

NEARLY 3 MILLION UNITS SOLD IN NOVEMBER

Auto sales hit record high

Buoyed by festive cheer, new launches and strong rural demand

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RETAIL AUTOMOTIVE VOLUMES climbed to a record level in November, clocking sales of 2.85 million units buoyed by the festive cheer, new product launches and strong rural sentiments.

The Federation of Automobile Dealers Association (FADA), the apex lobby body of the dealers, stated that November recorded an 18% year-on-year growth led by two-wheelers and passenger vehicles (PVs).

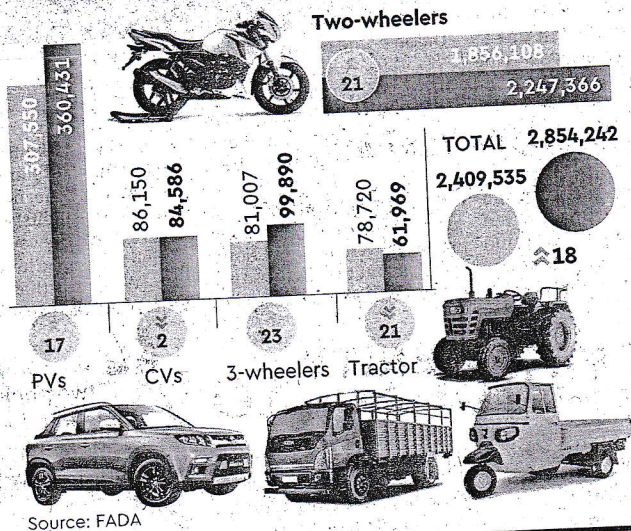
The previous best volume in a month came in March 2020 when 2.56 million vehicles were sold.

It was also the month which saw pre-buying due to the scheduled change in emissions norms to BS6 from April 1.

Manish Raj Singhania, president, FADA, said, "The improved supply chains, coupled with new launches, effectively catered to the festive demand, marking the peak point in sales." It should be noted that this year Diwali fell in November, whereas the festival was con-

IN THE FAST LANE

(Units) ■ Nov 2022 ■ Nov 2023 ▲ % Change



cluded in October last year.

Demand for two-wheeler, which is considered as a barometer of rural demand since more than half of the segment's volume comes from here, hit an all-time high monthly volume of 2.24 million units in November.

The rise in retail is a positive sign

for the industry as inventory levels were on the rise last month. The industry is expected to have entered December, traditionally considered to be a low-volume month, at a slightly lower inventory level. The average inventory for two-wheelers currently stands at 32-37 days.

In the near term, the 2W cate-

gory is poised to benefit from a liquidity boost, particularly in agricultural regions and the ongoing marriage season, with around 38 lakh marriages expected to drive vehicle sales, FADA said.

PVs comprising cars, sports utility vehicles and vans grew 17% y-o-y to 3,60,431 units. This segment, too, was grappling with high inventory, which as per FADA hit a 5-year high of 65 days.

PV makers are keen on entering January at a lower level of inventory and are resorting to heavy discounting and cut back in production for the current month.

Historically, it is recognised that holding inventory beyond 30 days starts to erode dealer profitability as the financial burden is intensified by the high interest costs of inventory funding from financial institutions.

The commercial vehicle (CV) category saw a challenging month, driven by poor market sentiment. Seasonal slumps, exacerbated by unseasonal rains damaging crops and impacting transport demand, coupled with liquidity issues and delayed deliveries, further strained the industry, FADA added.

While CV volumes dipped 2% y-o-y in November to 84,586 units, three-wheeler volumes grew 23% y-o-y to 99,890 units, powered by electric three-wheelers.