

At over 7 lakh, PV stocks at 2x the normal level worry dealers

LOOKING FORWARD. FADA hopes the inventory will fall during the festival season

Our Bureau
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According to the Federation of Automobile Dealers Associations (FADA), the dealers have a passenger vehicle (PV) inventory of between 7,00,000 and 7,50,000 vehicles, or 67-72 days, worth ₹70,000 crore.

"The ideal inventory at the dealer end is up to three lakh vehicles. However, at the end of July, the dealers had more than double of stock available amounting to ₹70,000 crore. We are at the lowest point in the industry and the Original Equipment Manufacturers (OEMs) are burdening us. Manufacturers should align their wholesales with retail. As the dealers are overburdened, the OEMs must liquidate inventories and take the responsibility of the high interest rate on the dealer's end," Manish Raj Singhanian, President, FADA, told *businessline*.

FADA has written to the



SUPPLY REJIG. OEMs like Maruti Suzuki India and MG Motor India have started recalibrating vehicle production

Society of Indian Automobile Manufacturers (SIAM) urging to address the inventory situation. In November 2023, with PV inventories up to 66 days, the dealer's body had written to financiers asking them not to overfund automobile dealers.

WAITING PERIOD

While FADA has stated that it is expecting the inventory

level to decrease during the festive season, it has called on manufacturers to make car models that are high in demand.

"Every OEM has two-three models that are popular among consumers and have a long waiting period. However, the waiting period issue is not addressed by the manufacturers. The OEMs should immediately recalibrate and realign their pro-

duction to the vehicles that are in demand from the customer's end," added Singhanian.

OEMs are looking at their inventories and have started to align production.

"Maruti Suzuki India and MG Motor India have started recalibrating their vehicle productions. We are expecting the inventories to decrease," said an automobile dealer.

Tata Motors had stated in its earnings calls that its inventories are between 35 and 40 days on the higher side with their target of 30 days.

"The festival season will release the inventory. We foresee a good demand with inquiry levels remaining stable. There are no alarming early-warning signals. With good monsoon and growth in the rural economy and inflation in control, the demand should be strong," Shailesh Chandra, MD of Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, told *businessline*.