

Record car sales in '23, but unsold inventory up 75%

Higher production and dissipating pent-up demand among reasons

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The passenger vehicles industry has a problem of plenty. Calendar 2023 proved to be a record year, with 4.1 million passenger vehicle wholesales. But as 2024 kicks off, dealers are holding on to 75 per cent more inventory than in January 2023. Manish Raj Singhania, president of the Federation of Automobile Dealers Associations (Fada), highlighted the substantial inventory levels at the beginning of the year.

“The top five original equipment manufacturers (OEMs) have an inventory of 594,469 units as of December 2023,” Singhania said. “The overall PV inventory at an industry level could be around 700,000 units. This doesn’t include the stock as of January 1, 2024, which might add another 50,000-60,000 units.”

At the beginning of 2023, the top five OEMs had an inventory of 334,000 units, while the overall industry inventory was about 398,000 units, he added.

Fada’s calculation includes Telangana’s inventory, unaccounted for in the Vahan portal, in determining the pan-India inventory levels.

Singhania said the reason for the lower inventory in the past was due to production issues in 2022 because of component shortages. The waiting periods for some models had, as a result, stretched to two years in early 2023. However, the waiting period for cars has now reduced to 3-4 months, indicating increased production

SALES BOOK

Category	2022	2023	% chg Y-o-Y
2W	15,588,352	17,061,112	9.45
3W	681,812	1,080,653	58.5
PV	3,489,953	3,860,268	10.61
Tractors	813,923	871,627	7.09
CV	918,284	994,330	8.28

Note: Numbers do not include figures from Telangana & Lakshadweep
Source: Fada Research



and a decline in pent-up demand.

Dealers are of the view that a recalibration of production planning is needed so that only high-demand models are pushed into the network. “OEMs bill the vehicles lying in their plants in December to show wholesales. The situation might improve in the upcoming months,” a dealer said.

Shashank Srivastava, Maruti Suzuki India’s senior executive officer for marketing and sales, said last week that the pent-up demand due to vehicle supply shortages has largely dissipated. He predicted that 2024 would see fresh demand.

January, however, is anticipated to experience slow demand due to the inauspicious *Kharmas* period (December 16 to January 15). Despite this, auto-retail sales in December witnessed a 21 per cent overall growth — 28 per cent in two-wheelers, 3 per cent in PVs, 36 per cent in three-wheelers, and 1.3 percent in commercial vehicles (CVs).

Fada’s data for calendar year 2023 shows an 11 per cent overall growth in automobile retail sales. Two-wheeler retail sales grew by 9.5 per cent, PVs by 11 per cent, and CVs by 8 per cent.

INVENTORY WITH PV MAKERS

- Beginning of 2023
- Beginning of 2024

TOP 5



OVERALL



Note: This is without considering the opening stock as on Jan 1, '24