

Auto dealers see mixed trend in PV sales, inventory levels pose risk

PICKING UP. Auto retail sales in July grew 14 per cent year-on-year to 20.34 lakh units

Our Bureau
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Passenger vehicle (PV) sales in the near term are expected to have a mixed trend, as the festive season, attractive schemes and a good monsoon are expected to boost sales.

July sales saw a jump of 10 per cent year-on-year (YoY) at 3,20,129 units compared with 2,90,564 units in the same month last year.

However, concerns over low consumer sentiment, heavy rainfall and a lack of new product launches still persist, the Federation of Automobile Dealers Associations (FADA) said on Monday while releasing vehicle retail data for July.

High inventory levels also pose a significant risk, and it is crucial for PV manufacturers to avoid further increases in stock to prevent financial strain on dealers. PV seg-

Bumpy road

Category	Jul-24	Jul-23	YoY%
Passenger vehicle	3,20,129	2,90,564	10.18
Two-wheeler	14,43,463	12,31,930	17.17
Three-wheeler	1,10,497	97,891	12.88
Commercial vehicle	80,057	75,573	5.93
Tractor	79,970	90,821	-11.95
Total	20,34,116	17,86,779	13.84

Source: FADA Research

ment inventory surged to historic highs of 67-72 days, amounting to ₹73,000-crore worth of stock in July, thus posing risks for dealer sustainability, FADA said.

Dealers continue to face financial pressure due to high inventory and interest costs and there is an increased competition and heavy discounting in the PV segment, it said.

GROWING 2W SALES

However, two-wheeler (2W) sales are expected to be buoyed by factors such as a growing rural economy, pos-

itive monsoon impacts and the introduction of new products. "The festive season beginning after the Aadi festival and favourable agricultural conditions are also likely to contribute to increased sales. However, heavy rainfall, ongoing agricultural activities and inconsistent monsoon patterns may dampen demand in certain areas," CS Vigneshwar, Vice-President, FADA, said.

Sharing the monthly retail sales report, he said commercial vehicles (CVs) face a modest outlook, with positive factors including im-

proved market reach and the festive season, tempered by challenges such as bad freight rates and ongoing rainfall.

In terms of monthly retail sales, FADA reported that 2W sales grew 17.17 per cent to 14,43,463 units during the month (12,31,930 units), due to a thriving rural economy, positive monsoon effects and government support programmes enhancing rural incomes.

"The introduction of new products and better stock availability also contributed significantly, despite market slowdowns in certain regions, excessive rains, and increased competition. The segment also saw an increase in EV sales due to discounts and Electric Mobility Promotion Scheme deadline," Vigneshwar said.

The grand total of all segments grew 14 per cent YoY to 20,34,116 units in July (17,86,779 units), FADA said.