

Demand to take a back seat, cautions Maruti Suzuki

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IN THE 29 days of this year's festive period, Maruti Suzuki is believed to have delivered 1.5 times the volume it clocked every month till September. However, the country's largest carmaker cautioned about a demand slowdown in the final months of the current quarter.

The company delivered 187,000 cars and SUVs between September 26 (start of Navratri) and October 24 (Diwali), a jump of 44% compared to the year-ago period. A senior Maruti Suzuki official, however, underlined that the tabulation of this year's final volume data for the festive period will be completed on Wednesday.

While there was a jump in volumes in this year's festive sales compared with the pre-pandemic and pre-supply chain issues, volumes have been disappointing. During the festive days of FY19 and FY20, which were the best for the industry, Maruti clocked deliveries of 205,000 units (like-to-like comparison). The official, however, pointed out the fall is not due to lack of demand but due to constraints in the supply chain.

Shashank Srivastava, senior executive officer, marketing and sales, Maruti Suzuki, said, "Largely the fall is because of the mismatch in demand and supply since in the previous years there was no issue of availability of any model. This year, pro-

FESTIVE SALES

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duction of those models which have got robust bookings has been a concern. Even now, the number of pending bookings in the industry is estimated to be about 8.25 lakh of which Maruti Suzuki is 4.4 lakh."

Though economic factors like inflation, interest rate hikes and slowing GDP have failed to have an impact on car demand, the robustness of the trend will be tested after the conclusion of the festive period, believes

Maruti Suzuki. Asked if some plateauing of demand is expected in November and December, Srivastava said: "Going forward, we have to watch out for some red flags like inflation, interest rate going up and GDP growth slowing down."

Four out of every five cars sold in India are financed. The central bank has hiked the repo rate by 190 basis points or 1.9% since May this year. This may start to pinch consumers' pockets in the coming weeks.

"Passenger vehicle (PV) growth is directly related to GDP growth rate and the projections are on the lower side than what was expected earlier. Bank repo rate increase will probably reflect in the rates after a short time because lots of banks were having promotional schemes for the festivals. Subsequently, this will have a larger effect (on demand) and then we will get to see how strong and genuine are the booking numbers," Srivastava added.

The Federation of Automobile Dealers Association (Fada), however, believes this year's festive period has been the best ever. "For a long time, the automotive industry missed this opportunity, but this year Navratri, Dhanteras and Diwali have been among the greatest periods for the business. With this remarkable festive season and a robust booking log, we are confident for PV, this will be the best festive year in a decade," Fada president Manish Raj Singhania said.