Associated Press

MUMBAI, June 1 (Kyodo) — Competition in the Indian commercial vehicle market is intensifying as global automakers seek to expand in the major emerging economy.

While Indian automaker Tata Motors Ltd. dominates the market, Germany's Daimler AG has built a new plant and big Japanese automakers are also making moves to take advantage of the potential for growth.

In April, Daimler Chairman Dieter Zetsche stressed the significance of winning in the market as he spoke before the leaders of the southern Indian state of Tamil Nadu and company officials in inaugurating the company's commercial vehicle plant near Chennai.

"If you don't make it here, you won't make it at all, because a strong position in the global truck market requires a strong position in India," he said.

The size of the commercial vehicle market in the country was about 810,000 vehicles in fiscal 2011 ended March, up almost 20 percent from the previous year, according to the Society of Indian Automobile Manufacturers.

The figure was double that for fiscal 2008, when the market was hit by the global financial crisis, a clear indication that India has since grown into a major global market.

Demand for trucks and other commercial vehicles is expected to expand further once a solid distribution system is established in the country under a government plan to build highways and organize infrastructure.

By utilizing the technologies of its group firm Mitsubishi Fuso Truck & Bus Corp., Daimler will launch trucks of various sizes and produce them locally to cut costs and prices, a key point that has placed Tata in an advantageous position.

A senior official of the German automaker said the company's trucks have better fuel efficiency than those produced by Indian manufacturers, expressing confidence about gaining customers. Daimler is aiming to secure a market share of over 10 percent in India at an early date.

But for local people, Tata is a strong brand name for trucks and its nationwide bases for providing thorough maintenance and repair services remain attractive.

"I am perfectly happy with the Tata truck I'm driving," said Abdul Kadar, 52, as he transported bananas to the Koyambedu Market, a major fruit market in Chennai, from Andhra Pradesh.

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Still, there are opportunities for foreign automakers to gain a bigger slice of the commercial vehicle market, in which local automakers currently hold a combined share of around 90 percent.

As truck drivers in India face harsh working conditions, including limited breaks, which make the job unpopular, launching new models that offer greater comfort and better handling could change the picture.

Japanese automakers are also seeking to increase their presence in the market, with Isuzu Motors Ltd. building a joint venture plant in Punjab to produce vehicles, primarily buses.

It sold around 13,000 vehicles in fiscal 2011 and is aiming to extend its business to trucks as well.

Hino Motors Ltd. also sells trucks and buses in India produced in Southeast Asia and other regions.

While it says the most pressing issue at the moment is to expand business in Southeast Asia rather than opening a manufacturing base in India, it is considering measures to eventually cover the country.

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