

# Siam to take up inventory concerns at next meeting

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Mumbai, 8 August

Automobile industry body Siam is set to discuss the alarming rise in passenger vehicle (PV) inventory in its upcoming executive committee meeting.

It comes after the Federation of Automobile Dealers Association (Fada), an association representing dealers, shot off a letter to the Society of Indian Automobile Manufacturers (Siam) raising concern over inventory pileup with dealers, which at historic high post pandemic.

Fada has been vocal about the financial strain that high inventory levels place on dealerships, citing the additional interest costs incurred due to extended holding periods.

“Anything above 30 days (of inventory) starts draining the dealership,” Manish Singhania said on rising inventory levels at the sidelines of the Finance and Insurance Summit 2024 last month. “Fada will be writing to them again on the current status of inventory,” said Saharsh Damani, CEO of Fada.

As inventory levels have surged to a high of 67-72 days, equating to ₹73,000 crore worth of stock, the situation is raising alarms about the financial stability and sustainability of dealerships.

Last month, Fada initiated discussions with Siam to address these inventory concerns.

The current inventory situation reflects a significant increase from July 2023, when inventory levels were at 50-55 days, equating to ₹49,833 crore in stock. In July 2024, inventory levels were between 67-72 days, amounting to ₹73,000 crore in stock.