

Small Car Sales to Rise by 20% in Five Years

Healthy GDP, higher income key triggers

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New Delhi: Small-car sales are projected to rise by a fifth for the first time in nearly five years, indicating a revival in India's entry-level consumer demand that was hit the hardest by the pandemic-spawned economic disruptions and income losses.

Healthy GDP growth, an increase in income levels, coupled with introduction of new models, such as Maruti Suzuki Alto K10 and Tata Tiago EV, will likely boost sales of hatchbacks, Indian industry executives said, with 1.37 million units estimated to be sold in the segment by March 31. As many as 994,000 hatchbacks were sold in the country between April and December, 2022.

Hatches including WagonR, Baleno, and Alto took four of the five slots on the list of top-selling models. These are cars purchased by those stepping on to the automotive consumption ladder for

the first time.

Tata Nexon is the only SUV to have made it to the best-selling list in the first nine months of FY23. Shashank Srivastava, senior executive officer (marketing and sales), Maruti Suzuki told ET that several factors—rising input costs, increase in road tax levied

Entry-level consumer demand was hit the hardest by the pandemic-spawned disruptions and income losses

by state governments, and transition to higher emission and safety norms—caused a spike in vehicle prices in a price-sensitive segment. “Vehicle prices at the entry-level went up much faster than income levels of buyers the last few years, which impacted demand,” said Srivastava. Sales of small cars fell to 1.15 million units last fiscal, from a peak of 1.55 million in FY19.

Sluggish sales prompted several automakers to exit the small-car market in the country.

