# Retail auto sales at new peak but car stocks loom large

**SHINE JACOB**
Chennai, 6 December

The monthly domestic automobile retail sales in November this year touched a new high of 2.85 million vehicles, surpassing the previous record of 2.57 million reached in March 2020, when the industry was transitioning from BS-IV to BS-VI emission norms. Still, high inventory levels, especially with car dealers, remained a major concern.

According to the Federation of Automobile Dealers Associations (Fada), automobile retail sales last month were over 18 per cent higher year-on-year (Y-o-Y) on the back of high demand for weddings. According to an estimate by the Confederation of All India Traders, around 3.8 million weddings are planned across India between November 23 and December 15. Sales in the two-wheeler, three-wheeler, and passenger vehicle (PV) categories grew by 21 per cent, 23 per cent, and 17 per cent, respectively, on a Y-o-Y basis.

## RETAIL SALES: MIXED SIGNALS

| Category | Nov 2022 | Nov 2023 | % change | |
|---|---|---|---|---|
| 2W | 1,856,108 | 2,247,366 | **21.08** | |
| 3W | 81,007 | 99,890 | **23.31** | |
| PV | 307,550 | 360,431 | **17.19** | |
| Tractor | 78,720 | 61,969 | **−21.28** | |
| CV | 86,150 | 84,586 | **−1.82** | |
| Total | 2,409,535 | 2,854,242 | **18.46** | |

2W:Two−wheeler; 3W: Three−wheeler; PV: Passenger vehicle; Tractor;
CV: Commercial vehicle                                    Source: Fada

group's chief financial officer, had said the group was studying whether to keep or divest the Wilmar stake.

Adani Group will use the proceeds of the sale to invest in a series of infrastructure and renewable power projects across the country. The group plans a total investment of $75 billion in energy transition initiatives to reach 45 Gw renewable energy capacity by 2030.

# Retail auto...

The tractor and commercial vehicle segments, on the other hand, witnessed a decline of 21 per cent and 2 per cent. Retail sales in the two-wheeler segment at 2.25 million surpassed the March 2020 record of 2.07 million. The PV segment, too, witnessed a new record of over 360,000 sales in November, surpassing the October 2022 peak of around 357,000 units. "Festival sales and the impact of weddings drove sales, especially of two-wheelers. It (November) was a record month and we expect the momentum to continue. However, passenger vehicle inventory is a cause of concern," said Manish Raj Singhania, president, Fada. After touching a high of 63-66 days in October, car inventory came only marginally down to 61-64 days. "We have written to Siam (Society of Indian Automobile Manufacturers) seeking inventory correction. During the October-November period, wholesales went down by 56,000 units, but retail sales grew by only 6,700 units," he explained.

Among passenger vehicles, Maruti Suzuki India witnessed a 20 per cent increase in retail sales, while Hyundai Motor India saw an 8 per cent uptick; the growth for Tata Motors was 30 per cent. "The PV sector shows potential for growth with year-end offers and discounts expected to stimulate sales, along with an improved vehicle supply and new product launches. But the market faces a hurdle in terms of a preference for 2024-manufactured vehicles and a notable slowdown in demand and bookings after festivals," he said.

But Saju Kuttukaran Thomas of Popular Group, a leading automobile dealer, downplayed inventory concerns, saying "Though higher inventory level is a worry, it is an up and down cycle for dealers. Because of year-end sales, these stock numbers will come down. As far as sales are concerned, fresh records will be scaled nearly every month."

In the two-wheeler category, retail sales were driven by Diwali and rural demand, which picked up on farm income, said Fada president.

## ▶ BS SUDOKU # 4149

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