

Retail auto sales flat, PV inventory piles up

While 2Ws and 3Ws see growth, tractor and CV sales decline in June

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Automobile retail sales in India grew 0.73 per cent year-on-year (Y-o-Y) in June as heatwaves deterred customers from purchases despite “substantial discounts”, according to the Federation of Automobile Dealers Associations (Fada).

While the two-wheeler and three-wheeler segments registered growth of 4.66 per cent and 5.1 per cent, other categories such as passenger vehicles, tractors, and commercial vehicles declined 6.7 per cent, 28.3 per cent, and 4.7 per cent.

Adding to the woes of dealers, inventory levels in passenger vehicles in June reached an all-time high, ranging from 62 to 67 days.

“June is traditionally one of the weakest months for India’s auto retail. This year, while the monsoon progressed normally up to Maharashtra, it lost momentum, delaying rains in West Bengal, Bihar, Uttar Pradesh, Chhattisgarh, and Madhya Pradesh,” said Manish Raj Singhania, president of Fada. “This exacerbated the effects of a severe heat wave in northwest India, contributing to a prolonged hiatus that not only intensified the heatwave but also delayed the sowing operations of kharif (summer sown) crops in northern and north-western regions, thereby impacting rural sales.”

In the two-wheeler category in June, month-on-month sales declined 10.36 per cent and grew 4.66 per cent Y-o-Y. Extreme heat resulted in 13 per cent fewer walk-ins at dealer showrooms. Delayed monsoon rains and election-related market slowdowns affected rural sales, which fell



FEELING THE HEAT

Retail sales figures

Category	June '23	June '24	Change Y-o-Y (in %)
Two-wheelers	1,314,628	1,375,889	4.66
Three-wheelers	89,743	94,321	5.10
Passenger vehicles	302,000	281,566	-6.77
Tractors	99,148	71,029	-28.36
Commercial vehicles	76,364	72,747	-4.74
Total	1,881,883	1,895,552	0.73

Source: FADA research

from 59.8 per cent in May to 58.6 per cent in June.

Passenger vehicle sales declined by 6.77 per cent Y-o-Y and 7.18 per cent month-on-month. “Despite improved product availability and substantial discounts aimed at stimulating demand, market sentiment remains subdued due to extreme heat resulting in 15 per cent fewer walk-ins and delayed monsoons. Dealer feedback highlights challenges such as low customer inquiries and postponed purchase decisions,” said Singhania.

“With the festive season still some time away, it is crucial for passenger vehicle original equipment manufacturers to exercise caution. Effective inventory management strategies are essential to mitigate financial strain from high interest costs. Fada strongly urges passenger

vehicle original equipment manufacturers to implement prudent inventory control and engage proactively with the market.”

The commercial vehicle category also experienced a downturn, with sales decreasing by 4.74 per cent Y-o-Y and 12.42 per cent month-on-month. June presented various challenges, including delayed monsoons, poor market sentiment, and postponed purchases due to low demand and funding delays. The industry continues to face de-growth, impacted by high temperatures affecting the agricultural sector and infrastructural project slowdowns. “The newly elected government’s increase in minimum support prices for kharif crops is expected to improve disposable incomes in rural India, potentially enhancing auto retail performance,” said Singhania.