

With rising affordability, hatchbacks make a comeback

OPTIMISTIC. Industry expects sale of 13.6 lakh cars this fiscal as against 11.5 lakh in FY22

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In the recent few years, one noticeable trend in passenger car sales was the drop in the share of hatchbacks and an increase in that of the larger SUVs. But the latest data indicate a comeback for the hatchbacks.

The industry expects to sell 13.6 lakh hatchbacks this financial year, compared with 11.5 lakh in 2021-22. In the first nine months of FY23, this segment has grown 20-21 per cent, owing to the pick up in the economy and the consequent rise in affordability.

"The shift to personal mobility in the post-Covid era and availability of CNG models, which promise lower running costs, have also been the driving factors for growth in the hatchback segment," Shashank Srivastava, Senior Executive Director, Sales and Marketing, Maruti Suzuki India Ltd, told *businessline*.



DRIVING FACTORS. The launch of new Alto K-10 and WagonR boosted sales, says Maruti Suzuki KAMAL NARANG/FILE PHOTO

He added that the launch of all-new hatchbacks such as the Alto K-10 and WagonR also "created some excitement and boosted the hatchback sales". Four out of the top 10 PV models in 2022 are hatchbacks. Maruti's share in the overall hatchback is 71-72 per cent, while it commands a 90 per cent plus share in entry hatchback.

The segment accounted for about half of the number of PVs in the country until about five years ago. However, their share came down in recent years — 47 per cent in 2017-18 to 38 per cent in FY22.

KEY SEGMENT

Industry sources attribute this to the increase in model

prices due to a bouquet of factors such as rise in commodity prices, new regulatory norms for anti-lock braking system (ABS), a hike in registration charges in 17 States and the inclusion of new features as demanded by buyers. The prices increased by about 35 per cent in the past three years, according to estimates.

An analyst from a leading brokerage firm said in a country like India, hatchbacks would continue to be a key segment though SUVs might witness faster growth.

A lot of first-time buyers have postponed their purchases due to increase in prices. "If the affordability factor is not disturbed further in the coming years, hatchbacks will be able to sustain strong growth. About 65 per cent of India are below 35 years of age. You will find a lot of first-time buyers with smaller income levels in this group who would want to buy hatchback as availability of adequate public transport is still a challenge in the country," said Srivastava.