
Indian carmakers ready to enter Russian market

RIA Novosti - 14/3/2008

The Indian automotive industry is ready to enter the Russian market, and soon Russians will also see other industrial goods from India, Rakesh Shah, chairman of the Engineering Export Promotion Council of India, told RIA Novosti in an interview.

Mr Shah led a delegation of Indian businessmen to a St. Petersburg technology show.

Q: Following the collapse of the Soviet Union, trade between India and Russia dropped sharply, and it was not until 2003-2004 that it gradually began to regain its previous levels. What do you think the prospects are for trade and economic cooperation between Russia and India now?

A: Our countries have a long history of business relations. After the downturn in the 1990s, Russia and India are again actively developing their business partnerships and trade. Last year, for example, our trade totalled \$3.5 billion, covering a large variety and volume of goods. By 2010, we want to achieve a turnover of \$10 billion. With regard to engineering products, this year we are planning to bring their sales to \$1 billion, a growth of 8%.

Over the past year, trade between our countries has increased 84%, compared with 68% in the previous year. In 2006-2007, exports for engineering products from India to Russia amounted to \$125 million, and their imports from Russia to India were \$900 million.

Q: What is the competitive potential of Indian goods, and specifically automotive products? A lot is now being said about a new innovative Indian product - the super-cheap car Tata Nano. In your opinion, is there a possibility for Indian automotive products to enter the Russian market?

A: Indian goods, including industrial ones, sell well everywhere. The international market has accepted their quality, and compared with our rivals we have an advantage in prices. China may be our competitor according to volume of sales and deliveries, but where high technologies are concerned, Indian goods are more competitive and higher quality.

The Tata Nano was designed and developed in India. It has sparked immense interest both at home and abroad. For the time being, the company Tata is unable to cope with the tremendous demand. As far as I know, it is now exploring co-production possibilities outside of India. The Indian auto industry is ready to enter the Russian market. Tata wants to corner the Russian market for commercial and passenger vehicles. The company's advantage is its optimum price-quality ratio.

For reference: the Tata Nano carries a price tag of \$2,500 (60,000 roubles).

Every year, starting from 2009, the company will manufacture 500,000 cars. The vehicle is 3.1 metres long, 1.5 metres wide, and 1.6 metres high. It is equipped with a two-cylinder, 33 hp petrol engine with a volume of 623 cubic centimetres.

Q: Could you tell us in a few words about the Council you head and its objectives? Also, what are you expecting from the St. Petersburg show?

A: Our Council promotes trade in engineering with Russia. It examines problems hindering trade relations between our countries and gives

recommendations on how to solve them. The main obstacle, in my opinion, is a lack of information about each other. Russia often does not know what happens in India, and India is not always clear about prospects in Russia. More than 290 companies from 13 countries are attending the show in St.

Petersburg. Our delegation is the largest and includes 142 companies and firms.

One of the main events of the first day was the opening of India Industry Days, when over 140 Indian industrial companies displayed ferrous and non-ferrous metal products, automotive parts, tools, chemical intermediates, computer software, and IT services.

Workshops and presentations were also held as part of the Indian programme. Indian suppliers attended a business contact exchange to make deals with large Russian companies.

The Council's goal is to help Indian and Russian businessmen and industrial manufacturers exchange information. The purpose of our current participation in the fair is to introduce Russian manufacturers and entrepreneurs and Russians in general to the possibilities of Indian engineering.

We have signed two memoranda of understanding with the St. Petersburg Chamber of Commerce and the Chamber of Commerce of the Leningrad Region, which will help to promote trade and economic cooperation between Russia and India.

Q: What do you think are the main problems in trade cooperation between Russia and India? How can we overcome problems related to inadequate financial links, lack of knowledge about the situation in Russia, and inadequate transport services between our countries?

A: The absence of close ties between Russian and Indian banks is a real obstacle to the development of trade and industrial cooperation between us. The banks must come to some kind of an agreement. When obligations undertaken by our banks are officially sealed, we can avoid the intermediary services of third country banks. And that could in turn reduce the cost of delivered goods.

I agree that one of the main hurdles in trade with Russia and CIS countries is the transport problem. We need to reach an agreement with all countries involved in the transportation chain of goods from India to Russia.

Information and connections are also a problem. More and more people are now visiting India and Russia. This show alone has been visited by about 200 people from India. We, in turn, constantly invite Russians to visit us. On the other hand, there is still the problem of obtaining visas, including for businessmen.

As soon as it is resolved, we can guarantee a considerable increase in the flow of tourists and businessmen to our countries, but the question must be settled at the governmental level. The Indian government is currently considering simpler visa regulations.

We know that Russia is a country where one can do business and make a profit.

Russia is one of the countries we work with. We sell our goods in Latin America, Africa and the rest of the world, but to deliver goods to America, for example, we need 20 hours, and to trade with Russia, six hours. Russia is an old friend of India, and I see no reasons why trade between our two countries should not develop.

You are familiar with the Taj Mahal, you like Indian tea, and soon I am sure you will be using Indian cars and other industrial goods.
