

Stuck with huge inventory, car dealers go heavy on discounts

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Amidst the pile-up of passenger car inventories, automobile dealers are offering massive discounts, starting from ₹20,000 to ₹70,000. Dealers are also offering cash-back and vehicle accessories to customers.

According to the Federation of Automobile Dealers Association (FADA), passenger vehicle inventory in June was also high—up to 55 days. The higher inventories create financial pressure on dealers.

“We are offering massive discounts to customers because of the stock pile-up. At my dealership, I am offering a discount of up to ₹50,000, depending on the vehicle model. I know dealers of particular Original Equipment Manufacturers (OEM) who are offering discounts up to ₹70,000,” said an automobile dealer who did not want to be named.

INVENTORY CONTROL

FADA plans to hold meetings with the Society of Indian Automobile Manufacturers



PILING-UP. According to FADA, passenger vehicle inventory in June was also high—up to 55 days. The higher inventories put financial pressure on dealers **PTI**

(SIAM) to bring down the stockpile.

“With the increase in the financial tranche period, dealers do not have a lot of choices. The financial pressure is building up, owing to the OEMs pumping inventories. This has resulted in the dealers offering heavy discounts. Customers have multiple options now, which makes the discount offerings competitive. The start of June was slow because of the delayed monsoon. We are hopeful that the sales will pick up soon,” Manish Raj Singhanian, President of FADA, told *businessline*.

In May, passenger vehicle

inventories increased from 55 to 60 days as compared to up to 45 days earlier. The passenger vehicle retail sales witnessed a 9.48 per cent month-on-month decline with a 1 per cent year-on-year dip in May. The overall automobile industry saw a dip of 5.29 per cent in May.

businessline had earlier reported a decline in customer footfalls due to heatwave across the automobile, fast-moving consumer goods and retail sectors.

FADA is also planning to speak to financiers of automobile dealers to explore options that will help in bringing down inventories.