

Bangladesh to take Ambassador taxis, Business Standard, December 23

Hindustan Motors to enter neighbour's mkt, join hands with local group for assembly unit near Dhaka.



While there has been a sharp decline in the sales of Hindustan Motors' iconic Ambassador car in recent years, the oldest face of the Indian automobile industry may get a new lease on life in Bangladesh's taxicab market.

The CK Birla group automobile company has entered into an "in-principle understanding" with Bangladeshi business conglomerate Intraco Group. The latter is to assemble Ambassadors at a factory being built at Savar, near the Bangladeshi capital of Dhaka. The plant is to come up in two years.

"Initially, we will be exporting the Ambassador to Bangladesh as a complete built unit (CBU), which has already started on a trial basis. When the volume attains a certain number, we will also export this as completely knocked down (CKD). We have entered into an in-principle understanding with Intraco, which will do the assembling and marketing," said Manoj Jha, managing director, Hindustan Motors. "The taxicab market of Bangladesh is huge and we are sure this will augment our volumes.

Though Jha declined to comment on the volumes, an official close to the development said, "They will assemble 200 cars per month initially. Intraco is negotiating with the Bangladeshi government, which will buy the taxicabs. The number is likely to go up in a couple of years."

In 2010-11, HM sold 10,097 vehicles, compared to 11,003 in 2009-10. Sales of the Ambassador dropped to about 6,600 last year, compared to a little over 8,000 in the previous year. It has since further declined, with sales so far being only half of the previous year.

Once widely popular for both personal and institutional use, the Ambassador lost its popularity, despite India becoming a hot spot for global car makers. The car's diesel engines (1.5 litre and 2.0 litre) are yet to attain BS-IV emission norms, made mandatory in 13 major cities from April 2010.

According to a company spokesperson, work is on in collaboration with an European company to develop a Euro IV-compliant diesel engine and HM is expected to attain this by the end of 2012.

Meanwhile, it is working on a new-look Ambassador, with changes in both exterior and interior design, to attract the younger generation. The vehicle, which the company believes will help it stay relevant in the present market, is likely to be unveiled next year.

Apart from its Ambassador, manufactured at the Uttarpara plant near here, HM in technical collaboration with Mitsubishi of Japan produces the Lancer, Pajero, Cedia, Motero, Outlander and Evo X at Tiruvallur, near Chennai. Variants of its mini truck, the Winner, are manufactured at both Uttarpara and its Pithampur facility in Madhya Pradesh.

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