

Green cars headline auto show, but India not ready

Henry Foy and Devidutta Tripathy, Reuters

Music blared and white smoke swirled in the cavernous Tata Motors hall at the India Auto Expo as an excited crowd milled near a stage displaying the company's new hybrid car.

Most, though, were craning their necks to catch a glimpse of the carmaker's new gas-guzzling Safari off-roader being launched on the other side of the hall. Few seemed to notice the sparkling green-technology vehicle behind them.

Billed as an event to showcase new environmentally friendly vehicles entering India's auto market, about a dozen new hybrid, electric or alternative-fuel vehicles from global and domestic carmakers will debut at the bi-annual expo.

But for all the green glitz, most of these cars, trucks and buses are decades away from gracing India's roads, executives say. Blame a cost-sensitive market, a lack of on-the-ground support infrastructure, and little or no government support.

"India is very far away from using this sort of technology," said Kou Kimura, chief executive and managing director of Nissan-Renault India.

"It's expensive, and needs both government support and the necessary infrastructure to be possible."

Hybrid cars involve pricey technology that uses fuel engines and electric motors in tandem for greater efficiency. Electric vehicles need charging stations, and would require huge investments to equip a country as large of India.

France's Peugeot SA unveiled its hybrid 3008 car on Thursday, while Volvo Buses showed off its hybrid bus in India. Mahindra & Mahindra launched its range of Reva Electric cars on Friday.

"The Volvo hybrid is very much the solution cities and environmentalists have asked for," Akash Passey, South Asia managing director and CEO of Volvo Buses told reporters.

"We are ready. All we await is the demand and the direction from the authorities, so that we can apply this solution specifically to Indian needs."

EFFICIENCY, NOT EXPENSE

Global hybrid vehicle leader Toyota Motor Corp sold its 3-millionth hybrid car in March 2011. The U.S. and Japanese markets account for the overwhelming majority of hybrid sales.

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"India is ready for good fuel efficiency. But hybrid, no, I don't think so," said Andy Palmer, executive vice president of Nissan Motor Co, recognized as a global leader in low-emission technology vehicles.

"It's an expensive way of topping up the last 10 percent of a fuel engine's capability. Hybrid isn't the answer for India," Palmer said.

Wheeling out hybrid or electric vehicles to banks of flashing photographers and wide-eyed industry watchers is mainly a demonstration of a carmaker's technological prowess, not an indication of any expectations for sales.

Petrol prices in India have risen by almost 50 percent since January 2010, and carmakers in Asia's third-largest economy have invested in more efficient vehicles. Many car advertisements around the Expo highlighted fuel savings.

Bajaj Auto, a leading Indian motorcycle maker, unveiled its first four-wheeled vehicle on Tuesday, in a news conference dominated by statistics trumpeting its industry-leading fuel efficiency.

Tata, alongside its new diesel-hybrid Indigo Manza, also launched a hybrid bus, and unveiled a version of its ultra-low-cost Nano model that runs on compressed natural gas (CNG).

CNG was made the mandatory fuel for all public transport vehicles, including taxis, in India's capital city in 2004. The move has been widely praised and cited as the major reason behind a recent improvement in the city's air quality.

"LPG, CNG, these low-emission fuels are much more practical options than hybrid or electric vehicles, which India simply cannot afford," said Arvind Saxena, director of marketing and sales at the Indian unit of Hyundai Motor Co.

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