

Domestic two-wheeler sales zoomed 9% in 2023 fuelled by rural demand uptick

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The two-wheeler sales in India increased by 9.12 per cent Year-on-Year (Y-o-Y) to 17.075 million units in 2023 as the rural market continues to recover, and the overall economy shows strong growth, Vinod Aggarwal, President of the Society of Indian Automobile Manufacturers (SIAM), said on Friday.

However, the 2023 sales are still much below the pre-pandemic peak that was observed in 2018 when 21.645 million units of two-wheelers were sold.

Aggarwal said that the third quarter (October-December) sales numbers are much better than the April-December figures. "For example, the two-wheelers - which are largely impacted by swings in the rural economy - the growth in the third quarter was 23 per cent Y-o-Y but the April-December period growth was 10 per cent Y-o-Y. Therefore, the figures indicate that the rural economy is doing better," he told reporters at a press conference.

When asked if he sees the two-wheeler sector matching the pre-pandemic peak in 2024 or 2025, Aggarwal replied, "It is very difficult to



forecast what will happen." If one looks at the sales performance in the October-December period, it is almost equal to the peak sales observed in the previous October-December period. "So, we have started touching the earlier peaks," he said.

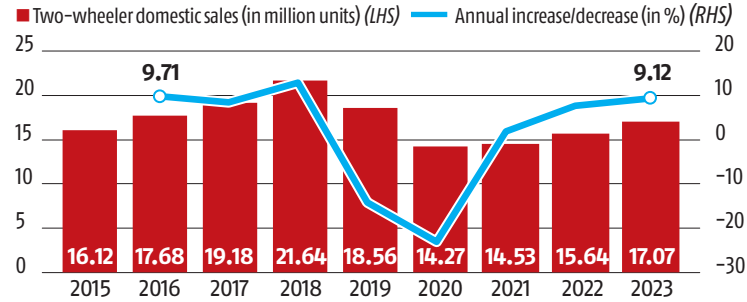
He, however, clarified that there is still a huge gap to match to touch previous peaks. In 2019 and 2020, two-wheeler domestic sales dropped by 14.22 per cent and 23.14 per cent Y-o-Y,

respectively, amid the pandemic.

"If there is a drop of 25 per cent and the recovery is about 10 per cent, this means the domestic sales this year would still be lower than the previous peak. So, there is still room for good growth in the coming years. We should be very optimistic because the overall economy is doing very well and there is an improvement in the rural economy," Aggarwal said.

On exports, he said other than passenger cars,

GROWTH YET TO TOUCH PRE-PANDEMIC LEVEL



Source: SIAM

exports of two-wheelers, three-wheelers and commercial vehicles were down in 2023. The two-wheeler exports dropped to 3.244 million units in 2023 from 4.053 million units in 2022.

"Let's hope that the situation in the export market will now start improving because the Bangladesh elections are also over, so their economy should start doing better. If you look at the other countries, there are some issues. Let us hope we overcome them," Aggarwal noted.

The world is grappling with multiple global issues with the latest being attacks on ships passing through the Red Sea amid Israel's military action in Gaza. About the crisis in the Red Sea, Aggarwal said: The government of India has taken a lot of action there. The ship that was hijacked was freed within 24 hours. India has put surveillance there in a much stronger manner. There is continued use of that passage. There is no change in that plan. With more surveillance and control, things should be smooth.

Aggarwal said although there are risks, the Indian government is managing it very well amid a growing geopolitical crisis.

"The Indian economy is very resilient and we have a strong domestic consumption. Our exports are doing pretty well. So we do not see any concern emanating from the geopolitical crisis for the interim time. We have observed the highest GDP growth among the major world economies. Our growth is 7-8 per cent while the world growth is much lower. The outlook for our economy is good. Therefore, there is a good reason for the auto sector to continue doing better as compared to the global economies," he noted.