

Two-wheeler exports skid 20% in H1FY24 on geopolitical issues

Forex crises in key markets add to woes; PV sales reach highest ever quarterly mark: Siam

DEEPAK PATEL

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Two-wheeler exports from India have decreased by 20 per cent year-on-year (Y-o-Y) to 1.69 million units in the first half (H1) of 2023-24 (FY24) due to a challenging geopolitical situation and foreign exchange (forex) crises in key markets such as South Asia, industry body Society of Indian Automobile Manufacturers (Siam) said on Monday.

On the other hand, passenger vehicle (PV) exports in H1FY24 increased by 5 per cent to 336,754 units because the key markets are much more diversified worldwide, Vinod Aggarwal, president, Siam, told reporters during a press conference.

The Russia-Ukraine war, which started in February 2022, has brought significant instability to global fuel prices. As a result, developing economies, already struggling due to the pandemic-induced slowdown, have been severely affected.

Domestic sales of PVs in H1FY24 grew by 6.9 per cent Y-o-Y to 2.07 million units, driven by high demand for utility vehicles.

PV wholesales in India, too, rose to their highest level in any quarter so far in the July-September period.

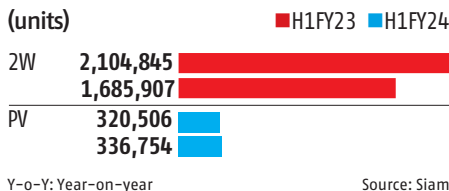
Two-wheeler domestic sales in H1FY24 rose by 4.1 per cent Y-o-Y to 8.7 million units, according to Siam data.

"If you look at two-wheeler exports, the fundamental factors are the geopolitical situation and the forex-related issues in some of the countries. So that is leading to sluggish demand in some of these markets," Aggarwal mentioned.

Bajaj Auto witnessed a significant 22.3 per cent Y-o-Y decline in its two-wheeler exports, with the total reaching 722,662 units



2-WHEELER EXPORTS FALLING BUT PV EXPORTS RISING



during H1FY24.

Approximately 90 per cent of Bajaj Auto's exports are directed to nations in Africa, Latin America, and South Asia, many of which are grappling with economic challenges and forex crises. TVS Motor Company's two-wheeler exports decreased by 20.4 per cent Y-o-Y to 436,033 units in H1FY24.

"We are very hopeful that things will improve because a lot of work is going on in this area such as (the push for) rupee trade (by the government). Let's hope we will see some more concrete action on that," Aggarwal noted. He added that the issue of shipment delays is "mostly resolved" now.

'Israel-Gaza conflict impact on auto industry negligible'

The impact of Israel-Gaza conflict on the Indian auto industry till date has been negligible, Vinod Aggarwal, President, Siam, said on Monday. "We have not seen any immediate impact (of the conflict on the industry). I think our dependence on Israel for trade is not that high. So, there is negligible impact," he told reporters. When asked if there could be logistics-related issues due to the conflict, he added, "I think we have to wait and watch. If it escalates, there would be more concern. As of now, there is no concern." On October 8, Israel started a military conflict against Hamas, a day after numerous fighters breached the heavily-fortified border and carried out brutal attacks.

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Maruti Suzuki India's PV exports remained steady during H1FY24, with no significant growth or decline.

In contrast, Hyundai Motor Company, India's second-largest car manufacturer, experienced a 16.2 per cent Y-o-Y increase in its exports during the same period, reaching 86,105 units.

Aggarwal noted, "PV exports are somewhat widespread, so the impact on its exports is not as substantial."

The entry-level PVs and two-wheelers did not grow in H1FY24. This could be due to the migration of passengers to higher-level vehicles and low incomes in rural areas, he added.