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I'm in a lonely phase of my life: Ratan Tata

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Ratan Tata stands next to the [Tata Nano](#) at its launch at the 9th Auto Expo in New Delhi. (Pic courtesy: Percy Fernandes)

Competitors scoffed. They said it couldn't be done, it would take a miracle to make it happen. Today, Tata Group chairman Ratan Tata is having the last laugh. On the eve of the launch of the Nano, in a freewheeling conversation with TOI, Tata looks back on the four-year journey that led up to the most eagerly awaited launch in the history of India's automobile industry — and discusses his vision for the group, why this would be an ideal time to retire, his search for a successor, rivalries that may have stymied Tata projects and how the Jaguar deal fits into his gameplan...

Q: Are you feeling more apprehensive now than you felt at the launch of the Indica?

A: Not really. At that time, we did not know if the market, which knew us as a truck manufacturer, would accept us as a carmaker. We took somewhat widely publicised goals at that time. So at that time we were more nervous than we are today.

A car-azy idea

Q: What sparked off the idea?

A: In this particular case, you could not help but notice there were three-four family members on a scooter with a kid standing in the front, the guy driving and his wife sitting side saddle holding a little kid. When you are driving a car, you say to yourself to be careful, you know they may slip and fall. Add to that slippery roads and night time riding and you have a reasonably dangerous form of transport. That does not mean scooters should not exist—it's an evolution of bicycles and it's the path to prosperity. But, scooters as family transport seemed dangerous. I asked myself if we could put two wheels at the back to give the scooter greater stability. Would it make it safe for the occupants if you put a bar over the top? Last year, I was at Bertoni and to my surprise I found that BMW had produced a scooter with the same safety bars that I had thought about with rubber bumpers on the side and a seat which had a seat belt. Apparently it was not successful and BMW withdrew it.

I set about thinking if we could make a four wheel vehicle from scooter parts. At an ACMA (Automotive Component Manufacturers Association) meeting I even suggested an Asian people's car—a really low-cost car that Malaysia, Indonesia and India could produce jointly. I got no response. The only person who showed encouragement was [Hero group's] Brij Mohan Munjal, but we never really took it further. We found later that using scooter parts is a real limitation.

So we changed tack. We decided to look at everything from scratch. I thought that we could have a car made from engineering plastics that would not be welded but use adhesives. But some of these concepts did not lend themselves to costs or volume manufacturing. So we moved on to a more conventional kind of car.

That led us to configure a small car which would be a full-fledged car. We started again in an evolutionary way. It started with a concept of being a four-wheeled rural car. Do we have roll up plastic curtains instead of windows? Do we have openings like autorickshaws have instead of doors, but have a safety bar? We had many such early concepts and we finally decided that the market did not want a half car. If we wanted to build a people's car it should be a car and not something that people would say, 'That is a scooter with four wheels or an autorickshaw on four wheels'. And so we decided to do a car and really pare the cost.

Breaking on through

Q: What were the most challenging moments?

A: Perhaps the bigger, more visible issue is that we needed to benchmark ourselves against something. And we took the Maruti 800 as the benchmark in terms of acceleration—driveability should at least be equal to Maruti and in some areas it should exceed the Maruti. So we had to increase the size of the engine to give us

the kind of performance we have now achieved.

The rest were issues relating to costs. Where do you put the fuel tank? How close is the filler neck to the fuel tank? How much tubing to the fuel tank? Those kind of issues.

Q: Any examples of the breakthrough you talked about?

A: We haven't changed. It is a four-door car, five seat, rear engine and in many ways conventionally constructed. What has been done is in things like the door lock —it is the same lock on all four doors, they are not left hand and right hand door locks. When you see the car what will strike you is that we have packaged it really tightly. Most of the benefit we got on cost is because we used less steel. We just made the car smaller outside, yet big inside.

People's car

Q: Will this car change the group?

A: That's not what it was conceived for. The kind of thing you would do to follow on from this would be different fuels—can we produce an electric version of the car? Can we produce a small hybrid version and really make this car the platform for a new set of personal transport needs? One thing we have established is that we have created an affordable personal transport that will take four or five people under all weather conditions, running on regular fuel and not on some exotic stuff.

Q: There has been criticism that this car will choke congested roads. Is that an elitist view?

A: We produce about 7 million two-wheelers a year. Today we must have 60-70 million two-and three-wheelers in the country. Last year we produced about 1.4 million cars and at some point we will exceed two million. Well, nobody says anything about that. It is only this car that is being targeted. You may say, 'Well, the two-wheeler takes less space.' Our car pollutes, if not less, then certainly not more than a two wheeler—not per passenger but as a vehicle. Our engine conforms to Euro IV and Bharat III—all two wheelers are Bharat II today. So, yes you may take a view that this small car will take less space than a large car. It will carry four people instead of the normal two on a scooter and therefore, instead of two scooters, you will have one car on the road.

That criticism also assumes that the small car will not replace a bigger car. You produce two million cars and you produce half a million small cars, so you produce 2.5 million cars. That's not how it is going to work. We will cannibalise some of the existing low-end cars and two-wheelers, and even some of our own cars. The Indica too is going to feel the effects. So it will not be that it will be on top of everything and there won't be a square inch of space on the road.

Second, we are looking at congestion in the top major cities. Have we got affordable family transport in the two tier and three tier cities? Is it their lot not to have a vehicle? The huge potential lies when India gets connected in the rural areas.

Q: Who are your potential customers?

A: Rather than look at it geographically, look at who might be the buyer of the small car. If you look in the US or Europe, in some garages that have a Bentley or two, or a high-end Mercedes, you may also find a Smart (a subcompact car from Mercedes). Because that person thinks that it is a fun extra car to have. Then you may have a person who needs utilitarian transport and is not looking for a lot of creature comforts. Then you look at someone who is thinking of owning or owns an existing small car—to him this makes sense because it is more fuel efficient and costs less. On the other side, you have someone who aspires for a car. And this can come from anywhere in the country.

The lonely road

Q: Over the years that one has observed you, what comes to mind is the loneliness of the long distance runner. Has it been lonely?

A: Yes, it is interesting that you say that because it says a lot. Perhaps the loneliest time was during the Tata Tea issue in Assam. For some reason everyone believed that we had conspired with the extremists, ULFA. People still believe what they read is necessarily the truth. Sometimes it is based on inadequate or wrong information.

The Rajan Nair strike in Pune, which was about 15 days after I became chairman of Telco, also was a very lonely period. Everything revolved around our taking a stand that we wouldn't negotiate with an outsider. Many of my colleagues could not understand why. Had we discussed with him, we would have lost the company to him because he had his own army that would beat up people.

If I look at this particular project or if I look at Indica, my friends overseas said that it cannot be done, it has not been done before. When the Indica was under production, my friends here said that you will produce a lemon. They started to leave me alone, they begged me to distance myself from the project. If things get ok, then of course everybody is your friend again. But it gets, just as you said, fairly lonely.

On this car, there was a fair amount of ridicule when the project started. People said that it can't be done. As one went along and it became clear that something was happening and that we were going forward, suddenly, sadly, everybody is against the small car. It is going to pollute, it is going to congest, it is going to impair safety. What are the crumple zones on scooters? The helmet is the only crumple zone I can think of. But, we decided to make a car that will not compromise. We designed a car that would meet all international norms on safety. It will meet emission standards—not only today's Indian standards but also Euro IV, as it stands today. We have a very fuel efficient engine, which is no big deal as we have a very small engine that can be expected to be fuel efficient. It is also going to pollute less. It is a 33 hp engine and gives you around 50 miles per gallon. It is not too bad for a car.

Fortunately, we have not sought any crutches in terms of concessions. In fact, we have done more than many of the so-called small cars or micro cars have done in Europe, which don't meet many of these criteria. So we feel quite pleased.

Right now, I am in a very lonely phase. It's attracting a lot of attention, positive and negative. Everybody is taking potshots at this.

Q: But, you also have a lot of people emulating your idea. Renault, for instance, wants to do a \$3,000 car.

A: In all fairness, Carlos Ghosn has been the only person in the automotive area who has not scoffed at this. He has, from day one, said that this could be done only in a place like India, and was not possible in Europe.

Crowd management

Q: What if other car markers enter the space?

A: The same kind of paradigm change that took place at the time of Indica will happen now too. If Bajaj and Mahindras and whoever produce other small cars, there will be three or four brands for people to choose from. I don't believe Tata Motors can fulfil the entire demand in the country.

Q: In terms of differentiation what would you do to signal that to the customer?

A: The one thing I wish to do is to have several follow-on products. Move upmarket because we have a big advantage from a very low base. So we add content to this. I feel that there is a market, maybe outside India, for a fully loaded car with power steering, automatic transmission, air conditioning, power windows and a bigger engine at a far lower price than what is available elsewhere. We should be able to address that kind of market also.

Q: But most people are fixated on the Rs 1 lakh figure.

A: That's for India.

Q: Was the Rs 1 lakh tag deliberate?

A: No. At the Geneva motor show, a reporter asked me about the car and then asked me what it would cost. I said about a hundred thousand rupees and it got flashed. That's how it happened.

Q: Everyone is now saying that the volume driver will be cars that are priced well over Rs 1 lakh—closer to Rs 1.5 lakh and above.

A: We will have different variants with our offering so the customer will have a choice.

Q: Would you say this is the biggest thing you've done?

A: I think so. Because more new ground has been broken here than in Indica.

Q: Bigger than the Corus deal?

A: Corus was a transaction. It got a lot of visibility but we didn't build anything. There is a different level of excitement when you are building something.

Changing gears

Q: You have been quoted in the last couple of weeks that this would be an ideal time, after the small car launch, to step down...

A: No, no. All I said was that in everybody's life, there are certain moments of satisfaction; you feel that after that has been achieved, it is a nice time to step away—to change gears. In an ideal world, an occasion like this would be a good time to step away. I didn't say that this was what I could do. You achieved something, it is successful, it's a nice time to leave because you may not have the luxury of being able to do that (later). And you don't want ever to have a situation when somebody sort of whispers, when is he going to leave?

Recently, I have had occasion to meet Michael Schumacher several times. I asked him, are you sorry you retired? He said, 'No. I am very pleased... I retired at the peak of my career. How much more could I have done? I may have gone down. I am now test driver for Ferrari. I am enjoying what I am doing, I am enjoying my new life, I am really enjoying myself.' I think there is a lot to be said for that. You don't want to fade away by hanging in there too long. You would love to go on the back of something that is exciting or a great achievement. It is so selfish also. (Smiles.)

Q: After so many years, it's in the last few years that things have started to come together. Don't you want to consolidate?

A: I would prefer to just say I wish I was 10 or 15 years younger, but not to do what you said. Today the country is really on the move. Hopefully, it will keep moving in that direction but maybe it will taper off. You can't say that just by staying you will keep making things better. And that should not therefore be the reason to stay.

Let me take a hypothetical situation. Suppose I had spent the last four years on the dream project and it didn't happen. [That would have been] a tremendous disappointment but it could happen. I think there comes a time when you feel you need to leave. If things don't happen it means you go out in disgrace. There are times when you feel that in an ideal world this would be a nice time.

Signaling change

Q: Ten years ago, I asked you about your successor. You had said ideally he should be in his early-to mid-40s and you'd give him two-three years to take over. Didn't you find someone who fit the bill?

A: I needed more time. The reason Mr A or Mr B, or Ms or Mrs C, is not named is because to do that too early is also bad. Because that person is then asking the question 'When are you going to leave?' Secondly, those who may want to unseat that person will be hard at work trying to make that happen. I think a year or 18 months before, the thing should be announced or the person should be anointed and one starts to give that person a chance to operate.

Q: Do you have someone in mind?

A: I have several people in mind. I have a problem finding the right person.

Q: Would you ideally like someone from within or outside?

A: I think it should be an open issue. It should be the person who is best for us—could be from anywhere.

Q: Would it have to be an Indian?

A: (Laughs.) You are putting a lot of words in my mouth. It need not be an Indian. I think it would be a good thing if it was an Indian, as ours is an Indian company. But, we are trying to be an international company so theoretically, it could be a person from anywhere. But culturally, 200,000-odd persons are in India, so he or she needs to have an akinness to India.

Looking at new vistas

Q: You have made the point before that you would like to create more intellectual property right in the group. What are the barriers?

A: Challenges need to be given to an organization. Let's just stop at Tata Motors for a minute. In developing the small car, we have filed 40 patents in relation to small cars. Tata Motors last year filed some 200 patents. The year before we filed 30. If I go back a few years, we didn't file any. If there are challenges thrown across, then some interesting, innovative solutions are found. Without challenges the tendency is to go on the same way.

Q: In terms of your global ambitions for your small car, how do you plan to sequence it?

A: The first thing I would like to do is get a mature product in the Indian market and seed this market effectively. My aim was that I would produce a certain volume of cars and create a very low cost, very low break-even-point plant that a young entrepreneur could buy. A bunch of entrepreneurs could establish an assembly operation and Tata Motors would train their people, would oversee their quality assurance and they would become satellite assembly operations for us. So we would create entrepreneurs across the country that would produce the car. We would produce the mass items and ship it to them as kits. That is my idea of dispersing wealth. The service person would be like an insurance agent who would be trained, have a cellphone and scooter and would be assigned to a set of customers. This is just a concept. He will deal with their problems on a self employed basis and would be paid by the assembler and the customer.

It would be satisfying if the small car created 10-15 satellite groups of young engineers who could get together and do a business. They would never be able to get normally into assembly of cars. I think it will be a very satisfying thing for me to see them succeed.

What we will do outside India will be a conventional distribution system. Find an assembly plant and assemble the product in the conventional form.

Q: Will it be largely India-like markets?

A: The obvious markets overseas would be for the African market, some of the Latin American markets like Brazil, Argentina and some of the Far East markets like Malaysia, and Indonesia. Some say a contented product could be quite acceptable in Europe, but that is not the market that excites me so much.

Q: How have you changed as a person over the years?

A: I have become older. (Laughs)

Q: Apart from that?

A: I don't know... it is difficult to say. As you grow older, you become—everybody becomes—less inflexible and a little more accommodating. You also look at softer options.

Q: Do you think if the Singapore Airlines proposal had been on the table now you would approach it differently?

A: No, because there I think it was an issue of someone just making sure that our project didn't happen. If that were to happen today—if we had government officials who were very subjective in their demands—my reaction would be the same. We probably still would not have had an airline.

Q: You had hinted at some vested interest in the small car project also. Who did you have in mind?

A: [Laughs.] I have information and at an appropriate time I will come out with that. I will have facts and figures to back what I say.

Q: You see a clear pattern?

A: Yes.

Q: If the Jaguar-Rover deal comes through, how will Jaguar at one end and the small car at the other play itself?

A: I don't think the two will be looked at in continuity. It is possible that you can have high brands. First of all the SUV part of it is a fairly good thing on top of our business. The other side is the luxury car that we don't have and it would be a great mistake to try and integrate everything. I think it should be nurtured as a brand and hopefully it comes back to its previous image, which was a great image at one time...It gives us an entry into the high-end market. There are not that many stand-alone opportunities available. There weren't that many stand-alone opportunities available in the steel industry either. So when you see something, you decide you can make something of it. There is a risk of course.