

Auto extravaganza

Hindustan Times Media Marketing Initiative

10th Auto Expo 2010

India's Auto-evolution

The 2010 edition of the Auto expo is special in many ways. The tenth edition not only salutes the advances in automotive technology but also marks a paradigm shift in the global perception about India and Indians. Nitin Pahuja elaborates...



The last 18 months were tumultuous for the auto industry as it took the brunt of recession on the chin. Things are improving subtly and the global auto majors are looking out for 'star markets' that can fuel the resurrection. India is one amongst it not 'the' growth stimulant that the auto industry is vouching for. And, the Auto Expo 2010 looks all set to testify just this.

INDIA FIRST

It's more than a marketing strategy when companies position their new launches as 'first in India'. Not only is India emerging as a high growth market, but also a fast developing auto industry hub given the several positive arbitrage that it offers on account of labour, capital and technology costs. While vicinity to the huge market potential is a certain lure, establishing a base in India also offers significant strategic advantages on the pricing front.

It is a sure shot way to avoid the heavy custom duties and hence hope to find your company's fortune with those at the middle of the pyramid or may be slightly above. Establishing production base in India also offers a competitive advantage as far as catering to other international markets is concerned. Low production costs offer better margins and India's emergence as a key global player helps facilitate better trade opportunities and terms of trade for both international and domestic participants.

FACT BITE

The facts tell the same story very well. On the market potential bit, it is interesting to note that, in spite of the lackluster year for the global economy, overall production (passenger vehicles, commercial vehicles, two wheelers and three wheelers) in India increased from 10.85 million vehicles in 2007-08 to 11.17 million vehicles in 2008-09. And things are not

looking southwards just yet. If experts are to be believed. According to an Ernst & Young study, passenger vehicle sales in India will grow at a CAGR of 12 per cent and reach 3.75 million units by 2014 as against 1.89 million units at the end of 2008-09. One million units out of these would contribute towards exports and thus earn precious foreign exchange for the country.

POLICY PRESS

Industry growth is unfeasible without a strong and favourable policy framework. The auto sector looks attractive from this perspective as well. India's Automotive Plan (AMP) 2006-16 as a policy framework envisages a platform that can support robust growth across different horizontal levels of the sector.

Envisaging auto sector investments of \$40 billion, the plan aims at positioning India as a global automobile player in the next few years to come. The 25-point plan AMP aims at making India a global manufacturing and export hub for small cars, multi-utility vehicles, two and three-wheelers, tractors and components.

GLOBAL SHOWCASE

With technology changing the world every second, interacting with the global auto fraternity is of tremendous importance. Indian auto manufacturers have come a long way in the recent years and are regular participants at auto shows around the world. The Indian Auto Expo itself has evolved into a splendid showcase for Indian manufacturers to let the world know of their mettle and for them and the public to get a hang of the global auto pulse.

Attracting huge crowds in every edition thus far, the 2010 avatar of the Auto Expo looks all set to surpass the track record of not only the previous editions but also that of some of its global contemporaries. Experts believe that

- JAPANESE MAJOR NISSAN HAS DECIDED TO SHIFT THE ENTIRE PRODUCTION OF ITS SMALL CAR, MICRA, FROM THE UK TO INDIA.
- GENERAL MOTORS HAS SO FAR INVESTED ABOUT US\$ 1 BILLION INTO ITS INDIAN OPERATIONS.
- HYUNDAI HAS MADE INDIA ITS GLOBAL HUB FOR MANUFACTURING SMALL CARS. IT WILL INVEST US \$ 1 BILLION IN ITS SECOND PLANT IN CHENNAI BY 2013.

the Auto Expo 2010 will end up being the biggest in the world, expected to rudge ahead of the global supremacy of The New York and Silverstone Auto shows.

While we will have to wait to see if that happens, the prospects are certainly alluring. With an impressive bench of brands and models set to unravel auto splendour during the exciting seven days of the event, Auto Expo 2010 is something you can't afford to miss. Events like the Auto Expo are platforms to envision higher growth trajectories in the domestic industry at large.

The Auto Expo will certainly provide a platform for global auto majors to find mutual synergies with the developing Auto Component industry in India. It will also prove a catalyst to raising quality benchmarks in the domestic industry in line with the global standards. The end user ultimately ends up being the real winner with newer and better vehicles to look forward to in the near future.

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INCESSANT GROWTH

In line with its close correlation with development all around the world, the Indian auto sector also looks set to add momentum to the rapid strides that India is putting towards its development goals. The future looks all good for the Indian auto industry and maybe it is here that we will see the next paradigm shift in the way people commute all around the world.

The theme of this year's Auto Expo, mobility for all and green technology seems a fitting one for envisaging this paradigm shift. The Indian auto industry must express its futuristic perspective in both the fields and thus earmark a resonating contribution to the global auto sector. It is the beginning of India's evolution into a global auto power and one can expect a glorious journey ahead.

(Figures taken from www.ief.org)