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Maruti Alto To Take On Tata Nano



Maruti Suzuki could slash the price of its largest selling model, Alto, as it looks to take on the Nano, the world's cheapest car being rolled out by rival Tata Motors with a price tag of Rs 1 lakh later this month. The Alto, whose entry model costs Rs 2.3 lakh, might not be priced as low as the Nano, but will see "a significant price reduction. The decision to pit its best-selling model against the Nano is a major strategy shift for Maruti. The market leader was expected to cut prices of the M800 to counter the Nano. But Maruti has decided that it's too expensive to upgrade the M800 to meet the Euro 4 emission norms.

However, any cut in Alto prices will not be immediate and Maruti will wait to launch a full frontal battle only after Nano volumes gain critical mass. This can happen only in 2010, when the Nano mother plant at Sanand in Gujarat goes on stream. Until then, Tata Motors is likely to produce only 3,000-5,000 units of the Nano every month from its plant at Pantnagar in Uttarakhand.

A Maruti spokesman did not confirm or deny the plan, only saying, "We don't comment on our product plans."

In 2010, 11 cities in India will embrace Euro 4, and the M800 will be phased out from these markets. As the rest of the country moves to the new emission standard, the M800 will slowly be phased out countrywide. The M800's Euro 4 non-compliance is the reason why Maruti has to pit its best-selling model against the Nano, slated to be launched on 23rd March.

India's largest-selling model, the Alto standard, is priced at Rs 2.3 lakh. It has an 800cc engine, no AC and no power steering. The Nano standard version has a 624cc engine, but is expected to be priced Rs 1.2 lakh lower. Maruti sells around 2 lakh units of the Alto a year on an average. Alto sales recently crossed 1 million units.

Maruti's price aggression in the face of competition isn't new. When the Tata Indica was rolled out 10 years ago, Maruti reacted by cutting the price of its then best-seller, the M800, by Rs 25,000 to take on the Rs 2.95-lakh Tata car. Post-rebate, the M800 was priced around Rs 1.8 lakh, substantially cheaper than the Indica.

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