

Daimler opens Indian plant, takes on local rivals

ORAGADAM: Germany's Daimler AG opened its first truck manufacturing plant in India on Wednesday (18 April 2012) to grab a share of the fast-growing market and challenge top Indian vehicle makers.



The plant, at Oragadam near the southern port city of Chennai, will have an initial capacity to manufacture 36,000 vehicles but will eventually nearly double capacity to 70,000.

"India is already the third-largest market for trucks in the world and will become number two by the end of the decade," Dieter Zetsche, chairman of Daimler's board of management, said at an inauguration ceremony.

"A strong presence in the world implies a strong presence in India," he added.

The German company, one of the world's largest manufacturers of medium- and heavy-duty trucks, will be going head-to-head against Indian companies Tata Motors and Ashok Leyland.

"Tata Motors and Ashok Leyland control more than 80 percent of the market," noted analyst Deepesh Rathore at IHS Automotive in India. "That said, they have no technological advantage."

Daimler plans to start manufacturing trucks at the \$915 million (700-million euro) plant later this year and introduce 17 truck models by 2014.

The Stuttgart-based company said its new "BharatBenz" range of commercial vehicles -- "Bharat" means India in Hindi -- have been designed and made especially for arduous road conditions and the demands of local users.

"Indian clients often demand by how much they can load over the authorised limit," Juergen John, production director at the factory said.

Production line workers at the factory will be paid about a tenth of their counterparts in Germany and engineers will take

home about a third, John said.

Daimler's BharatBenz unit will offer Indian customers a range of trucks from six to 49 tons and is expected to be profitable by 2015, the company said.

The plant's opening in India comes as Daimler seeks to take on European and Asian rivals globally in the promising truck segment. Indian truck sales total more than 300,000 annually.

The company will also offer financing and insurance for its trucks through a financial services subsidiary. By year end, the company's dealership network will encompass around 70 locations throughout India, Daimler said.

The truck designs are based on existing Daimler commercial vehicle platforms while Indian specialists developed the vehicles for the domestic market and assessed them "under the most strenuous driving conditions", the company said.

Source: AFP

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