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04:05 PM | 22 DEC 2014
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25,260.00 ▼ -125.00

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66.32 ▼ -0.03

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Tata shuts Nano plant in Gujarat for 35 to 40 days as inventory piles on low demand

Ketan Thakkar, ET Bureau Jun 14, 2014, 10.09AM IST

Tags: Wholesale price index | Tata Nano | Tata Motors | Sanand plant | net worth | Insurability | Gujarat

MUMBAI: Tata Motors has shut its manufacturing plant in Sanand, Gujarat, where the Nano is manufactured, for between 35 to 40 days on account of low demand and a resultant inventory pile-up, as well as an ongoing retooling activity to manufacture a new version of the Nano for the festive season.



[Tata Motors has shut its...]

The [Sanand plant](#) is also being rejigged to manufacture hatchback and compact sedans based on a platform known as Kite. These models, which will compete with the Maruti Celerio, are slated for launch in 2015.

Tata Motor has been operating the Sanand plant 2-3 days a week over the last six months periodically on account of low market demand.

"The company has had to take some tough measures. This includes keeping the plant shut instead of pushing inventory and incurring further loss. The company has been producing 2000 to 2400 cars every month for the last 6 months, but a zero schedule for June was a surprise," a person aware of the development said.

"As with all our plants, the Sanand facility is closed as per annual planning for routine upgrades, maintenance and adding of tooling flexibility for new variants. The period for this kind of maintenance work may vary and range from 3-6 weeks," the Tata Motors spokesperson said.

Experts say a shut down for as much as 35-40 days shows lack of demand as in modern automobile plants maintenance should not take that long or even retooling for a new car.

Described as the people's car, the demand for Nano has languished. The production in FY-14 was the lowest at 21,538 units, (see table) which is not even 10% of Sanand's annual capacity of 2, 50,000 units.

The company has inventory of at least 8,000 to 10,000 units with even some of the cars made in 2013 not managing to find buyers yet.

The spokesperson said as per policy they cannot share the specific inventory numbers of a particular brand, but added that they have seen a significant cut in inventory over the last 3 to 6 months.

A CNG version of Nano or the Nano with power steering did infuse some interest in the brand,

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with monthly retail sales improving from 1000-1500 to the current level of 2,000 to 2,500 units.

The company for its part says, "We have seen a good pick up of the new Nano Twist and we are beginning to see stronger retail sales with its repositioning as the smart city car".

The company is persevering with the Nano and plans to introduce an automatic variant. In addition there is a 1.05 litre Nano as part of the pipeline.

Built to produce one Nano a minute, the Sanand plant was set up with an investment of Rs 2,000 crore.

"Through different variants which include a Nano with an automatic transmission, touted as India's cheapest automatic car, the company aims to bring Nano up to respectable volumes of 5,000 units a month. In addition to this, Tata Motors in a bid to rustle volumes may make the new X0 or Kite model. This way, the utilisation of the plant will go up and the loss the Sanand plant is incurring can also be reduced," said another person close to Tata Motors.

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Readers' opinions (240)

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Rakesh Sharma (New Delhi)
25 Jun, 2014 03:10 PM

It is part of production planning.

Abhay Kumar Pradhan (Lucknow, India)
17 Jun, 2014 02:52 PM

Instead of facing lot of recurring expenses by keeping the plant shut .Tata should reduce the cost of competitive Nano which was only 1 lakh & after revised cost which is now nearing other companies n

Mohit Jain (jaipur)
16 Jun, 2014 11:01 PM

people get bored with the current version of Nano , they want something lucrative

yajvendrasinh chauhan (toronto)
16 Jun, 2014 10:27 PM

Majority people buys car for social status not for comfort. Nano does not fit in the window of social s families of 4 or 5 member.

SumanSingh (Delhi)
16 Jun, 2014 07:47 PM

START EXPORTING THE CAR. Why are you only dependent on Indian market, explore the african marke countries will buy 10,000 cars per month alone. Then, there is east european countries like czech and efficient cars.

Mohit Jain (udaipur) replies to yajvendrasinh chauhan
16 Jun, 2014 11:00 PM

You are right, Nano is not an efficient car being small cannot attract the customer to larg