

Demand up despite surging prices

Car-makers unveil production plan

By Aamir Shafaat Khan

KARACHI, April 14: Car-makers have unveiled an optimistic production plan to their vendors for April to August in view of on-going booming demand and orders in advance from buyers.

An extraordinary interest is being shown by buyers who are really not worried over surging prices, and many are even paying premium on spot buying.

A leading car vendor said that the Indus Motor Company (IMC) plans to manufacture 4,315 units of Toyota Corolla in April followed by 4,590 units in May and 4,700 units in June.

The company also aims to manufacture 4,460 units in July and 4,280 units in August. Corolla XLI and GLi hold a major share in overall production of various Corolla models.

However, the 2010-2011 budget in June may result in a change in auto production plan from July onwards depending on the budgetary decisions.

The vendor said that the IMC also plans to roll out 406 units of Daihatsu Cuore in April, 560 units in May, 490 units in June, 440 units in July and 440 units in August.

Production of Toyota Hilux in April is planned at 200 units followed by 170 units each in May and June and 200 units each in July and August.

Senior General Manager Pak-Suzuki Motor Company Limited (PSMCL) Ashfaq Hussain said the company had produced around 18,500 units of all models in January-March this year and "it plans to cross 20,000 units in April-June to cater to the huge demand." He said vendors have been asked to maintain supply of parts and accessories.

He linked rising sales and production of cars to rising demand from growers after a good crop of wheat, cotton, rice etc.

Increase in home remittances in July-March 2009-2010, resumption of car financing by some banks and slight improvement in law and order situation have also boosted

consumer confidence.

Car sales soared by 41.3 per cent in July-March 2009-2010 to 86,483 units as compared to 61,185 units in the same period of last fiscal year.

Trucks production and sales surged to 2,521 and 2,652 units in July-March 2009-2010 as compared to 2,169 and 2,175 units in the same period of last fiscal year.

Bus production and sales improved to 474 and 504 units from 408 and 451 units.

Director Sales and Marketing Hinopak Motors Limited (HML) Mohammad Irfan Shaikh said overall truck and bus sales and production is likely to improve by 10-15 per cent in April-June as compared to January-March 2010.

The economic situation in the country has retracted demand nearly from all sectors of economy and automobile sector in this respect is no different.

The bus and truck segment has specifically retracted by a considerable margin. This is evident from the fact that market demand from April 2009 to March 2010 decreased by 14 per cent compared to last year from 5,070 units to 4,351 units. However, HML sales have approximately stayed the same.

As a result, the market share of HML has grown from 51 last year to 59 per cent in 2010.

Irfan said demand in 2010 improved to a certain extent in the quarter January-March 2010, and the truck and bus segment grew an appreciable 45 per cent from 941 units to 1,369 units over the past year's sales during the same period.

This increase is owing to improvement in economy which went into turmoil last year and is now showing signs of recovery.

The truck market grew by 47 per cent and bus market by 36 per cent over last year's sales for the same period, reflecting demand from government authorities for bus units to run transport projects in the city.