

As Sept sales dip 18%, PV stocks at a record high of 80-85 days

IN SLOW LANE. FADA warns of financial strain on dealers; bets on festival season sales

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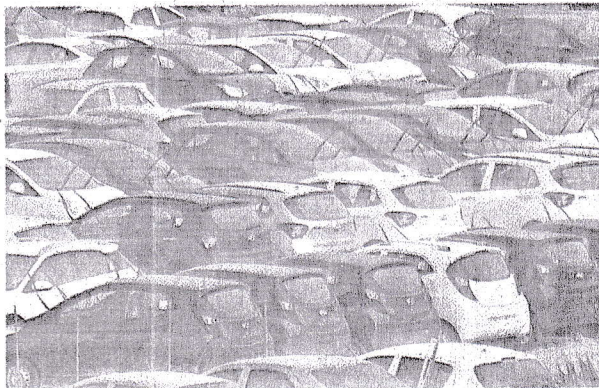
Despite the advent of the festival season, passenger vehicle inventory has reached an all-time high of 80-85 days. Dealers across the nation are holding 7.9 lakh vehicles, valued at ₹79,000 crore. In normal times, dealers hold inventory of 35-40 days.

The rise in stocks comes even as auto sales overall declined 9.26 per cent in September, with passenger vehicles slumping 18.81 per cent and two-wheelers by 8.51 per cent. Commercial vehicle sales also fell 10.45 per cent, according to the Federation of Automobile Dealers Associations (FADA) statistics.

FINANCIAL PRESSURE

Flagging the high inventory levels, FADA said automobile dealers are under financial pressure with increased cash flow challenges.

FADA stated that the heavy discounts the OEMs are offering will impact dealer profitability if sales do not pick up during the festi-



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ENQUIRIES RISING

FADA President CS Vigneshwar told *businessline* that the industry is betting on the remaining part of the festival season to salvage business. "Passenger vehicle inventories are at an all-time high. We acknowledge the strain this is putting on the automobile dealers but we have also seen enquiries increasing 4x. Usu-

ally, 30 per cent of the sales happen during the festival period; so we are anticipating an uptick in sales during this period."

He said, "The OEMs have recognised the stress on the dealers and assured us that after the festival season, they will organise inventory at their level. As the enquiries get converted into sales, we are expecting the passenger vehicle inventories to be under control in another 45 days."

Manish Raj Singhania,
Chairman, Research &

Academy, FADA, said it will take two-three months for the inventory levels to stabilise. "Last year, during the festival season, the passenger vehicle inventories were also at an all-time high and stabilised by January. In September, there was extended rain, which resulted in customers postponing showroom visits. India is a *muhurat* market and customers are sensitive about their purchases. We earlier had heat waves that impacted walk-ins and now the extended rain," he said.

MUTED GROWTH

According to analysts, the passenger vehicle segment will grow in single digits. "We expect the offtake to grow by a low single digit for FY25, considering the pressure on retail and the current inventory situation," said Hemal Thakkar, Senior Practice Leader & Director of Consulting, Crisil Market Intelligence and Analytics.

"Due to the above-normal South-West monsoon, automobile retailing was hit in several regions, negatively impacting walk-ins and demand," FADA in a statement.