

# PV sales fall 4.5% in Aug due to rains

Inventories have reached alarming levels: Fada prez

## BUMPY ROAD

Sales numbers of passenger vehicle OEMs

|                                 | Aug '24        | % change Y-o-Y |
|---------------------------------|----------------|----------------|
| Maruti Suzuki                   | 124,164        | -8             |
| Hyundai Motor                   | 42,091         | -13            |
| Tata Motors                     | 38,788         | -3             |
| Mahindra & Mahindra             | 38,493         | 23             |
| Toyota Kirloskar Motor          | 21,854         | 20             |
| Kia India                       | 18,503         | -2             |
| <b>Total sales for all OEMs</b> | <b>309,053</b> | <b>-4.5</b>    |

Source: Fada

SHINE JACOB

Chennai, 5 September

Retail sales of passenger vehicles (PV) declined by 4.53 per cent in August, with excess rainfall dampening consumer interest, said a dealers' association on Thursday.

As many as 309,053 PVs were sold in August compared to 323,720 in the same month in 2023, according to the Federation of Automobile Dealers Associations (Fada). Unsold stock stretched to an unprecedented 70-75 days and totals 780,000 vehicles valued at ₹77,800 crore. PV sales fell by 3.46 per cent month-on-month.

Tractor and commercial vehicle (CV) sales dropped by 11.39 per cent and 6.05 per cent but the two-wheeler (2W) and three-wheeler (3W) segments grew 6.28 per cent and 1.63 per cent. Collectively, India's automobile retail market registered a modest year-on-year (Y-o-Y) growth of 2.88 per cent in August.

"Excess rainfall has affected enthusiasm in the rural market, resulting in a drop in sales, mainly in two-wheelers. We expect an overall 6 per cent rise in auto retail sales for the entire year," said Manish Raj Singhania, president of Fada.

India recorded excess rainfall of 15.9 per cent in August, with the northwest seeing a surplus of 31.4 per cent, 7.2 per cent in the east and northeast, 17.2 per cent in central India. Rainfall was deficient by 1.3 per cent in peninsular India.

The monsoon season started with extreme heat waves that delayed the annual rains and then shifted to heavy showers

that caused floods in several places.

The two-wheeler market declined 7.29 per cent month-on-month due to excessive rains and flooding but it grew by 6.28 per cent Y-o-Y.

The sales gap between market leaders Hero Motocorp (358,616 units) and Honda Motorcycle and Scooter India (352,605 units) was marginal, with the two companies recording a market share of 26.8 per cent and 26.35 per cent.

"Many customers postponed their purchases, anticipating new product launches, while others deferred due to market saturation and changing preferences. Limited marketing efforts from OEMs (original equipment manufacturers) and subdued market sentiment further impacted sales," said Singhania.

CV sales dropped 8.5 per cent month-on-month and 6.05 per cent Y-o-Y. Besides heavy rains, floods and landslides, reduced construction activity and sluggish demand in industrial sectors strained sales too. CV sales in August stood at 73,253 units, compared to 77,967 the same month last.

"Even with the arrival of the festive season, the market remains under significant strain due to delayed customer purchases, poor consumer sentiment, and persistent heavy rains. Inventory levels have reached alarming levels. Rather than responding to the situation, PV OEMs continue to increase dispatches to dealers on a month-on-month basis, further exacerbating the issue," said Singhania.

Fada urged banks and non-banking financial companies to control funding to dealers with excessive inventory.