

Volvo Buses plans \$80 million India investment

Written by AFP / The Swedish Wire

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BANGALORE, October 13, 2011 (AFP) - The Indian bus-making unit of Sweden's Volvo AB announced plans to invest four billion rupees (\$80 million) over the next five years to expand production in the key market.

Volvo Bus Corp. chief executive Håkan Karlsson told reporters in the southern Indian city of Bangalore that investment would fuel a five-fold increase in annual output in India to 5,000 buses from 2015.

"The investment is to expand our manufacturing capacity and introduce a new range of products in India," he said.

"With this kind of investment plan, India will emerge as the second biggest hub after China."

The Swedish firm entered India a decade ago to make heavy duty trucks, before moving into the luxury bus segment.

"Our target is to sell about 5,000 buses per annum from 2015 and increase revenue to \$1 billion (490 billion rupees) from 5.6 billion rupees in 2010," Karlsson said.

"We will also ramp up our workforce to about 5,000 people," he said, outlining plans to build a new plant.

The company currently has a large manufacturing unit at Hoskote, about 40 kilometres (25 miles) from Bangalore.

The company expects sales in North America and Europe -- its largest markets -- to remain weak and the company has increased its focus on Asia to drive growth.

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Truck and bus sales in India -- a key barometer of economic activity -- rose 18.05 percent to 70,634 units in September, according to data from the Society of Indian Automobile Manufacturers.