

Polls may rev up 2W sales but PVs likely to be a drag

Trends based on recent state elections and the 2019 general elections: Fada

SHINE JACOB, DEEPAK PATEL & SOHINI DAS
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This poll season could turn out to be a double-edged sword for the automobile sector, with two-wheelers expected to witness a surge in sales, while passenger vehicles may hit the slow lane, industry experts said.

The Federation of Automobile Dealers Associations (Fada) said these trends were based on the recent state elections and the 2019 general elections.

During the 2019 elections, the total auto retail sales were down 8 per cent.

In April 2019, the sales were down 4 per cent, before moving up 5 per cent in the following month, according to Fada data. Interestingly, in the case of passenger vehicles, the annual data since 1992 accessed from an industry source shows the concerns may be misplaced.

When asked what impact the general elections would have on Hyundai's sales in the coming months, Chief Operating Officer Tarun Garg said: "I don't see a direct impact of elections on car sales. However, when you see the history, in 2019, the industry observed a decrease of 12 per cent during elections. Similarly, in 2014, the industry was down 2 per cent. I don't think these (drops) were due to the elections. There was a global slowdown in 2014 as well as in 2019."

According to Fada, the Lok Sabha polls may play spoilsport, except in the two-wheeler segment, as it may lead to deferred purchases.

"During elections, since there are restrictions in ferrying cash, people restrict themselves from dealing in cash. People can use up to ₹200,000 for the purchase of automobiles, for which people get apprehensive. During the recent state elections, we saw that because of higher vigilance by authorities, sales were down for some time in the passenger vehicles segment. Immediately after the elections, it went up," said Manish Raj Singhania, president, Fada.

He added that two-wheeler sales will continue to benefit from election funds as it is a low-ticket purchase.

Take the case of the elections that took place in Chhattisgarh, Madhya Pradesh, and Rajasthan in November last year. Compared to October 2023, November saw a 76 per cent rise in the total sales in Chhattisgarh with two-



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Automobile sales (in units) during 2019 Lok Sabha elections

	Apr '19 (in units)	(% change) ■ M-o-M ■ Y-o-Y	May '19 (in units)	(% change) ■ M-o-M ■ Y-o-Y
Two-wheeler	1,285,470	-4 -9	1,407,361	-8.6 6.1
Three-wheeler	47,183	-12 -13	50,959	-4.0 5.8
CV	63,360	-16 2	62,551	-2.3 -7.8
PV	242,457	-2 -2	251,049	-1.0 0.2
Total	1,638,470	-4 -8	1,771,920	-7.5 4.9

Note: The last Lok Sabha elections took place from 11 April to 19 May in 2019; CV: Commercial vehicle; PV: Passenger vehicle
Source: Fada

wheelers moving up by 98 per cent.

In Madhya Pradesh, the sales were seen up by 85 per cent with the share of two-wheelers are posting an increase of 105 per cent during the same period.

In the case of Rajasthan, the sales were pushed up 60 per cent by an increase of 85 per cent in two-wheeler sales. In all the above states, the two-wheelers contributed to 80-85 per cent of the total sales in November. The data for Telangana is not available with the Vahan portal.

The data since 1991-92 on passenger vehicles shared by an industry source, however, shows a different trend.

There were eight general elections since 1991-92. Except in 1991-92 (-1.2 per cent) and 2019-20 (-18 per cent), the annual sales of passenger vehicles were up in the other years.

The source added that 2019-20 cannot be compared with 2018-19 as it was one of the best years for the auto sector with record sales, in addition to the Covid impact. Passenger car sales went up by 31 per cent in 1996-97, 42 per cent in 1998-

99, 5 per cent in 1999-2000, 18 per cent in 2004-05, 26 per cent in 2009-10 (global financial downturn) and 4 per cent in 2014-15.

Interestingly, except in April 2014 (-13 per cent), April 2019 (-19 per cent), and May 2019 (-24 per cent), industry sales for passenger vehicles were up in wholesale and retail segments.

"Concerns may be compared with the trend with the 2019 elections. That was a unique year as past data does not show any correlation between elections and automobile sales," an industry source said.

"During these months, the sales will only increase as there will be more requirements for cars during the election time. There will be more takers for cars and two-wheelers," said Jato Dynamics president, Ravi Bhatia.

A dealer of a PV maker in Karnataka said he is not expecting a difference in car sales during the general elections because cars are being purchased about four to five months before elections, to evade scrutiny during the poll season.