

● BUCKING THE TREND, TWO-WHEELERS SEE BIG GROWTH

PV exports stay below pre-Covid levels in Q1

Touching pre-pandemic levels in PV exports to take some time as production is still impacted by supply disruptions, say analysts

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THE DOMESTIC WHOLESALERS of passenger vehicles (PVs) may have breached the pre-pandemic levels despite supply-side constraints, but their exports are yet to catch up. Contrary to this, while the two-wheeler segment is facing headwinds in the domestic market and struggling to reach the pre-Covid levels, the motorcycle and scooter exports are well above the mark.

The PV despatches in the domestic market have jumped 27.76% in the April-June quarter of FY23 compared with the corresponding quarter of FY20. However, their exports declined 7.41% during the same period.

The two-wheeler segment has registered a fall of 25.72% in domestic wholesales in the April-June quarter of FY23 against the same quarter of FY20, but the exports have increased by 29.72%.

Maruti Suzuki India with 68,987 units, Hyundai Motor India with 34,520 and Kia India with 21,459 units have been among the top PV exporters in Q1FY23.

Bajaj Auto led the two-wheeler segment, exporting 532,740 units, followed by TVS Motor Company at 295,690 units, and Honda Motorcycle and Scooter India at 102,653 units.

The analysts FE spoke with said that reaching the pre-pandemic levels in PV exports may take some time as the production is still impacted by the supply chain disruptions.

"With an improvement in semiconductor supply and gradual recovery from the pandemic leading to better global demands, the exports can be expected to reach to pre-Covid levels in the next two or three years," Saket Mehra, partner and auto sector leader, Grant Thornton Bharat, said.

Mehra said that original equipment manufacturers (OEMs) pursued exports aggressively to make up for the loss in domestic sales as a strategy. "With India being the world's largest two-wheeler

Top passenger vehicle exporters in Q1FY23 (units)



Maruti

68,987



Hyundai

34,520



Kia

21,459

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Bajaj Auto

532,740



TVS

295,690



Honda

102,653



Source: Siam

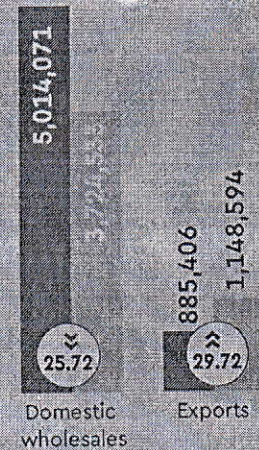
(units) ■ Q1FY20 Q1FY23

▲ Growth (%)

Passenger vehicles



Two-wheelers



manufacturer, it brings in the expertise and cost leverage to be able to produce and export aggressively in the global markets," he added.

S&P Global mobility director Suraj Ghosh said the upside to India's two-wheeler export story is that the destination markets are, more or less, dissociated from the international crisis going on at the moment. Besides, the two-wheeler manufacturers can utilise the capacity to meet additional export demand as the domestic market is slow owing to relatively high ownership costs for motorcycles and scooters at present, particularly in the entry-level segments.

The two-wheeler segment achieved its highest-ever exports during a fiscal in FY22 at 4,443,018 units. Analysts believe

that if the economic indicators remain stable in the international markets, two-wheeler exports in FY23 could surpass last year's figures.

Over the past few years, OEMs have increased exports to Latin America, Africa and Asean markets. Experts attribute this growth to an increase in income levels for developing economies leading to an improvement in demand for PVs and two-wheelers.

"India has been able to leverage on China plus one strategy for enhancing its exports," Grant Thornton Bharat's Mehra said, adding that coupled with the operational efficiency offered here, India has become an attractive option as OEMs save approximately 10-25% on operations vis-a-vis Europe and Latin America.