

Discounts, expected price rise in Jan propel footfalls at auto dealers in Dec

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Automakers' plans to raise prices from January combined with discounts on offer and end-of-the-year promotions are resulting in increased customer footfalls and enquiries, according to auto dealers.

"The expected price increase will help in retail sales through December. Consumers will book vehicles this month," CS Vigneshwar, President, Federation of Automobile Dealers Association, told *businessline*. The prospects of a bumper kharif harvest and improvement in the broader macroeconomic environment can aid consumer sentiment in the months ahead.

Maruti Suzuki, Mahindra & Mahindra, Tata Motors, JSW Motor India, Hyundai Motor and Kia have announced price hikes from January. This comes even as Passenger Vehicle (PV) sales declined by around 14 per cent to 3,21,943 units in November compared with 3,73,140 units in the same month last year, according to FADA data released on Monday. Overall, auto sales rose 11.21 per cent YoY to 32,08,719 units in November led by two-wheeler sales.

INVENTORY DATA

PV inventories in November stood at 65 days. Earlier, FADA had flagged the all-time high inventory at 80-85 days in October with dealers across the nation holding 7.9 lakh vehicles, valued at ₹79,000 crore.

"FADA continues to urge manufacturers to further rationalise inventory so that the industry can enter the New Year on a healthier foot-

ing, reducing the need for more discounts," Vigneshwar said. According to industry watchers, the price hike could be offset by the discounts on offer. Automakers generally raise prices at the start of the calendar year to offset the increase in operational costs on account of rising input costs. It must be noted that healthy discounts are on offer for a variety of PV models, with the industry focussed on bringing down inventory," said Rohan Kanwar Gupta, Vice-President and Sector Head - Corporate Ratings, ICRA Ltd.

According to FADA's Vigneshwar, the sales momentum expected in November, particularly due to the marriage season, did not happen. "Although rural markets offered some support, primarily in two-wheelers, marriage-related sales remained subdued. Late Diwali also led to a spill over of festival registrations into November, affecting the month's sales trajectory," he said.

2W SPUTTERS

In the two-wheeler segment, dealers suggest that while some buyers were hesitant — either awaiting New Year models or influenced by subdued post-festival sentiment — others could be drawn by potential year-end discounts and stable rural demand. The momentum may not be robust, but incremental schemes and easing inflation could lend some support, placing two-wheelers on a cautiously positive footing, the retail industry body said.