

# Don't see growth in small cars in FY24, says Bhargava

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Maruti Suzuki India (MSIL) does not anticipate growth in the small car segment because people continue to find these vehicles unaffordable, Chairman R C Bhargava said on Wednesday.

He said the market had clearly shifted towards the sport utility vehicle (SUV) segment and the company will go in the same direction. The domestic sales of utility vehicles jumped in India by 34.54 per cent to about 2 million units in FY23. On the other hand, the domestic sales of entry-level vehicles rose less than 10 per cent in the previous financial year, according to the SIAM data.

"The demand for small cars is pretty stagnant. In 2023-24, we don't really see significant, if at all any, growth in this segment. It will remain flat," Bhargava noted.

He said the "affordability factor" is behind the slowdown in the small car segment. Small cars such as Alto K10 have prices starting from ₹3.99 lakh (ex-showroom). "The country has to become a little bit more wealthy for people to be able to afford these (small) cars," he added.

With rising commodity prices and increasing inflation, the cost of acquisition for small cars has increased significantly during the last few years. Therefore, customers who are looking to buy small cars are finding them unaffordable. Maruti sold 232,911 units of entry-level cars (Alto and S-Presso) in FY23, recording a growth of just 10 per cent.

Bhargava said that one solution to reverse the slowdown in the small car segment is for the economy to grow faster. However, even if the

## IN THE SLOW LANE

Maruti's sales of entry-level cars (Alto, S-Presso)

FY	Units	% change YoY	
20	247,796	NA	
21	226,159		-8.73
22	211,762		-6.37
23	232,911	9.99	

Source: SIAM

“THE COUNTRY HAS TO BECOME A LITTLE BIT MORE WEALTHY FOR PEOPLE TO BE ABLE TO AFFORD THESE (SMALL) CARS

R C BHARGAVA, CHAIRMAN, MARUTI SUZUKI INDIA



economy grows, people may end up buying bigger cars and not entry-level cars. "That happened across the world," he added.

He said the slowdown in the small car segment is not giving him "sleepless nights" as overall the company is doing very well.

"The fact that we are expanding production (establishing new plants) shows that despite what has been happening to the small car segment, there is enough strength in the market for us to grow...So, it is okay. Things change in life and we have to adjust to them," he added.

He said that while the Indian auto industry's domestic sales are expected to rise by about 6-7 per cent in FY24, MSIL's growth rate will be higher than that as it plans to launch multiple SUVs during the current financial year. He said that the firm has pending bookings of about 410,000 units. For MSIL, the production of cars is a bigger concern than finding people to buy them, he added.

## MG Motor launches India's cheapest e-car

MG Motor India on Wednesday launched Comet EV — India's cheapest electric car — at prices starting from ₹7.98 lakh. It will compete with Tata Motors' popular compact electric vehicle (EV) Tiago that is available at prices starting from ₹8.67 lakh. The two-door Comet EV offers a range of 230 kilometers on a single charge, while Tata's four-door Tiago EV has a range of 250-315 km. Electric cars currently hold less than 2 per cent share of the Indian car market. However, the segment has been observing sizable growth during the last few years. The share of EVs in MG Motor India's total domestic sales could rise to about 30 per cent in 2023-24, according to its President Rajeev Chaba (pictured). The share of EVs in its total sales stood at 11.6 per cent in 2022-23.

The bookings for Comet will begin from May 15, Chaba said. Comet will be MG Motor's second EV in the Indian market. Its

first electric car, ZSEV, a sport utility vehicle, was launched in India in 2020. "This year, our total sales target is 80,000-100,000 units," Chaba added.

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