

'New emission norms price small cars out of the market'

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New Delhi

While the new Real Driving Emission norms kicking in from this month have led to the discontinuation of small cars such as the Maruti Suzuki Alto 800 and the Renault Kwid (800 cc), the overall hatchback segment has grown from around 11.52 lakh units in FY22 to 13.40 lakh units in FY23.

However, because of the rising costs, affordability is coming down for this segment, which is price-sensitive, Shashank Srivastava, Senior Executive Officer, Sales and Marketing, Maruti Suzuki India (MSIL), said. "There is an

uptick in both entry-level (like Maruti Alto, S-Presso, and Renault Kwid) as well as mid-hatchback and premium hatchback segments. But, if you compare with what was five years earlier, the peak was 15.60 lakh units in 2017-18...so if you compare with the previous fiscal and this year, it has grown, but it is still very low as compared to peak time," Srivastava told *businessline*.

Affordability of hatchbacks has been adverse because the growth in income at this level is not as high as it should be, he said.

'DEMAND TO CONTINUE'
"Consumers in this segment are price sensitive, which we



PRICE SENSITIVE. Affordability factor is coming down due to rising costs of compliance in entry-level segment PTI

believe is the reason why we have seen this decline from 45-46 per cent (2017-18) to the current 35 per cent," he said. However, in terms of absolute volumes, there has been about a 17 per cent increase in the overall growth of the segment, from around 11.52 lakh units

in FY22 to 13.40 lakh in FY23.

When asked if the hatchback market would continue its growth momentum, he said since 65 per cent of the population is in the age of 35, and the number of first-time buyers continuing to be high (47-48 per cent), the demand would

continue. Similarly, for the mini segment (entry-level hatchback), the market is expected to grow because, out of the total hatchback market (13.40 lakh units), the mini segment contributed around 2.53 lakh units in the last fiscal as compared with 2.40 lakh units in 2021-22.

It is a small growth, but still has some significance in the overall market, Srivastava added. The overall passenger vehicle market registered a growth of 27 per cent with 38.8 lakh units in FY2022-23, which is the highest ever annual sales in more than a decade, and it is expected to grow by 5-7 per cent to 40.5-41 lakh units in the current financial year.