

FADA predicts mixed trends in auto retail sales in July

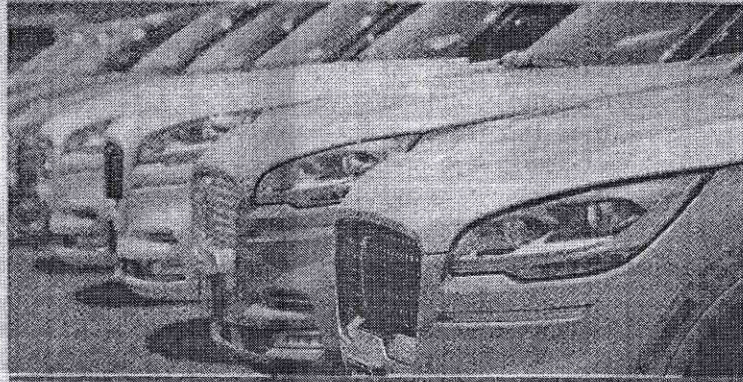
Our Bureau
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Auto retail outlook heralds mixed trends in July while the two-wheeler (2W) market has picked up despite facing continued supply challenges and economic pressures, Federation of Automobile Dealers Associations (FADA) said on Thursday.

On the rural front, upcoming rain and their potential impact on agricultural output may sustain the upward trend that has been witnessed in the two-wheeler segment. The two-wheeler sales grew by around 7 per cent y-o-y to 13,10,186 units during the month against 12,27,149 units in June 2022. The 3W sales grew the highest by 75.48 per cent y-o-y to 86,511 units (49,299 units) in June.

ERRATIC MONSOON

Tractor sales grew by 41 per cent y-o-y to 98,660 units (69,952 units) during the month.



All India vehicle retail data

(Number of units sold)

Company	June 2022	June 2023	% growth
Two-wheelers	12,27,149	13,10,186	6.77
Three-wheelers	49,299	86,511	75.48
Passenger vehicles	2,81,811	2,95,299	4.79
Tractors	69,952	98,660	41.04
Commercial vehicles	72,894	73,212	0.44
Total	17,01,105	18,63,868	9.57

Source: FADA

However, the industry is still anxious about monsoon being erratic and hindering crop sowing. It may affect the sales of automobiles, particularly in rural areas where a weak agricultural season could lead to a reduction in

disposable income, thus affecting demand for two-wheelers and entry-level cars, FADA said.

“Yet, upcoming rains may potentially boost agricultural prospects, revive rural demand, and positively influ-

ence automotive sales. FADA hence remains cautiously optimistic for near term outlook,” Manish Raj Singhania, President, FADA, said.

Meanwhile, the cutback in Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) subsidies cast a shadow over electric vehicle (EV) sales, he said.

“The passenger vehicle (PV) segment faces a dichotomy of factors. While the launch of new models and potential rise in rural sales lend optimism, dealers navigate inventory pressures from original equipment manufacturers (OEMs) and demand-supply mismatches, impacting profitability,” Singhania said.

HOPEFUL OUTLOOK

However, the anticipation of a boost from the upcoming festive season in end-August offers a hopeful outlook.

The total of all categories grew by 9.57 per cent y-o-y to 18,63,868 units (17,01,105 units) in June.

PV inventory rises to 49 days

Aroosa Ahmed
Mumbai

With a dip in sales of entry-level vehicles and inflationary pressures, the passenger vehicle inventories have touched 49 days in June. According to FADA, monthly statistics of PV inventories in June was between 45 and 49 days whereas the inventories of two-wheelers were between 20 and 25 days. In May, the PV inventory was up to 45 days while the two-wheeler inventory was up to 20 days. In April, it was 41 and 15 days, respectively. The inventory pile up with dealers is despite original equipment manufacturers offering 8 to 10 per cent discounts.

“The dealers navigate inventory pressures from OEMs and demand-supply mismatches, impacting profitability. However, the anticipation of a boost from the upcoming festive season offers a hopeful outlook,” said Manish Raj Singhania, FADA president.