

Business & Finance

World's cheapest car' tag backfires for India's Nano

When India's Tata Motors launched the Nano in 2009, the concept of the "world's cheapest car" in one of the world's fastest growing auto markets seemed pre-destined for commercial success.

Logically, the strategy appeared faultless - offering an affordable solution to millions of aspirational lower-middle class Indian families wanting to make the social and practical leap from two wheels to four. But after several years of disappointing sales, it has now become clear that the snubnosed hatchback's unique selling point - its price - was actually a commercial sticking point.

Rather than embracing the Nano, the status-conscious consumer base that was its prime target has largely shunned the "cheap" tag of the \$2,800 vehicle and opted for slightly pricier rivals, or second-hand vehicles costing the same.

"A Nano is always bandied about as a poor man's car. Nobody wants to be caught with it," said Punnoose Tharyan, editor of India's Motown magazine.

Sales are far off the target of 25,000 cars a month, and the Nano plant, with an annual capacity 250,000 units, produces only 10,000 a month, according to R. Ramakrishnan, business head of Tata Motors passenger cars.

"The car didn't project the right image," said Indian automobile expert Murad Ali Baig. "Also, for the same cost as the Nano there are quite respectable second-hand cars - with air conditioning."

The base model, sold without air conditioning which is a disadvantage in India's searing

heat, costs 140,880 rupees (\$2,800). The premium version — air conditioning, central locking and power front windows — is 196,959 rupees.

The Nano ran into trouble from the start when a land acquisition row forced Tata to abandon a nearly completed plant and build another, badly delaying production. There were also safety concerns after a number of cars burst into flames.

Now Tata Motors, which also produces the British luxury Jaguar and Land Rover brands, has gone into damage control mode. Tata boss Ratan Tata conceded this month that mistakes had been made, which had fuelled the perception of the Nano as a "poor man's" vehicle.

"Whatever stigma has been attached to it, we will undo," Tata said, insisting that the Nano had always been intended as an "affordable, all-weather, family car."

To get sales on track, Tata has given the car a makeover, making it available in more colours, including "champagne gold" and "papaya orange," and sprucing up the interiors while keeping prices unchanged.

It has also offered a "Tata Nano Happiness Guarantee", which more than doubles the car's warranty to four years from 18 months, and throwing in a maintenance contract for just 99 rupees a month.

It is offering "fast-track" financing for buyers wanting loans to purchase the car - with loan approvals in 48 hours. Also, buyers can put down just 15,000 rupees (\$300) to drive a Nano out of the showroom.



Islamic banks spur Oman economy

Oman's first Islamic Finance and Banking Conference which was organised by Al Iktissad Wal-Amal Group in collaboration with the Central Bank of Oman (CBO) concluded yesterday. The two-day conference explored the core of Islamic finance industry and its economic and financing role to support the economy.

The conference brought together a wide range of participants from various Arab and Islamic countries to exchange experiences and knowledge in Islamic banking industry. Among the participants were governors of central banks, heads of regulatory and monitoring bodies, leaders of Islamic and commercial banking

institutions, representatives of foreign banks and investment companies, members of Shariah boards of international and Arab financial institutions as well as stakeholders in Islamic banking.

A number of elements supported the development and growth of Islamic financial and banking products and services such as the resilience of Islamic financial institutions to global economic and financial crisis, its flexibility towards implications and the availability of Islamic alternatives to conventional banking services and products.

It is expected the Islamic banking industry in the Sultanate will give impetus to national

economy to achieve accelerated growth rates and open new horizons for competitiveness in the sector.

This new concept of banking will also contribute to new job opportunities and to fulfil the expected demand for Islamic products and services in the Omani market.

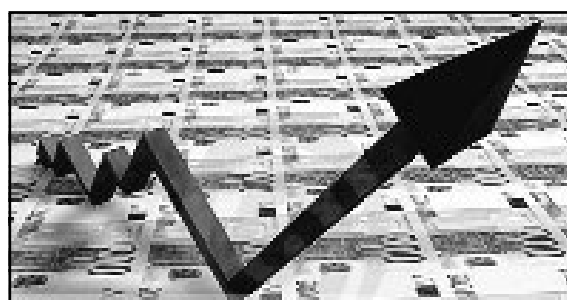
Furthermore, the Islamic banking industry serves the needs of customers seeking Sharia-compliant banking and financial products and services. Hamood bin Sangour al Zadjali, CBO Executive President, pointed out: "I think most of the local banks in the Sultanate will open windows for Islamic banking services in addition to foreign banks which may also set up new branches in Oman. The commercial banks will open only windows, but not full-fledged banks. Thus, those banks will practice Islamic banking within the rules and regulations of the CBO.

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TMW Market Data

As on: Wed 25th Jan

Currencies (£1 buys)

US Dollar	1.55600
Euro	1.19920
Saudi Riyal	5.83590
UAE Dirham	5.72437
Pakistani Rupee	140.46530
Bangladeshi Taka	131.48000

Commodities

Gold (£ per gram)	34.22
Silver (£ per ounce)	20.50
Cotton (\$ per pound)	0.9630
Brent crude oil (\$ per barrel)	109.48

