

# Auto Retail Sales Dip in Dec as 2-wheeler Demand Tapers Off

**POOR OFFTAKE** As sales fell 5.4% M-o-M, volumes were less than that in pre-Covid Dec 2019

## Our Bureau

**New Delhi:** Vehicle registrations, a proxy for retail sales, declined last month with demand tapering off in the two-wheeler segment as the festive season drew to a close. Data available with the Federation of Automobile Dealers Association (FADA) showed overall sales of vehicles fell 5.40% to 1.62 million units in December. Sales were lower by about 12% over the pre-Covid month of December 2019, when 1.84 million vehicles were registered in the country.

FADA president Manish Raj Singhanian said the two-wheeler segment dragged total sales by 11%. All other categories saw a rise in retail demand. Registration of three-wheelers, passenger vehicles, tractors and commercial vehicles went up by 42%, 8%, 5% and 11%, respectively, in December.

In 2022, total vehicle retails expanded 15%, and overall volumes fell short of levels seen in CY2019. Passenger vehicle registrations during this period, however, continued to gain new grounds by clocking retails of 3.43 million units. This is by far the highest retails for PVs, said FADA.

The federation has compiled the numbers from the vehicle registration data available on the road transport and highways ministry's Vahan dashboard. The numbers are incomplete as some regional transport offices are still not linked to the Vahan portal, but these are seen as a good proxy for the trend in the automobile retail market as manufacturers only disclose their dispatches from factories.

Demand for two-wheelers went down 11.19% last month and by 20.54% when compared to December 2019, a pre-Covid year. "(Because of) reasons like rise in inflation, increased cost of ownership, delayed recovery in the rural markets and increased EV sales, the ICE 2W segment is yet to see any green shoots," said Singhanian.

Average inventory in the channel stands at 25-30 days.

## In First Gear

Category	% Change Over Dec	
	2021	2020
2-wheelers	-11.91	-29.07
3-wheelers	41.51	121.40
Passenger Vehicles	8.15	-4.84
Tractors	5.24	-5.61
Commercial Vehicles	10.67	24.77
<b>TOTAL</b>	<b>-5.40</b>	<b>-21.15</b>



Three-wheeler sales continued to recover and narrowed the gap with peak retail volumes reported in CY2019. Within the segment, electric rickshaw sub-segment showed triple digit growth pushing the market share of electric above the 50% mark.

In the passenger vehicle segment, better availability of vehicles, wider product choices, consumer offers helped sustained the momentum. Average inventory in the channel stands at 35-40 days. Sales of commercial vehicles too are almost at par with volumes recorded in CY2019, on back of the government's continued push for infrastructure development.

Tractor retails grew well above CY2021/CY2020 and pre-Covid year of 2019. Tractors registered a new life-time high sales of 0.79 million units due to consistently good monsoon, improved cash-flow with farmers, better MSP of crops and government's focus on better procurements. Timely sowing of rabi crop also helped continue this momentum.

Singhanian said that due to inflationary pressures, upcoming change in vehicle norms and likely price hikes, FADA remains cautious during the last quarter of 2022.