

Auto retail sales decline 12% in December

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Despite 2024 seeing the highest-ever automobile retail sales with a 9 per cent growth compared to 2023, December played spoilsport for the sector with total retail sales declining by 12 per cent compared to the corresponding period last year.

All categories except tractors witnessed degrowth, with sales of two-wheelers dipping by 18 per cent, passenger vehicles by 2 per cent, commercial vehicles (CV) by 5.2 per cent and three-wheelers by 4.5 per cent, data shared by the Federation of Automobile Dealers Associations (Fada) stated.

Dealers cited low cash flow and poor market sentiment—



exacerbated by delayed crop payments, halted government disbursements and typical year-end factors—as the main reasons for the decline. Supply challenges for popular models and the growing push toward EVs further weighed on volumes in two wheelers.

Tractors, on the other hand,

ALL-INDIA VEHICLE RETAIL DATA FOR DEC '24

Category	Units	Y-o-Y % change
Tractors	99,292	25.8
Passenger vehicles	293,465	-2.0
Three-wheelers	93,892	-4.6
Commercial vehicles	72,028	-5.2
Two-wheelers	1,197,742	-17.6
Total	1,756,419	-12.5

Source: Fada Research

registered a notably contrasting 25.7 per cent year-on-year (Y-o-Y) growth.

For 2024, the highest-ever overall retail sales touched 26.1 million, up 9 per cent from 23.9 million in 2023, with two wheelers posting 11 per cent increase, followed by three wheelers with 10.5 per cent,

passenger vehicles with 5 per cent, tractors with 3 per cent and commercial vehicles with a marginal 0.07 per cent rise.

Two wheelers barely missed surpassing its 2018 peak, while commercial vehicles are also yet to reach its 2018 peak, a year which saw the introduction of axle load norms.

“Rural market was not doing badly during the month. Tractor sales are a sign of that. We believe that money may not have reached farmers yet, in addition to issues with regards to credit availability. Normally, last week of December sees a pick-up in sales by 50 per cent, which did not happen this year. Hence, we believe that buyers might have postponed their plans and January may see improved sales,” said C S Vigneshwar, president of Fada.

Retail sales in December were at 1.75 million, as compared to 20.07 million in December 2023.

Many dealers also mentioned that heightened discounts and limited financing options failed to offset weak demand.