

Honda Plans To Build Diesel Engine Plant In India

The Associated Press

TOKYO, Sept. 16 (Kyodo) — Honda Motor Co. is planning to build a diesel engine manufacturing plant in India with an eye to starting its operations in 2013, corporate sources said Sunday.

Amid burgeoning demand for diesel engine-powered cars in India, Honda plans to invest about 30 billion yen to build the engine plant within the compound of its existing production site in the northwestern state of Rajasthan, according to the sources.

Honda envisions installing diesel engines of around 1500 cc in its compact City and Brio models.

Diesel-powered cars are particularly popular in India, where diesel fuel costs less than gasoline because of government price controls.

Honda, which now sells no diesel-powered cars in India, has recently been struggling with sluggish sales in the fast-growing market. Rival automakers including Suzuki Motor Corp., whose Indian unit Maruti is the largest automaker in the country, have put greater emphasis on supplying diesel engine-powered cars to the Indian market.

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