

With more customer walk-ins, car dealers hope for demand revival

EXPECTATIONS UP. Revenues of passenger vehicle dealerships are expected to rise by 7-9 per cent this fiscal

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In what can be termed as a slow revival, passenger vehicle dealers are witnessing an uptick in consumer walk-ins at their showrooms. Dealers are optimistic that with tax rebates and a decrease in the interest rate of auto loans, demand for passenger vehicles will increase.

"We are seeing strong return of consumer walk-ins at dealerships. With the announcement of the ceasefire between India and Pakistan, the stock market recovering, and the RBI cutting interest rates, we are hopeful that the demand will return. The dealers are positive; while the revival is not huge at present, at least it is not negative. While the discounts have gone down, finishing the deal is taking longer as banks have become stringent with the process," said CS Vigneshwar, President of the Federation of Automobile



GOOD NEWS. Vehicle dealers are positive that while the revival is not huge at present, at least it is not negative

Dealers Association (FADA), to *businessline*.

The domestic passenger vehicle dealership industry's revenues is expected to rise 7-9 per cent this fiscal year, with a revival in sales volume, according to a report by CRISIL.

The rating agency said

that the improvement in volume will benefit dealers, with ancillary income increasing while promotions and discounts decrease. The elevated inventory levels from last fiscal year will moderate, and no major capex is expected for showroom expansion, which will

reduce debt levels. "Volume growth is pegged at 4-6 per cent this fiscal, with realisations expected to rise 3-4 per cent backed by price increases by original equipment manufacturers (OEMs) and a continuing tilt towards sports utility vehicles (SUVs). Con-

sequently, the dealers are expected to see high single-digit revenue growth with both the urban segment (constituting two-thirds of the annual demand) and the rural segment growing in tandem," the report said.

WEATHER IMPACT

Passenger vehicle dealers operating in regions with erratic weather have yet to see any growth in consumer walk-ins.

"At a dealership, employee salary and bank interest are the primary costs. As the Reserve Bank of India reduces bank loan interest by 1 to 2 per cent, the profit of dealers will increase. Heat and rainfall in certain parts of the country have resulted in tough conditions for consumer walk-ins. We are seeing a 3 to 5 per cent growth in the passenger vehicle segment for this year," said Manish Raj Singhania, Chairman of Academy & Research, Federation of Automobile Dealers Association.