

Siam dispels worries over excess inventory with dealers

DEEPAK PATEL

New Delhi, 12 July

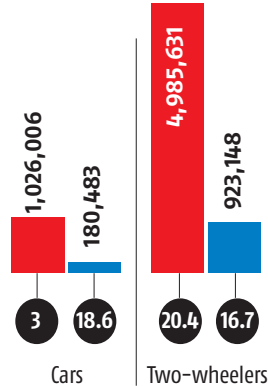
There is no need to worry about the high level of stocks with dealers as automobile manufacturers know how to maintain an equilibrium between demand and supply, Vinod Aggarwal, president of the Society of Indian Automobile Manufacturers (Siam), said on Friday.

Aggarwal's statement comes at a time when the Federation of Automobile Dealers Associations (Fada) raised concerns about growing four-wheeler inventories at dealerships. Last month, Fada had said that dealers were holding approximately 550,000 vehicles, equivalent to a 60-day supply, and that the surplus stock could potentially strain dealers financially due to increased interest expenses.

Car exports from India increased to 180,483 units in the first quarter of 2023-24, recording 18.6 per cent year-on-year (Y-o-Y) growth amid strong demand in key markets, according to data released by Siam on Friday. Domestic sales of cars crossed the 1 million mark for the first time

RIDING HIGH ON EXPORTS

- Domestic sales in Q1FY25
- Exports in Q1FY25
- Y-o-Y change in %



Source: Siam

ever. The sales stood at 1.026 million units, up 3 per cent Y-o-Y. (Monthly figures do not include data for Tata Motors.)



PAGE 2

Affordable models take Bajaj, TVS closer to Ola in e2W mkt

Bajaj Auto and TVS Motor Company, after launching lower-priced electric scooter models over the past couple of months, have seized a combined 38.11 per cent market share of the e-two-wheeler segment. This has intensified the competition with market leader Ola Electric, which now holds a 35.53 per cent market share.

“We should not read too much into this monthly data. It is a moderate growth. Let us see what happens in the balance part of the

year,” Aggarwal said. With a positive outlook for the monsoon and the upcoming festive season, good growth is expected, he said.

One reason for the continuing drop in overall domestic sales is low demand for smaller cars. Domestic sales of smaller cars, including sedans and hatchbacks, dropped by 17.5 per cent Y-o-Y to 341,293 units in June, according to the data.

On dealers' complaints in the past few weeks about high levels of stocks, Aggarwal said it was not a cause for concern. “I am sure there is a good equilibrium between demand and supply. We should not worry too much about stocks. Companies will take necessary corrective measures to keep a balance,” he said.

“If the dealer is healthy, the company is healthy. At the level of association, we do not get into it... Sometimes you (company) produce more, sometimes you produce less. These ups and downs keep happening. I do not think there is any concern related to that.”

In June, electric car sales dropped by 13.5 per cent Y-o-Y to 6,894 units.

Union Commerce and Industries Minister Piyush Goyal recently said he was “pained” to see this drop.

Asked about electric car sales, Aggarwal said: “We should be careful while using words like ‘revival’ for EVs. This is a new segment. It has not been in the market long enough to be judged. Some slowdown may be happening. But it will grow, especially

after the Budget, where we expect some incentives for this segment.”

Earlier this month, the Uttar Pradesh government removed the registration tax, which stood at 8-10 per cent of the ex-showroom price, on

hybrid cars. Aggarwal said: “There are differing opinions between the companies in our auto industry regarding this issue. Therefore, we would not like to give any comment on this matter.”

While companies like Maruti Suzuki and Toyota favour more incentives for hybrid cars, others like Tata Motors and Mahindra & Mahindra have been asking the government to focus solely on electric cars.

The auto industry body sought incentives to promote EVs in Budget