

PV inventory at all-time high

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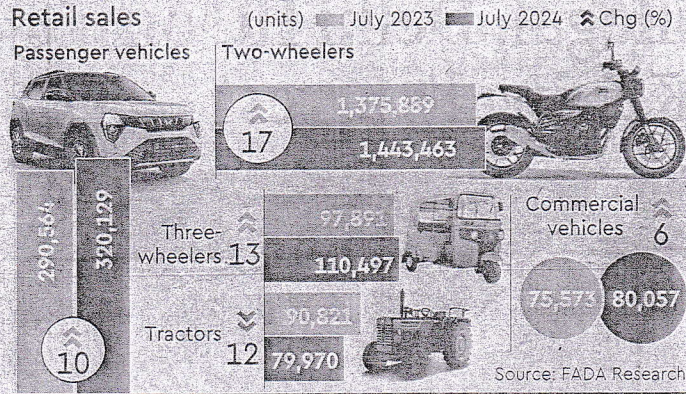
THE STOCK OF unsold cars and SUVs in the retail market has surged to an alarming ₹73,000 crore after automakers did not moderate supplies despite a demand slowdown warning from their dealer partners.

Passenger vehicles (PVs) have remained unsold for up to 10 weeks (72 days) — more than twice the typical average of 4 weeks (30 days). An estimated 650,000-675,000 units are lying unsold as buyers resisted heavy discount schemes of 10-12%.

CS Vigneshwar, vice president, Federation of Automobile Dealers Association (FADA), said, "The high inventories pose a substantial risk for dealer sustainability, necessitating extreme caution. We urge PV makers to be vigilant about potential dealer failures due to these high inventory levels."

"I would not say that there is an inventory pile-up at dealerships. Yes, inventory levels are high by about 5 days for Mahindra," said Rajesh Jejurikar, ED and CEO (auto and farm equipment sectors),

SALES REBOUND A TAD IN JULY



M&M, in a post earnings meeting.

The trend of vehicle dispatches in July mirrored the trend seen in previous months as supplies continued to outstrip demand. While wholesales during July is estimated to have stood at 340,000, the retail total stood at 320,000 units, thereby adding to the inventory pile up. "It is also crucial for the RBI to mandate financial institutions to implement stringent checks before releasing

inventory funding, preferably requiring dealer consent or collateral to prevent the escalation of non-performing assets," Vigneshwar added.

Most carmakers reduced supplies during July. Maruti Suzuki had cut dispatches by 10% year-on-year (y-o-y). Tata Motors brought down sales by 6% while Hyundai volumes dropped by 3%. The increase in volumes was only seen at Kia, Toyota and Mahindra & Mahindra.