

Automakers Plan to Roll Out Bevy of Utility Vehicles

Hyundai, Maruti, others to launch over half a dozen UVs in the next one year

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New Delhi: Automakers from Maruti Suzuki to Hyundai and Toyota Kirloskar Motor (TKM) have lined up more than half a dozen seven-seater utility vehicles for launch over the next one year, amid rising demand for these larger models with buyers opting to travel more with families since the pandemic, but not willing to pay more than ₹25 lakh.

While first off the block will be Hyundai Alcazar next month, Maruti Suzuki and Toyota are readying seven-seater versions of the Grand Vitara and the Hyryder for launch in 2025. Kia too will take the covers off a seven-seater EV based on popular model Carens next year, industry sources informed. Also on cards are upgraded versions of MG Gloster, Jeep Meridian and Kia Carnival at the more premium end of the market.

In a market where demand for entry-level small cars have been on a freefall, sales of the seven-seater SUVs like Mahindra XUV700, Mahindra Scorpio, Tata Safari have nearly tripled in the last three years to close at 335,208 units in CY2023, prompting carmakers to rev up their plans in the segment. There are currently six-odd models on sale in this category including the Kia Carens, a multi-purpose vehicle which has emerged as a more affordable option to Toyota's best-sellers Innova and Innova Crysta.

Senior industry executives ET spoke to the sharp increase in sales of premium vehicles the last couple of years is leading to a widening base of buyers who have started upgrading from midsize SUVs to larger feature-rich models. This, along with the continued consumer preference towards utility vehicles, rising disposable incomes of young aspirational buyers and the increased off-take of longer tenured loans (7 years vs 5 years) is all resulting in more big-ticket purchases.

Shahrukh Todiwala, whole-time director, Kotak Mahindra Prime, confirmed, "In the last 2-3 years we have seen preference for seven-year loan tenures jump three-four fold from a single-digit share earlier. Buyers are choosing longer tenures so that they can afford bigger cars at the same monthly outflow. Simultaneously, there has been a 20% increase in overall industry ticket size reflecting the shift of buyer preference towards bigger SUVs."

Vehicles priced over ₹10 lakh now account for nearly half of all cars sold in the local market at about 47% (FY24), up from 22% three years back in FY21. In fact, in the first four months of the fiscal year, as much as 63% of sales of passenger vehicles came in from larger utility vehicles (which includes SUVs and

MPVs), up from 50% in the same period last fiscal.

Sales of the seven-seater SUVs like Mahindra XUV700, Mahindra Scorpio, Tata Safari have nearly tripled in three years

"The SUV segment in India has experienced exponential growth, driven primarily by the increasing

preference for spacious and comfortable vehicles, particularly for family travel and leisure", Satinder Bajwa, chief commercial officer JSW MG Motor India, adding, the Hector as well as the Gloster has been instrumental in helping the company capitalizing on this trend. To address evolving market dynamics, MG Motor is looking at strategically expanding its product portfolio in the segment, Bajwa said.

"Customers are getting younger and 60% of new car buyers are under 35 years of age. Preference for safety and environment consciousness is on the rise. So the need for the latest smart features, better drive experience and premium look and feel," a senior industry executive said.