

Led by PVs, auto sales rise 10% year-on-year: Siam

Easing of chip shortage and production ramp up keep PVs in fast lane

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Automobile despatches to the domestic market in July and comprising all categories increased 10 per cent year-on-year, said an association of manufacturers on Friday.

Automobile firms in India count despatches to dealers as sales. A strong run in passenger vehicles (PVs) including cars, vans and utility vehicles helped sales, said the Society of Indian Automobile Manufacturers (Siam) in its monthly statement. Improved availability of the semiconductors helped PV makers to ramp up production.

PV sales during the month rose 11 per cent to 293,865 units from 264,442 units a year ago as production increased to 358,888 units from 333,369 units. The sales volume does not include Tata Motors', which is the third largest in the pecking order.

Including Tata Motors, total PV sales for the month would have been 324,050 against 311,947 units in the same month last year.

A raft of new model launches in the SUV segment coupled with improving supplies of electronic and electrical components and a strong demand, have kept the PV sales in the world's fifth largest auto market in top gear for four months in a row. This is despite an incessant increase in the policy rates that have made borrowing costlier.

July 2022 was the seventh consecutive month when the headline retail inflation remained at or above the central bank's upper tolerance level of 6 per cent. The RBI panel jacked up the policy repo rate by 50 basis points to 5.4 per cent last week in its bid to tame inflation. Led by the utility vehicles, overall PV (includes cars, vans and UV) sales in Q1 surpassed the peak volumes of FY19, and are expected to reach a

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Segments	Jul 2021	Jul 2022	% Change YoY
Passenger cars	130,080	143,522	10.3
Vans	10,305	13,239	22.16
Utility vehicles	124,057	137,104	10.51
Total passenger vehicles	264,442	293,865	11.0
Three wheelers	18,132	31,324	22.16
Two wheelers	1,260,140	1,381,303	9.6
Grand Total	1,542,714	1,706,492	10.6

Source: Siam

new high by the turn of the current fiscal year.

Aggregate sales (all segments excluding commercial vehicles) rose to 1,706,545 units compared to 1,542,716 units during the month, the industry body said.

Improved sales of three-and two-wheelers came on a low base and volumes were lower than in 2006 and 2016 respectively, said Rajesh Menon, director general of SIAM, in the statement.

"The market for entry-level passenger cars, two-wheelers and three-wheelers are yet to recover." The third hike in repo rate to rein in high infla-

tion will make auto loans costlier, making it more difficult for entry-level vehicles to recover, he said.

Sales of two-wheelers during the month advanced 9.6 per cent to 13,81,303 units while that of three wheelers rose by 22.16 to 31,324 units year-on-year.

The government's recent decision to allocate a higher amount of domestic gas for CNG will help CNG-powered vehicles. "We hope that in line with the government's intent, the gas companies would pass on the entire benefit to the end consumers by reducing retail CNG prices," said Menon.