



## **The micro-car: Tata Nano could change how the masses get around**

### **Tiny vehicle costs only \$2,000**

By Gal Luft

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It's 2 feet shorter than a Mini Cooper, has a comical appearance and weighs less than the four passengers it seats. But for the 350-million-plus middle class of India, the just-launched Tata Nano, the world's cheapest car at \$2,000, is a cause for exhilaration. And for the first 100,000 lucky customers drawn via lottery, it's a dream come true.

A century after Henry Ford put America on wheels with the Model T, the affordable Tata Nano is doing the same to the less privileged of the world. What is now dismissed by many as a "toy car" could soon reveal itself to be the mouse that roared, one of the most transformational consumer products of the century.

Roughly 100,000 Indians lose their lives on the road every year, seven times the rate of the developed world. In a country where it is not uncommon to see entire families overflowing a rickshaw or women in saris sitting side-saddle on a bike with small children on their laps, moving one's family from an unsafe bike into a plastic capsule is a sensible \$2,000 investment. Safety and affordability were what Ratan Tata, chairman of the Tata Group, envisioned for the Nano. The low sticker price means a 65 percent increase in the number of Indian families who can now afford a car.

But India is not the only hub of poverty, and what works for its middle class could appeal to those in Bangladesh, Pakistan, Sri Lanka, Guatemala, Congo and scores of other countries, including China, where the middle class is projected to hit 700 million by 2020.

Because of this huge potential market, and even though the Nano emits 25 percent less carbon dioxide per mile than a standard automobile, environmentalists are terrified by the micro-car. Nobel Prize winner Rajendra Pachauri, head of the Intergovernmental Panel on Climate Change, said he was "having nightmares" about the Nano and its potential to pollute.

But these concerns could be alleviated should the tens of millions of new micro-cars that will roll onto the planet's roads be able to run on something other than gasoline. There are many approaches here, from compressed air to batteries. All of them would increase the car's price and weight, making it less attractive to the poor. The only exception is the flex-fuel technology, which would allow micro-cars to run on any combination of gasoline and alcohol, as do most cars in Brazil today.

Flex-fuel technology would bump the price of the Nano by less than \$100. But it would allow Indians to grow their fuel rather than import it. Nearly half of India's land is arable, and it is already the world's second largest producer of sugar cane—by far the best crop for ethanol production.

Micro-cars with flex-fuel engines fed by domestically grown fuel would reduce poor countries' trade deficits, strengthen their energy security, create agricultural jobs and even reduce carbon dioxide emissions.

Micro-cars can be engines of prosperity in more ways than one. But only if they offer the world's poor more than the false hope of indefinite cheap gasoline.

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