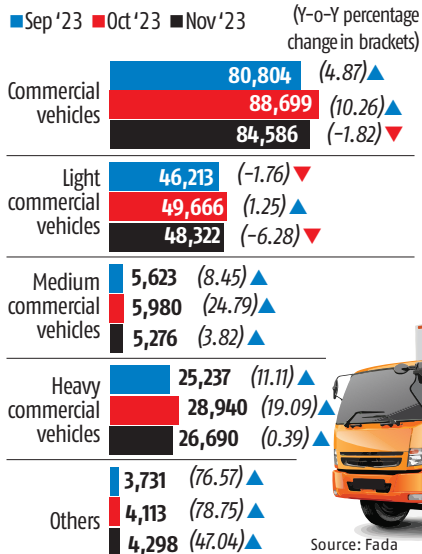


# Election code spoke in CV sales wheel

## IN SLOW LANE

### Retail numbers of commercial vehicles



SHINE JACOB & SOHINI DAS

Chennai/Mumbai, 10 December

The election code, restricting the circulation of cash, has impacted commercial vehicle (CV) sales in the post-festival period, according to industry insiders. The limit on cash handling during elections is ₹2 lakh.

Data from the Federation of Automobile Dealers Association (Fada) showed that CV sales were down by almost 2 per cent in November (the Diwali month) to 84,586 units, compared to 86,150 units during the same month in 2022. Compared to October, sales were down by 4.64 per cent.

Fada numbers represent retail sales, or actual sales from the dealer to the customer.



Source: Fada

Among companies, sales of industry major Tata Motors (which enjoys a 35 per cent market share in CVs, according to Fada as of November) were down by 8 per cent to 29,700 units during the month,

as against 32,240 units.

Similarly, Ashok Leyland was also down by 9 per cent, from 14,186 units last November, to 12,946 units this November.

When asked about this, a company executive of a leading CV player said that the figures for only one month were down due to some stock correction happening at the retail end.

**TATA MOTORS  
TO RAISE  
PRICE OF CVs  
BY UP TO 3%  
FROM JAN P2**

“What is happening with CVs is a temporary thing. Because of a lot of restrictions on cash handling in election-bound states, there was a reduction in sales. Unseasonal rain, delayed delivery, and liquidity issues were also concerns for the sector. We are optimistic

about the future, as we are expecting good orders in cement and coal,” said Manish Raj Singhania, president, Fada.

Fada noted in a recent report that “states going into elections also added to the woes, overshadowing the brief uplift from festival sales and the slight increase in tourism that helped in the sales of buses”.

Taiwan, Penghu, Kinmen, and Matsu, and the US for chemicals and automobile parts wherein licenses have been granted in some cases. In cases where the process has not been completed, it is due to various reasons, such as non-payment of fees, no application for inspection, or no visa approval from the country where the manufacturer is located," it said. On India adopting national standards for products like polyethylene products and toys, instead of using relevant international standards, the countries held that it keeps Indian standards updated so that they are aligned with the related international standards over time. "Divergences between standards can not only result in products that are less safe but also that Indian standards may not necessarily meet societal and market needs as reflected by international standards," they said.

India maintained that most of the standards formulated by the BIS, which is the body responsible for the formulation of standards in India, are based on international standards and the minor variations which might exist are due to the specific climatic or environmental conditions and technological development in the country.

## Apple...

The FOB value achieved by the three vendors in the first seven months of FY24 is nearly equivalent to what Apple Inc achieved in the entire FY23, which was an FOB value of ₹62,000 crore.

The Cupertino-headquartered company surpassed its commitment under the scheme even in the second year of operations when it had committed to producing iPhones with an FOB value of ₹47,000 crore. However, the three vendors surpassed that number and achieved ₹62,000 crore.

The big jump in the FOB value of iPhone production this year has been kicked off by a spike in iPhone exports from the country.

## CV sales...

Kinjal Shah, vice-president and co-group head-corporate ratings, ICRA, said that the medium and heavy commercial

vehicle, or M&HCV (goods), segment reported a year-on-year (Y-o-Y) growth of 7 per cent in wholesale volumes in the first half of 2023-24 (FY24) and is expected to close FY24 with volume growth of 3-5 per cent. The same will be driven by freight movement during the festival period and healthy construction activity expected prior to the implementation of the model code of conduct, after which volumes may witness some slowdown.

Overall, the high base of the second half (H2) of 2022-23 will impact growth in H2FY24. She added that overall, for the domestic CV segment, she expects 2-4 per cent growth in FY24, supported by 12-15 per cent growth in the bus segment. The light commercial vehicle (LCV) segment is expected to report growth of 0-2 per cent in FY24 with the base effect catching up, some slowdown in e-commerce demand, along with some cannibalisation from electric three-wheelers.

Another executive said that when one looks at the trend over three to four months, the data is completely different. In August, September, and October, CV sales were up by 3 per cent, 5 per cent, and 10.3 per cent, respectively.

At a wholesales level too, CVs posted a mixed performance; overall CV wholesales grew by a low single digit in November.

## US yields ease..

The net investment by FPIs in Indian equities is closely tied to the movement in US bond yields. FPIs turn net buyers when US bond yields decline or stay low, and become net sellers when US bond yields rise or stay high.

For instance, FPIs sold off Indian equities worth \$28.4 billion between January and June 2022 when the yield on 10-year US treasury bonds climbed from 1.78 per cent to 3.01 per cent. They were also net sellers in September and October this year as US bond yields rose from 4 per cent to around 5 per cent. In contrast, FPIs were net buyers from March to August this year as US bond yields softened and seemed to stabilise at around 4 per cent.

"Historically, strong FPI inflows have been associated

