

# PV production fell 4.1% in Aug as OEMs cut dispatches to dealers

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Mumbai, 15 September

Passenger vehicle (PV) production in India fell by 4.1 per cent in August as dispatches by original equipment manufacturers (OEMs) to dealers declined by almost 9 per cent. OEMs recalibrated their dispatches to dealers as demand fell sharply after the goods and services tax (GST) 2.0 announcement around mid-August.

As consumers held back their purchase decisions in anticipation of price cuts, the retail of PV suffered in several dealerships, pushing inventory days to 60 and an overall channel inventory of around 600,000 units at the end of August. OEMs, thus, recalibrated their dispatches to dealers, with major companies like Maruti Suzuki India repor-



ting an over 8 per cent decline in dispatches. Mahindra & Mahindra (M&M) saw an over 9 per cent fall in dispatches while Hyundai Motor India's dispatches fell by around 10 per cent.

Rajesh Menon, director general of the Society of Indian Automobile Manufacturers (Siam), said

that sales of PVs in August declined by 8.8 per cent to 322,000 units, as compared to the same month last year primarily due to recalibration of dispatches by PV manufacturers.

While overall PV production fell by 4 per cent, the passenger car segment saw a 7.9 per cent drop (125,000 units). Utility vehicle sales fell by 1.8 per cent in contrast. However, despite production cuts, exports have grown by 24.6 per cent for the PV segment.

As such OEMs like Hyundai feel that the biggest beneficiary of the GST cut would be the small sports utility vehicle (SUV) segment comprising models under 4 metres in length. Tarun Garg, chief operating officer (COO) of Hyundai Motor India, said last week that the small SUV segment is already the biggest segment in the car industry.