

Amby sales reflect Indian woes

The downturn sweeping Indian business has become so severe that even one of the country's industrial stalwarts - the **Ambassador** car - is feeling the pinch.

The country's oldest carmaker, Hindustan Motors, which makes the "Amby", a bowler-hat-shaped saloon modelled on the UK's 1948 Morris Oxford, has sold about 27 per cent fewer of the vehicles in recent months compared to last year.

"This trend started with the festival season in September and October. Diwali this year was a lot more conservative," said Soni Shrivastav, an official at HM. "This is usually a time when people splurge but that didn't happen this year."

The Amby's woes are being reflected across Indian industry, with the automotive sector bearing the brunt of the slowdown.

Car sales in October fell 6.6 per cent against a year earlier to 98,900 units. HSBC is predicting falls in car sales of around 4 per cent for the financial year ending March 2009 and 10 per cent the following year.

Tata Motors, the country's largest truckmaker and third largest car manufacturer by sales, announced temporary shutdowns at three of its plants this month to avoid inventory pile-ups. The group's share price is down more than 80 per cent this year.

Ashok Leyland, the number two truckmaker by sales, has followed suit by pulling down the shutters on its factories for three days a week for a month.

India's centre-left Congress party-led ruling coalition is keen to stop companies laying off staff because it must face an election next year.

This is despite a warning from the Assocham industry association that the country's corporate sector would be forced to retrench 25 per cent of its workers in the coming months.

Even companies in India's once-booming services industry are slowing down, with many limiting staff working hours as projects dry up.

HM sold fewer than 4,837 Ambassadors between April and end-October compared with 6,599 a year earlier (figures released by the company also include a small number of other brands).

Taxi and tourist car operators account for 65 per cent of Amby sales while the government accounts for another 20 per cent.

But the group does not expect a complete collapse in demand. The Amby benefits during times of political and economic insecurity. Its sturdy build makes it ideal for bullet-proofing, turning it into a favourite with politicians.