

DEMAND FOR ELECTRIC MOTORS

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THE PURPOSE of this note is to examine the long-run demand-potential for electric motors in India. By "long run", we mean a period of five years which is also the time span used by the Government of India in its planning. The nature of the product and the time dimension involved are such that consumer surveys to forecast the demand potential for motors will be of little avail. Projections of demand trends must be based on the relationships between motor-demand and some meaningful independent variables which can be justified on economic and technical grounds. Because of the relatively long-term nature of the forecast, the focus will be on over-all demand-trends and not on detailed estimates of the demand for different types of motors.

The type of demand-forecast discussed in this paper will therefore be of use to the motor industry only in so far as it sheds some light on the rate of growth of demand for motors to be expected over the next few years. In setting production-targets for the industry, and in planning the expansion of production capacity, such forecasts have a useful role to play. To solve the short-run problems of production-planning and procurement, more detailed forecasts of the demand for different categories of motors are essential.

The present paper is broadly divided into four parts. In part I, the prevailing approaches to the estimation of motor demand in India are discussed. A critical appraisal of these approaches is attempted in part II. In part III an alternative forecasting model and the demand estimates derived from it are presented. The conclusions of the paper are summarized in part IV.

I. Current Approaches to Motor Demand Analysis

There are two different estimates of motor demand for the Fourth

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