

# BUSINESS

The Daily Star

## Launch of world's cheapest car opens road to huge new market

AFP, New Delhi

India's launch of the world's cheapest car will spur creation of a vast new market segment in the nation of 1.1 billion people where the auto sector is already red hot, analysts say.

The sporty four-door, five-seater, unveiled last week by India's giant Tata Group to rave reviews from industry watchers, is expected to hit the roads around October for just 100,000 rupees (2,500 dollars), plus tax.

"You've got nine percent economic growth, rising incomes, a young population with car-owning aspirations and this car that will be affordable to so many more people," Dilip Chenny of the Society of Indian Automobiles said.

The Nano car -- so named because it connotes high tech and small size -- is aimed mainly at millions of consumers in India and elsewhere who aren't middle class by Western standards but no longer at the bottom of the pyramid.

Indian rating agency Crisil says the Nano will cut the cost of entry level car ownership in India by a hefty 30 percent.

Tata Group chairman Ratan Tata, who spearheaded the Nano's development as a way to get India's masses off motorbikes and into

safier cars, is being likened by the country's media to Henry Ford who revolutionised the US car market with the Model T.

"The new price point translates into a 65 percent increase in the number of families that can afford a car," said Crisil.

Around 1.4 million passenger vehicles were sold last year of which more than two-thirds were small cars.

Global automakers are already going into overdrive to make inroads into India's small-car market and also turn India with its low wages and skilled labour into an export hub.

Among the entrants are South Korea's Hyundai, Japan's Honda, France's Renault, Germany's Volkswagen and Ford.

"Every global player is in India in some form," said Yezdi Nagporewalla, a director at global consultancy KPMG.

But their planned small car sticker prices are higher, ranging up to 400,000 rupees and more. The Nano's nearest current rival on Indian roads is the Maruti 800, owned by Japan's Suzuki, that costs twice as much.

The Nano's launch, by hammering down costs through design innovation, has shifted the goal posts and "could revolutionise

auto prices downward," said auto analyst Murad Ali Baig.

"This launch will prompt prod-

uct developments in the mini car category by other players in the passenger vehicle segment," fore-

cast industry body Assocham.

"These launches will (also) attract a section of existing two-wheeler owners -- currently nearly 50 million -- to upgrade to a car."

Medical salesman Akshay Mitra is among them.

"I know a motorcycle isn't a safe way for me to travel with my family, a car would be much better," said the father of one.

The Tata chief, a Cornell architect graduate, said he began thinking about an ultra-cheap car when he saw a poor family on a two-wheeler -- "the father driving the scooter, his young kid standing in front of him, his wife seated behind him holding a little baby."

He decided to create a safer vehicle they could afford and the company came up with the Nano.

The basic model has a manual transmission and no air conditioning, electric windows or power steering, although two deluxe versions will be available with such features.

It has a two-cylinder 623 cc, rear-mounted engine with a top speed of 105 kilometres (65 miles) an hour and gets 20 kilometres to the right to safety?"

the litre or 50 miles to the gallon and meets emission requirements in India and abroad.

There have been no test drives yet by car experts.

But Autocar India editor Hormazd Sorabjee rates the vehicle -- which defied pre-launch predictions it would be little more than a motorised bullock cart -- "10 out of 10" for looks.

Dealers, ironically, now are also

being flooded with inquiries from people totally different from those Tata said he aimed to attract -- upper income buyers who see it as a perfect city runabout.

"It'd be great for us, for the kids to go to school, it's small, easy to park, low on petrol," said lawyer Aishwarya Singh. "It's functional and cheap -- but it doesn't look it."

Environmentalists fear, global warming disaster if Indians fall in love with the car as much as people in the West did.

Car penetration is just seven per 1,000 people compared to 550 per 1,000 in countries such as Germany.

Tata says he recognises the concern and believes "India desperately needs a mass transit system" but also asked "should (ordinary Indians) be denied the right to individual forms of transport, the right to safety?"

**Gulf Air places \$4b order with Boeing**

AFP, Paris

The Bahrain-based airline Gulf Air has ordered 16 Boeing 787 Dreamliners valued at around four billion dollars and taken options for eight more, an airline official told AFP on Saturday.

"Gulf Air has signed today (Saturday) with Boeing a firm order for 16 Boeing 787 aircraft and taken the right to purchase eight more of the same aircraft," Adnan Malek, acting head of corporate communication at Gulf Air said.



PHOTO: BHBC

AKM Sajedur Rahman (C), managing director of Bangladesh House Building Finance Corporation (BHBC), speaks at a view exchange meeting with the leaders of Real Estate and Housing Association of Bangladesh (REHAB) in Dhaka recently. Mokarram Hossain Khan (L), REHAB president, and Manjur Ahmed, general manager of BHBC, are also seen.



PHOTO: HOLCIM BANGLADESH

Holcim (Bangladesh) Ltd, a leading cement manufacturing company, and China Major Bridge Engineering Company Ltd have recently entered into an agreement under which China Major Bridge will exclusively use Holcim brand cement to construct the third Karnaphuli bridge in Chittagong. Niaz Uddin Mahmood, general manager (Customer Care) of Holcim (Bangladesh), and Pan Ninghus, procurement manager of the construction company, signed the deal.

**Growth slows in major developing countries**

AFP, Paris

Most of the world's leading industrialised nations are facing an economic slowdown while China, Russia and Brazil are expected to see improved or continued growth, the OECD said.

The Organisation for Economic Cooperation and Development said its leading indicators index fell by 0.5 points in November last year and was 2.2 points lower than November 2006.

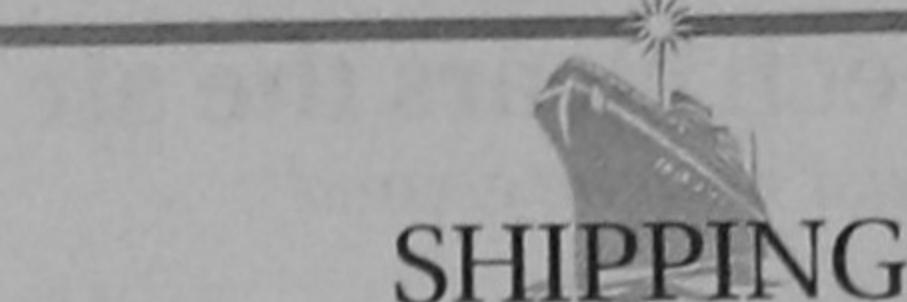
The indicators, it added, "suggest that a moderate slowdown in economic activity lies ahead in the OECD area."

The OECD groups 30 of the world's most influential economies, including the Group of Seven -- Britain, Canada, France, Germany, Italy, Japan and the United States.

The organisation said on Friday that while the United States, Germany and Britain were not headed for a slowdown their indicators had nonetheless turned weaker, albeit remaining above the 100 level in the index. A declining reading below 100 signals a slowdown.

Data from non-OECD members China and Brazil pointed to "steady expansion," according to the OECD, which foresees an "improved outlook" in Russia and weakening prospects in India.

The economic activity index fell by 0.8 points in November and 1.5 points on the year in the United States, 0.3 points in November and 2.3 points on the year in the eurozone and 0.2 points in November and 6.3 points on the year in Japan.



SHIPPING

### Chittagong Port

Berthing position and performance of vessels as on 13/01/2008

Berth No.	Name of vessels	Cargo call	L. Port	Local agent	Date of arrival	Leaving	Import Disch
J/2	New Diamond	Gl(hr,st)	Kore	Barwil	8/1	13/1	4120
J/3	Mercy Wisdom	Raw Sugar	Reunion	Park	6/1	13/1	1496
J/5	Lilac Ace	Vehi	Cheni	Everett	12/1	13/1	162
J/6	Tabago Bay	Cont	Col	MDBL	12/1	15/1	1627
J/7	Datian	GI	Para	Cosco	11/1	14/1	812
J/8	Shwe Thara Phu	Rice(p)	Yang	Cia	9/1	14/1	376
J/9	Pongola	Cont	Sing	MDBL	12/1	15/1	—
J/11	Cape Henry	Cont	Col	APL	8/1	13/1	—
J/12	Oel Enterprise	Cont	Col	PSSL	11/1	14/1	—
J/13	Sumida	Cont	Sing	Seacon	11/1	14/1	188

### Vessels at Kutubdia

Name of vessels	Cargo	Last port call	Local agent	Date of arrival
Rig Deep Driller-5	—	—	IBSA	30/9
Wira Keris	—	—	IBSA	R/A(12/1)
Pacific Cheetah	—	—	IBSA	R/A(11/1)
Champion	Crude Oil	Jebel	Uniglobal	29/12
Bangla Jyoti	C. Oil	BSC	R/A(12/1)	

### Vessels ready

Vessels at outer anchorage				
Vessels ready				
Kota Tegap	Cont	Sing	Pil(Bd)	11/1
Banga Borti	Cont	Sing	Bdship	11/1
Phu My	Cont	Sing	IPL	11/1
Del Singapore	Cont	Sing	Seacon	11/1
Banga Barta	Cont	Kol	Baridh	12/1

### Vessels not ready

Vessels awaiting employment/instruction				
Crown-1				
Borak	—	Ind	Brothers	3/1
Banglar Robi	—	—	BSC	R/A(25/12)
Banglar Shikha	—	—	BSC	R/A(12/1)

### Vessels not entering

Vessels due at outer anchorage				
Vessels ready				
Al Badiyah	HSD/Jet A-1	Kuwa	MSTPL	12/1
Vessels awaiting employment/instruction				
Crown-1	—	Ind	Brothers	3/1
Borak	—	—	FSA	R/A(16/12)
Banglar Robi	—	—	BSC	R/A(25/12)
Banglar Shikha	—	—	BSC	R/A(12/1)

### Vessels not entering

Vessels due at outer anchorage				
Vessels ready				
Oil Freedom	13/1	P. Kel	PSSL	Cont
Kota Rukun	13/1	Sing	Pil(Bd)	Cont
Kota Cahaya	13/1	Sing	Pil(Bd)	Cont
Santon-ii	13/1	Odessa	ASLL	Wheat(p)
Provider	13/1	Iran	KSM	Wheat
Liberty Grace	13/1			