

PV dispatches sequentially down 0.8% in May

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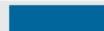
Passenger vehicle (PV) dispatches declined marginally in May after posting 4 per cent growth in the previous month while the same for two-wheelers (2Ws) were up by a meagre 2.2 per cent during the month.

According to data from the Society of Indian Automobile Manufacturers (Siam), PV dispatches were down by 0.8 per cent to 344,656 units.

Industry watchers said that high dealer inventory has put pressure on dispatches. PV retail sales in May was down by 3.1 per cent year-on-year (Y-o-Y) and 13.6 per cent month-on-month (M-o-M). The Federation of Automobile Dealers Associations (Fada) has said earlier this month that PV inventory day has climbed to 52-53 days. “Elevated inventory days and subdued consumer sentiment — particularly in entry-level models — (were) compounded by war-related tensions for border states (J&K, Punjab, Rajasthan, and Gujarat) and margin-

Mixed bag

Vehicle sales in May

Category	Units	Y-o-Y growth (%)
Two-wheeler	1,655,927	2.2 
Passenger vehicle	344,656	-0.8 
Three-wheeler	53,942	-3.3 

Source: Siam

money challenges; (and) healthy bookings offset by weak retail conversions,” Fada had said.

Moreover, the Indo-Pak conflict also had an impact on domestic numbers in May, auto companies said. Partho Banerjee, senior executive officer, marketing and sales, Maruti Suzuki India, had earlier said: “In the month of May, the Indo-Pak war also had a bearing on the domestic numbers. But I am very sure that customers will come back, and they will buy the vehicles. Everything has gone on hold.”

The outlook for PV sales is, however, positive given the Reserve Bank of India (RBI) rate cuts

and above-normal monsoon predictions.

Rajesh Menon, director general of Siam, said all vehicle segments posted stable performance in May — PV dispatches at 344,656 units, which is the second-highest ever May sales; three-wheelers (3Ws) down by just 3.3 per cent Y-o-Y, and 2W dispatches were up 2.2 per cent M-o-M.

“RBI’s three repo rate cuts totalling 100 basis points (bps) in less than six months, along with a forecast of above-normal monsoons are some of the indicators, which should positively impact the auto sector by improving affordability and boosting consumer sentiment in the coming months,” Menon said.

Hemal N Thakkar, senior practice leader and director, Crisil Intelligence, said: “The reason behind lower dispatches in May can be attributed partially to muted demand sentiments and partly to high dealer inventory. Rate cuts take some time to translate and it may not necessarily help to reduce inventory levels with dealers quickly. If there are production cuts due to the rare earth magnets crisis, it could be a blessing in disguise.”