

Top two-wheeler firms see muted sales growth in Dec

5 major players log combined growth of 3% YoY; recovery to take a while, feel experts

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The country's top two-wheeler makers saw muted sales growth in December 2022, primarily due to tepid rural sentiment amid uneven monsoon, high inflation and slow post-pandemic recovery.

Five major two-wheeler makers — Hero MotoCorp, TVS Motor, Bajaj Auto, Royal Enfield and Suzuki Motorcycle — cumulatively sold 768,985 units domestically in December, just three per cent more than December 2021. (see table)

“High inflation and economic challenges impacted the rural economy and 2W (two-wheeler) sales,” said Mitul Shah, research analyst, Reliance Securities, adding that the two-wheeler industry’s recovery is much slower than expected and therefore, the pressure on unit sales will continue for the next quarter.

India’s largest two-wheeler maker, Hero MotoCorp, saw its domestic sales rise by just 1.84 per cent year on year to 381,365 units in December 2022. “The upcoming marriage and festive season in many parts of the country, and with the continuously improving consumer sentiment on account of favorable macro-economic indicators, the company expects a positive momentum to build up from the fourth quarter onwards,” the firm said in a statement.

However, Shah said there had been a pause in the improvement in rural sentiment due to uneven monsoon, which continues to impact the rural economy and Hero MotoCorp’s sales. “We expect 2W recovery to take some more time.

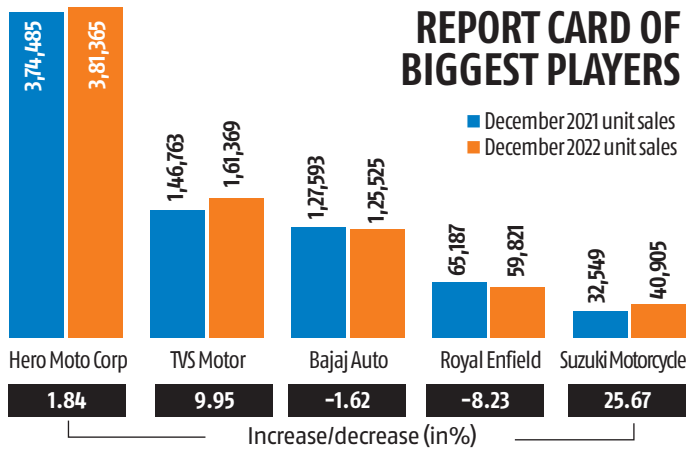


(month-on-month) basis... Channel check suggests that overall sales pick-up is slow due to subdued demand in rural markets and domestic inflation impacting consumption everywhere, except CV (commercial vehicle), 3W (three-wheeler) and tractor segments,” Shah said.

Suzuki Motorcycle’s domestic sales jumped 25.67 per cent to 40,905 units in December 2022. Its annual domestic sales in 2022 stood at 708,987 units, up about 15 per cent. Satoshi Uchida, managing director, Suzuki Motorcycle India, said the 25.67 per cent growth in December 2022 was “tremendous”. He added, “In December 2022, the company exported 23,007 units from India. This is the highest ever monthly export sales reported by the company to date.”

Royal Enfield’s domestic sales in December fell by 8.23 per cent. However, its annual domestic sales jumped by 27.7 per cent to 703,156 units in 2022. B Govindarajan, CEO, Royal Enfield said, “This has been a great year for us at Royal Enfield, and our performance throughout the year has been very encouraging in both domestic and international markets. After launching some best in class products like the Scram 411, Hunter 350, we are now all geared up to launch our most awaited cruiser - Super Meteor 650.”

Atsushi Ogata, CEO & MD, Honda Motorcycle and Scooter India (HMSI), had on September 15 said the cost of ownership for two-wheeler in India has increased drastically in the last five years due to the new emission norms, new safety regulations for advanced brake systems and commodity supply issues.



Low base, pent-up demand, expected softening in commodity prices would support demand gradually towards FY23-end,” he added.

India’s second largest two-wheeler maker, Honda Motorcycle and Scooter India, did not release its monthly domestic sales data on Monday. TVS Motor’s domestic

sales rose by 9.95 per cent to 161,369 units in December 2022. Bajaj Auto’s domestic sales fell by 1.62 per cent to 125,525 units in December 2022.

“The 2W segment’s performance was highly subdued, with flat to declining sales growth on YoY (year-on-year) as well as MoM