

Maruti, Hyundai, Renault Post Highest-ever Rural Sales in 2023

Buoyant buying sentiment and better liquidity among the rural rich key factors

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New Delhi | Mumbai: Maruti Suzuki, Hyundai Motor, Tata Motors and Renault India posted the highest-ever share of sales from rural markets in calendar year 2023 amid improved consumer sentiments and better liquidity among the rural rich. However, inflationary pressures weighed on rural demand for fast-moving consumer goods and consumer durables.

While the share of rural sales at Maruti Suzuki, the country's top carmaker, rose to 45% in CY2023, it stood at 19.1% at Hyundai and 40% each at Tata Motors and Renault India respectively.

Senior industry executives ET spoke to said even in the rural markets, the gap in incomes between varied sets of consumers has been triggering demand more at the higher end of the market, which is expected to eventually percolate down and make broad-based the recovery over the next

Stepping on the Gas

45% share of rural sales at Maruti Suzuki went up to a record in CY2023

Demand more at the higher end of the market

19.1% Hyundai's share of rural sales

40% Renault India's rural share



Sales of FMCG items have been under pressure due to high rural inflation

Better farm output has been putting more money in rich buyers' hands

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few quarters.

"Rural markets outpaced urban centres (at Maruti Suzuki) last year growing by 10.4%. Our rural penetration now stands at 45%, the highest level seen by the company in many years," Shashank Srivastava, senior executive officer (marketing and sales) at Maruti Suzuki said. Urban sales at the maker of Swift and Celerio cars rose by 7.3% last year. Maruti Suzuki sold a total of 1.71

million units in the local market in 2023.

Tarun Garg, COO at Hyundai Motor India concurred, "Rural (demand for cars) continues to be strong. The government's focus on developing road infrastructure, higher minimum support prices for crops, decent monsoons have put more money in the hands of consumers which is driving sales of cars."

Tata Motors – the third largest carmaker – clocked its highest-ever sales share from the rural markets in 2023. The company's rural sales grew about 10% during the year, comprising 40% of total volumes. Overall, PV sales last year at Tata Motors grew by 5%.

Over the past decade, sales of branded daily needs goods in the nation of 1.4 billion people have increasingly relied on rural India –

home to more than 800 million people whose purchase behaviour is largely linked to farm output. However, rural demand, which was growing twice the rate of urban, has declined

for the past three consecutive quarters. FMCG and consumer durable sales have been under pressure due to high rural inflation, severely curtailing discretionary spending among budget-conscious customers.

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