

Auto sales skid in July on tariff clouds, monsoon woes

Job cuts in IT sector also weighed on consumers as retail sales fall 4.3% after three consecutive months of growth

Testing times

Auto retail sales

Category	July '25	Y-o-Y (%)
Two-wheelers	1,355,504	-6.48
Three-wheelers	111,426	0.83
Passenger vehicles	328,613	-0.81
Tractors	88,722	10.96
Construction equipments	3,509	-33.28
Commercial vehicles	76,439	0.23
Total (including others)	1,964,213	-4.31

Source: FADA Research

SHINE JACOB

Chennai, 7 August

Automobile retail sales in July fell 4.3 per cent from the previous year as uncertainty about US tariffs' impact, job cuts in the IT sector, and heavy rains weighed on consumers, said a dealers' association on Thursday.

Two-wheeler sales contracted 6.5 per cent and passenger vehicle fell almost 1 per cent, according to data shared by the Federation of Automobile Dealers Associations (FADA). The group said concern

that manufacturing jobs could be affected by President Donald Trump's tariffs may have affected consumer sentiment as well. "We really don't know how much the tariffs are going to affect the industry in terms of sentiment," said C S Vigneshwar, FADA's president. Nearly 1.96 million automobiles were sold in July and 2.05 million in the same month last year.

Retail sales contracted after three consecutive months of growth. "This pullback largely stems from a high-base effect in July 2024, when an extreme heat wave was immediately followed by excessive

rainfall," said Vigneshwar.

Sales of construction equipment, which FADA considers as a separate, standalone category, "de-grew" 33.3 per cent in July after strong growth in the previous two months.

Two-wheeler sales declined 6.48 per cent to 1.36 million, as crop sowing and heavy rains dampened rural sentiment.

Passenger vehicle sales contracted 0.81 per cent in July even as volumes surged 10.38 per cent on a monthly basis. Targeted schemes by automakers, new models, and aggressive rural marketing

powered hinterland sales.

Commercial vehicle sales grew 0.23 per cent, helped by urban demand. Dealers cited new launches, aggressive marketing, bulk institutional orders, and timely stock availability. In contrast, rural haulage demand remained fragmented amid heavy rainfall, seasonal softness in cement, coal, and construction logistics, and slower financier disbursements, prompting many buyers to defer purchases to the post-monsoon period.

Tractor sales increased 10.96 per cent in July.