

India car sales soar but where are the roads?

NEW DELHI: Even with its economy cooling, India's car sales are forecast to go into overdrive, creating a huge challenge for the government to modernise the country's antiquated road network.

The shift toward vehicle ownership in the country of 1.2 billion people has reached a tipping point, driven by increasingly urban, affluent and aspirational first-time buyers, according to global research firm LMC Automotive.

Many millions "are crossing the wealth threshold to the stage they can afford cars", said Pete Kelly, managing director of LMC Automotive UK, adding "short-term variations in economic growth aren't likely to get in the way".

LMC projected light vehicle sales — cars, sport utility vehicles and light trucks — will quadruple to 11 million units by 2020 from 2.7 million in 2010, in a paper presented at an automotive conference in New Delhi in September.

The forecast surge comes as global automakers have been betting big on Asia's third-largest economy, spending billions of dollars on plant investments, as they aim to offset saturated Western markets.

"The fundamentals are here, the potential is here — we have to be here," John Chacko, chief India representative of Germany's Volkswagen Group, told AFP on the sidelines of the conference.

Right now, just 11 Indians per 1,000 own cars compared with more than 500 per 1,000 in the United States, according to the Society of Indian Automobile Manufacturers.

"Buying a car is not just transport but a status symbol — it shows your neighbours you've entered car-driving society. It's a sign you've arrived," Buvneesh Bedi, a sales executive at a Japanese showroom, told AFP.

But more cars pose big problems for India, which lacks a modern road and highway network and where air pollution in some cities is already sky-high.

Bullock carts, cows, bicycles and rickshaws frequently compete for space with hulking SUVs, cars and trucks on India's potholed streets and highways.

The traffic mayhem has given India the unenviable claim to having among the world's most dangerous roads. Some 135,500 people died in 2010 in road accidents and 527,500 were injured, according to latest government figure.

"Our cities were never built for a large number of cars," Sarbojit Pal, a fellow at India's Energy and Resources Institute, told AFP. "What's required is a lot more planning, a lot more investment from government and private players."

But India's abilities to meet the challenges are in doubt.

The government set a target in 2009 of building 20 kilometres (12 miles) of highways a day, but a parliamentary panel in March called the goal a "distant dream" with the pace of construction being just 10 kilometres.

"The National Highways Authority is not in a position to complete any project... within the scheduled period, although financing has not been an issue. It is adding project after project without achieving the targets," the panel said.

India last month opened a new six-lane, 165-kilometre highway halving travel time between New Delhi and Agra, home to the Taj Mahal — the nation's famed monument to love. The project, however, took nine years to finish.

The government aims to spend nearly \$1 trillion to upgrade India's shabby roads, airports and ports and other infrastructure over the next five years.

A top priority should be creating more public transport, said Anumita Roychowdhury, executive director of India's Centre for Science and Environment.

"Even if people buy cars, they need other options to using them," she told AFP. "Otherwise, car growth will be unsustainable from a health, pollution level, traffic fumes and liveability aspect. Road congestion will be unbearable."

Even with worries mounting about India's "infrastructure deficit", car buyers are unlikely to be fazed by the bumpy road ahead, said Roychowdhury.

"We're at the take-off stage," she said.

Sunil Kumar, 24, is a typical first-time buyer.

Now a bank customer relations manager and about to marry, Kumar said he can finally afford to trade in his motorcycle for a small car — India's hottest-selling segment that makes up 70 percent of the market.

"It's a great feeling to be able to buy a car," he said as he gripped the steering wheel of a shiny new hatchback in a Delhi auto showroom.