

Geopolitical tensions, uncertainty over tariffs to hit auto demand

IN THE SLOW LANE. Decrease in lending rates, reduction in EMIs fail to boost sentiment

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Geopolitical tensions, the India-Pakistan conflict and continuing uncertainty over tariffs are impacting passenger vehicle (PV) demand and consumer sentiments in the automobile segment.

According to automobile dealers, despite a decrease in the lending rates and reduction in EMIs, there has been no substantial increase in consumer sentiment with regard to purchase of cars.

"The tariff disturbed the domestic automobile mar-



ket. The sales numbers are being worked out but it appears not to be a steady month. We are yet to see a direct impact of the lowering of income tax. However, with the stock markets doing well, we are hopeful that the senti-

ments will soon pick up and translate into an increase in sales," CS Vigneshwar, President, Federation of Automobile Dealers Association (FADA), told *businessline*.

PV wholesales (dispatches to dealers) in the domestic market declined 6.4 per cent year on year to around 3.20 lakh units in June compared with 3.42 lakh units in June 2024, according to industry sources.

"The conflict situation between India and Pakistan impacted the automobile industry with many consumers cancelling their bookings. The sentiments are also

dampened due to extreme heat, early and late rainfall in areas across the country. Overall, this year will be a tough year for the industry," said Manish Raj Singhanja, Chairman of Research & Academy, FADA.

FESTIVAL SEASON

Dealers are expecting PV sales to pick up in the festive season.

"The decrease in sales is not happening at an alarming rate. With good monsoon, we are anticipating a pick up in demand for PVs during the festival season," said Rajesh Mehta, an automobile dealer.