

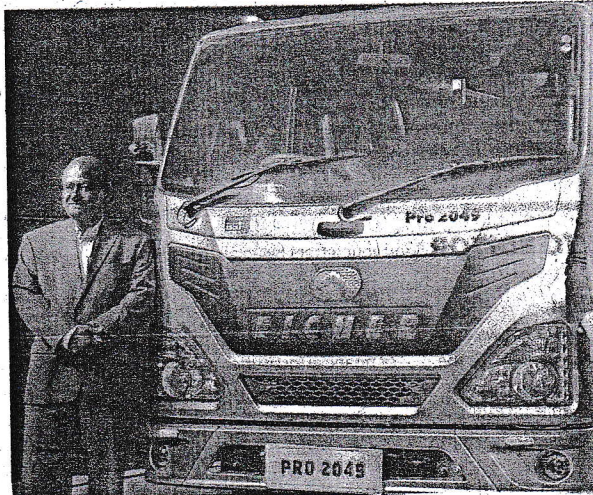
'Replacement demand to drive CV sales'

S Ronendra Singh
New Delhi

Strong demand for commercial vehicles is expected to come from the replacement market, while a growing economy and infrastructure development will also lead to highest-ever sales growth of more than 10-lakh units this year, an industry veteran said.

"The maximum number of sales will come from the replacement market as BS3 and BS4 trucks/ CVs are getting old and need to be replaced now. The new trucks will run around 20,000 kilometres a month, which the older trucks cannot do, and therefore the demand for newer trucks are going to be very strong in the coming days," Vinod Aggarwal, Managing Director and Chief Executive Officer, Volvo Eicher Commercial Vehicles, told *businessline*.

The older trucks, especially those that are BS3 or BS4 compliant will be replaced



Vinod Aggarwal, MD & CEO, Volvo-Eicher Commercial Vehicles

with the new (BS6) ones in the next few years, Aggarwal, who is also the President of Society of Indian Automobile Manufacturers (SIAM), said. The Government had mandated BS6 norms in all new vehicles from April 1, 2020.

According to figures obtained from SIAM and Federation of Automobile Dealers

Associations (FADA), there are more than 65-lakh commercial vehicles running on the Indian roads today, and at least six-lakh are required to be replaced by April 2024.

According to data accessed from SIAM, the highest-ever wholesales (dispatches to dealers) of CVs were achieved in 2018-19 with 10,07,319

units, and this reduced to 7,17,566 units in FY22. However, sales grew to 9,62,468 units in FY23.

"More and more buyers want to get new trucks which are more productive/efficient that can reduce their cost of ownership," Aggarwal said adding that in the first seven months (April-October) of this year, the heavy duty truck segment has grown 15 per cent.

UPWARD TREND

According to analysts, CV sales have shown an upward trend in the current financial year and is expected a surge over the FY19 sales.

"CV sales have shown an upward trend in FY24 as well which surprised everyone. This is driven by activities and momentum on the macro front, mining, construction, infrastructure etc. Therefore, we may see FY24 sales surging above FY19 sales," Ashwin Patil, Senior Research analyst at LKP Securities, said.