

Auto companies to go slow on festive season offers

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VARUN SINGH
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AMID A ROBUST demand in the market for passenger vehicles (PVs) at a time when the impact of semiconductor shortage is still visible on their production, the upcoming festive season might turn out to be a spoilsport for many customers who are waiting for some sort of offers on the popular models.

Shashank Srivastava — senior executive director, marketing and sales — MSIL told *FE* that offers during a festive season or after that are a function of demand and supply gap. "In the last two years, we have seen that supply has not been able to catch up with demand for various reasons like Covid and semiconductor shortage," he said.

"I expect this to continue till the festive time, and hence large offers may not be possible. Although it may vary from model to model," Srivastava added.

The festive offers are usually in the form of cash discounts, exchange bonuses and corporate discounts. On average, the offers are in the range of ₹15,000-₹25,000 on PVs.

As far as Maruti Suzuki India's (MSIL) vehicles are concerned, there is a waiting period of 6-8 weeks on Baleno and WagonR, 4-6 weeks on Swift, 20 weeks on Brezza and 40-42 weeks on Ertiga. Hyundai Motor India's Creta has a waiting period of 20-24 weeks, while the same is 12-16 weeks for Venue.

The waiting period is equally high on



WAITING LIST

■ Baleno and Brezza have a waiting period of 6-8 weeks and 20 weeks, respectively

■ There is a waiting period of 20-24 weeks on Creta and 12-16 weeks on Venue

■ The customers of Tata Motors will have to wait for 8-20 weeks for Nexon, 6-26 weeks for Punch, 3-10 weeks for Altroz and 3-5 weeks for Safari

the PVs of Tata Motors, which has witnessed an exponential rise in its volumes over the past 12 months. The customers will have to wait for 8-20 weeks for Nexon, 6-26 weeks for Punch, 3-10 weeks for Altroz and 3-5 weeks for Safari, depending on the variant they select.

Mahindra & Mahindra's SUVs like Bolero, Bolero Neo and XV300 have a waiting period of 4-12 weeks. It is 12-36 weeks for Thar, while the waiting period is anywhere between nine months to 22 months for XUV700.

"The semiconductor shortage is still continuing. But for some range of products, it has eased off a bit. The OEMs have found some alternative sources also. So production is decent for models that do not require a lot of semiconductors," said Vinkesh Gulati, president of the Federation of Automobile Dealers Associations (FADA).

Gulati said that he expects the vehicles that are not very fast moving like entry-level models or base variants of models to get

some schemes. However, the schemes will not be there in fast-moving models that are already in waiting, he added.

With a preference for personal mobility aiding volumes since the relaxation in lockdowns, the PV demand has remained strong over the past year. However, the semiconductor supply has not stabilised yet. According to data from the industry body Society of Indian Automobile Manufacturers (SIAM), the production of PVs fell 2.4% to 928,358 units in Q1FY23 from 950,954 units in Q4FY22.

"Given the prevailing mismatch between supply and demand and the pricing pressures on account of heightened commodity costs, OEMs have been refraining from offering material discounts on most models," said Rohan Kanwar Gupta, VP and sector head, corporate ratings of Icra. Gupta said while some promotional offers on a case-to-case basis may exist across certain OEMs, discounts are expected to remain low during the festive season as well.