

# Sales stall for cheapest car

AFP, New Delhi

India's launch of the world's cheapest car, the Nano, was expected to create a vast new market segment in the nation of 1.2 billion people, but reality has fallen short of expectations.

"We are at the gates --- offering a new form of transportation to the people of India," said a proud Tata chairman Ratan Tata at the unveiling three years ago of the globally-hyped vehicle.

Tata, who spearheaded the Nano's development as a way to get India's masses off two wheels and onto four, was likened by some to Henry Ford, who revolutionised the US car market with the Model T.

But the Nano's fortunes have gone into a tailspin with last month's sales of the snub-nosed "people's car" plunging 85 percent from a year earlier to an all-time low of 509 units, despite a rapidly expanding vehicle market.

While the five-seater Nano, which hit the roads with a price tag of 100,000 rupees (2,500 dollars), has battled troubles such as fires in some of its cars and production delays, other small cars have boasted impressive sales figures.

In November, 33,000 of the next cheapest car on the market, the Alto from Japanese-owned market leader Maruti Suzuki, drove out of showrooms even though they cost twice the price.

In an effort to get the Nano back on track, Tata Motors this month offered a "Tata Nano Happiness Guarantee," more than doubling its warranty to four years from 18 months, and throwing in a maintenance contract for just 99 rupees a month.

The company, India's largest vehicle maker, followed up that sweetener with "fast-track" financing for buyers wanting loans to purchase the car -- allowing loans of up to 90 percent to be approved in just 48 hours.

The Nano's woes began even before it rolled off the assembly line when farmers in communist-ruled West Bengal state, led by a charismatic opposition leader, protested that they had been forcibly ejected from their land to build the Nano plant.



Tata Group Chairman Ratan Tata poses with a Nano car during the vehicle's launch in Mumbai.

Tata Motors, which also owns premier British marques Jaguar and Land Rover, was forced to abandon its nearly completed factory and shift to the western state of Gujarat, meaning production of the first 100,000 cars was badly delayed.

Recently, the car's image has been hurt by a series of fires -- one of which was replayed frequently on Indian television, showing a Nano engulfed in flames.

"Quality perception over safety of the car could be a concern," Mahantesh Sabarad, analyst at Mumbai's Fortune Equity Brokers, said.

There were no injuries as a result of the

fires and a company spokesman insisted that the Tata Nano is a "safe car with a robust design."

Tata Motors has announced a free safety upgrade involving new features being added to the exhaust and electrical system.

"The car needs a lot of image engineering," said automobile commentator Murad Ali Baig.

Another problem is that the Nano's price has gone up from the nice round launch figure of 100,000 rupees as a result of a rise in input costs, to 137,000 rupees for the basic model without air conditioning.

The cheapest Nano with an air condi-

tioner is 160,000 rupees.

"For the price of Nano, there are good second-hand cars on the market with air conditioning," Baig said.

Analysts say that Tata Motors, with its deep pockets, still has the capacity to turn around the fortunes of the Nano, which is just 3.1 metres long but has won rave reviews for its spacious interior.

"The really good thing for Tata is that those people who have the car are happy with it. Word of mouth is a slow process but I still think the car has potential," said Hormuz Sorabjee, editor of India's leading automobile magazine Autocar.

## India is new top stop for world leaders seeking deals

REUTERS, New Delhi

A host of world leaders trooped into India over the last few months, including Russia's president on Tuesday, to strengthen relations with Asia's third-largest economy, attracted by its booming market and growing diplomatic heft.

Like a revolving door, India has hosted every major world leader in the past six months. All United Nations Security Council permanent members or BRIC countries of emerging economies have had their leaders visit India, the world's second fastest-growing major economy after China.

Britain, the United States, France and China have together secured around \$50 billion in deals ranging from defence, energy to telecoms. Once Moscow's agreements with New Delhi on Tuesday are counted, this figure could well double, including nuclear reactors and supersonic fighter aircraft.

When Chinese Premier Wen Jiabao said the 21st century belonged to Asia during his visit to India's capital last week, he did not refer to just China.

"It's very simple. We're the new kid on the block," a senior Indian diplomat told Reuters.

"The stars are all aligned. We're opening up at the right time in history and no one wants to miss this opportunity. The revolving door won't slow down anytime soon."

Analysts say it is the ability of India to bring some substance to the table, partly because of its growing confidence on a global stage, which has put it in focus.

That aspect was on display in climate talks in Mexico this month, where India sought to break the logjam by suggesting all countries should agree to binding carbon emission cuts.

But while such issues underscore India's growing relevance, the country's long-term goal is to find a place at the high table of global powers and be taken as seriously as China.

"Everybody wants business deals and a degree of political and strategic cooperation with India, and especially for the Americans, India's possible role as a counterweight to China is very important," said Praful Bidwai

## China's Wen seeks to assure public about inflation

AP, Beijing

Chinese Premier Wen Jiabao tried Sunday to reassure the public about the government's ability to control inflation, a day after China raised interest rates amid worries that rising prices could hurt social stability.

Wen's remarks underscore the government's concerns about anger over inflation - an especially sensitive topic in a society where poor families spend up to half their incomes on food. Rising incomes have helped offset price hikes, but inflation undercuts economic gains that help support the ruling Communist Party's claim to power.

"I can tell everybody, the government has complete confidence in tiding over this difficult stage together with the masses," Wen said while taking questions from callers during a visit to China National Radio's offices, according to a report on the station's website. The callers were not identified by name.

Wen expressed confidence in the government's ability to control price increases, pointing to large grain reserves as well as moves to support production by reducing and waiving taxes.

He also mentioned the government's twice raising interest rates and hiking the banks' reserve requirement ratio -- meaning they have to hold more deposit funds in reserve rather than lending them out -- six times this year to curb lending.

Wen also pledged to focus more efforts on easing home prices, acknowledging that measures taken this year had not been well implemented.

The government will work to increase the supply of affordable housing and will strictly control speculation in property, he said.

"I believe after a period of efforts, housing prices will be back to reasonable levels. I have such confi-



Wen Jiabao

dence," he said.

Wen, the leadership's most popular figure, also sought to demonstrate that the government recognises the problem.

Responding to a listener's laments about rising prices, Wen said: "Your words hurt my heart. Indeed, in recent times prices have risen across the nation, and under these circumstances, the lives of middle- and low-income earners are evidently more difficult."

The State Council, China's Cabinet, has been trying to rein in food prices by launching efforts to increase production of vegetables and other basic goods. Authorities are cracking down on hoarding and speculation they say are partly to blame for the price rises.

Inflation jumped to 5.1 percent in November, a 28-month high, despite a crackdown on speculation

and repeated moves to curb a flood of money circulating in the economy from massive stimulus spending and bank lending.

On Saturday, the government announced that the benchmark one-year lending rate will climb 25 basis points to 5.81 percent, while the one-year deposit rate will go up the same amount, to 2.75 percent - effective Sunday.

Chinese banks lent a total of 7.45 trillion yuan (\$1.1 trillion) in January-November and are certain to overshoot the government's official 2010 lending target of 7.5 trillion yuan.

A frenzy of lending over the past two years has helped China rebound quickly from the global crisis but, combined with bad weather and rising global commodity prices, has also complicated efforts to cool inflation.

## Apple, Steve Jobs hit new heights in 2010

AFP, New York

Apple dethroned Microsoft as the world's most valuable technology company in 2010 as its co-founder Steve Jobs soared to new heights with the touchscreen iPad tablet computer and the latest iPhone.

Britain's Financial Times last week named Jobs its "Person of the Year" and even US President Barack Obama joined in the plaudits to the 55-year-old chief executive of the Cupertino, California-based gadget-maker.

Jobs' appearance on a San Francisco stage in January to unveil the iPad capped what the FT called "the most remarkable comeback in modern business history."

"It wasn't simply a matter of the illness that had sidelined him for half the year before, leaving him severely emaciated and eventually requiring a liver transplant," the newspaper said.

"Little more than a decade earlier, both Mr. Jobs' career and Apple, the company he had co-founded, were widely considered washed up, their relevance to the future of technology written off," it said.

Obama, at a White House news conference on Wednesday, held up Jobs as an example of the virtues of the "free market."

"We celebrate somebody like a Steve Jobs, who has created two or three different revolutionary products," Obama said. "We expect that person to be rich, and that's a good thing."

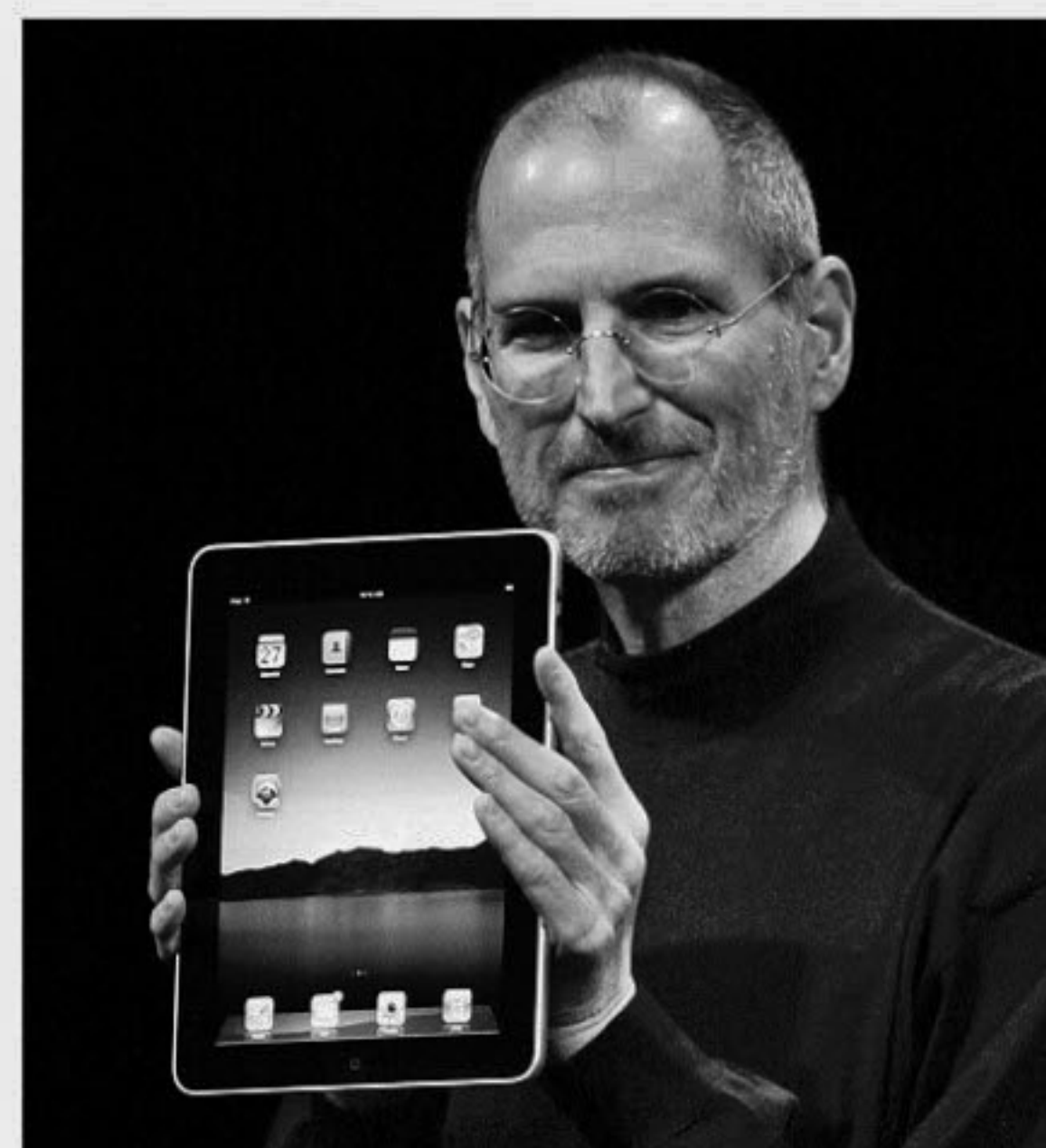
The iPad hit stores in the United States in April and Apple reported sales at the end of September of more than eight million of the devices that the FT said offer a glimpse into a world without a computer mouse or Windows.

Other technology firms are trying to match Apple's success with tablets of their own, including South Korea's Samsung, Canada's Research In Motion, maker of the Blackberry, and US computer giants Hewlett-Packard and Dell.

But none has yet to prove capable of preventing Apple from establishing the same dominance over the tablet computer market that it exercises over the MP3 music player scene with the ubiquitous iPod, introduced in 2001.

Goldman Sachs said it expects Apple to ship 37.2 million iPads in 2011 -- "which could potentially make Apple one of the largest vendors in the global personal computing market" -- tablets plus personal computers.

The iPad wasn't Apple's only hit product in 2010.



Steve Jobs

The iPhone 4, the latest version of the touchscreen smartphone introduced by Apple in 2007, sold 14.1 million units in the quarter which ended in September, up 91 percent over the same quarter a year earlier.

Even Apple TV, a product Jobs once dismissed as a "hobby," is notching up strong sales. Apple said last week that sales of the latest model of the set-top box that can stream content from the Web had topped one million units.

The rare blemishes on Apple's record in 2010 were its continuing inability to come out with a promised white model of the iPhone 4 and complaints of lost reception due to the radical antenna design on the device.

Apple shares, worth 10 dollars at the end of 2003, gained around 60 percent this year, closing at more than 320 dollars on Wall Street on Thursday.

In May, Apple surpassed Microsoft as the largest US technology company in terms of market value. The only companies with larger market capitalization than Apple's nearly 300 billion dollars are ExxonMobil and Petrochina.

Meeschaert New York analyst Gregori Volokhine described Apple's rise as "absolutely extraordinary" and said "every analyst has an even higher target price for next year, between 360 dollars and 430 dollars."

"Apple's more than just a company," Volokhine told AFP. "It's become a cultural phenomenon. The hard part now will be not to disappoint."