



Ford's days in India may be numbered

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The abandonment of a proposed joint venture between Ford and Mahindra & Mahindra could represent the beginning of a scaling back of Ford's presence in the Indian market.,

Clearly, the cancellation of the joint venture was driven by Mahindra's reluctance to invest new capital to take over Ford's two manufacturing facilities in India – a move that would have saddled the automaker with excess capacity and additional costs. Mahindra appears to have surmised that it was better served in allocating new capital to its own development of new SUVs, including electrified versions.

Ford, meanwhile, has stated that it wishes to pursue a much higher sustainable margin on a global scale, which implies somewhat tougher choices about future investment. This was evident from the automaker shutting production in Brazil in January, as we explored in our blog post entitled [Fim de uma era: Could the end of local production spell the end of Ford in Brazil?](#)

We immediately removed the planned Ford C-MPV from our outlook, as developing this new vehicle for a relatively smaller segment, without any assistance from Mahindra, would be financially difficult for Ford.

More recently, Reuters has reported that the planned development of the Ford B-SUV and C-SUV with Mahindra has been put on hold. This information differs from previous media reports suggesting that both projects had been negotiated successfully and were at a fairly advanced stage of development.

Because Ford is still weighing its options before taking a final decision, we have retained the B-SUV and the C-SUV in our forecast for the time being. But in lieu of cancelling the products, we have lowered their volume projections and now forecast a combined annual volume of around 11-15,000 units, versus our previous projection of 16-22,000 units.

Aside from these two SUVs, along with next-generation versions of Ford's existing limited product range, we do not foresee any new model programmes being added to the Indian market. The lack of sufficient product expansion in the country will limit the automaker's volume and exert additional pressure on its profitability.

In short, Ford's future in India looks somewhat precarious. The OEM has failed to make any significant gains in the local market, attaining a market share of just 2-4% in the PV segment over the last decade.

Its strategy of mostly focusing on one product at a time – one-hit wonders, if you will – in India mirrors the approach of other global automakers who have struggled in one of the world's most challenging automotive markets. Without the influx of a steady stream of new vehicles to enthrall Indian buyers, it is hard to win against the well-entrenched market leader Maruti-Suzuki and its horde of fiercely loyal buyers.

Not only that but Maruti-Suzuki's singular focus on India, together with its evolving strategy of moving upmarket to meet the diversifying mobility needs of Indian consumers with continuous product updates and expansions, has made the task of winning market share doubly difficult for global automakers like Ford, for whom India was always lesser priority. In fact, no other automaker in the world's largest vehicle markets has ever matched Maruti-Suzuki's stranglehold in India, as highlighted in our blog post entitled [The success of Maruti in India.](#)