

India shouldn't prevent top tech from coming in: BMW head

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Six months after BMW India tragically lost its country head Rudratej Singh to a health-related fatality, Vikram Pawah, its new president, hopes to put the company back on track with the launch of the 2 Series, its entry-level sedan for the subcontinent.

In the luxury-car company's first interaction in close to a year, Pawah, who is president of BMW Group India, Australia and New Zealand, and who had also run the firm earlier, dismissed the speculation that BMW was de-prioritising India as a serious market for its cars by deferring overall charge to an executive also running two other markets from outside the country.

"We went through a crisis earlier in the year but India is a priority and the (management) board has made it clear that it remains a future growth market for BMW," Pawah said. The company will, as part of its product rollout, launch the latest 5-Series and the 6-Series GT in 2021.

"BMW will initiate its plug-in hybrid variants, starting with the X3

SUV, which will also come in diesel and petrol," Pawah said. "Our model line-up will be aggressive for next year and will lead the way," he said.

"Worldwide the company is planning to launch around 25 electric products by 2023."

In the recent past, BMW ran pilots in the country with i3 electric cars in various metro cities. The company has been studying the feasibility of selling them here.

Despite luxury carmakers operating in India for the past two decades, with brands like Audi, Mercedes-Benz, Jaguar Land Rover, and Lexus selling their products here, the volumes have been small, with the segment being less than 50,000 units. In comparison, the premium car segment is at least 18 per cent of the car market of over 1 million units in Australia. Part of the reason for this is the high rate of taxes.

In India as example, the new 2 series, which has been launched, costs ₹39 lakh against around ₹24 lakh in the US and that's the general price differential between prices in India and abroad for most luxury models.

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President of BMW
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rbhar but one shouldn't prevent top technology coming to India, either, and we would appreciate lower taxes," Pawah said. "The markets are being distorted, burdening Indians with excessive prices when they should be allowed to drive the latest the world has to offer."

BMW sources components in India, and runs a financial services division, a parts warehouse, and a

manufacturing factory in Chennai with a manufacturing capacity of around 14,000 units annually, Pawah added.

Kaushik Madhavan, vice-president, mobility, Frost & Sullivan, said ₹39 lakh was pricey for a car and earlier its other entry-level car, the 1 series, which was even cheaper, hardly drove any volumes and was discontinued. "If you look at the

dealer and network reach that luxury players have, it has always been metro and big cities but there is a realisation that upcountry markets with cash rich-customers in Tamil Nadu, Andhra Pradesh and more have greater buying potential for the future," he said.

"Saturation happens and then you're dependent on the replacement market in the next four years, which is limited right now in metro cities." This year, the passenger car market is likely to end with volumes down 20-25 per cent, according to a recent report by ICRA.

While the costs of ownership for all luxury cars have historically been high, Pawah said BMW averaged between ₹1 and ₹1.50 per km for that cost, making it more affordable than in the past.

Like most companies, BMW India had a decent first quarter but sales slumped after March, when the pandemic hit. Floor traffic and inquiries increased from July but BMW's management is betting on a recovery to be driven by the festive season as well as growing demand for personal mobility and lifestyles that lean towards driving holidays, Pawah said.