

Suzuki cuts India 2030 target by 30%

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ON THE BACK of pandemic-related disruptions and chip shortage, Japan's Suzuki Motor Corporation (SMC) has revised its 2030 sales target in India downwards by around 30%. Earlier, the company had targeted that its Indian arm, Maruti Suzuki India and the wholly-owned arm, Suzuki Motor Gujarat,

would jointly achieve a volume of 5 million passenger vehicles by the turn of the decade. Now the target has been lowered to 3.5 million units.

In FY22, Maruti's – Maruti Suzuki and Suzuki Motor Gujarat -- total

passenger vehicle sales in the domestic market stood at 1.65 million units, and the target is to achieve volumes of 2 million units during the current fiscal. In FY22, Suzuki Group sold 2.8 million passenger vehicles all over the world, so at 1.65 million units, India's contribution stood at about 60%.

The 5-million target was fixed by SMC on the assumption that total PV sales in India would touch 10 million units by 2030 and Suzuki's market share would be 50% of it.



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In FY22, total PV sales in the domestic market stood at 3.06 million units and in the current fiscal it is expected to touch 3.5 million units. Between April-October, volumes stood at 2.22 million units. "If the passenger car market continues (to grow) as it has this year, we believe (SMC sales) will exceed 3.5 million units (by 2030). We are also preparing various capacities in anticipation of a market size of 7-8 million in 2030," SMC said at a recent briefing session for analysts.

By the end of the September quarter, Maruti Suzuki's market share had fallen to 41.4% from a high of 49.4% recorded in Q2FY20

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because of chip shortage and competitive pressures. But while the issue of semiconductor eased considerably in Q2FY23, with the company losing just 35,000 units in production compared to 116,000 units in Q2FY21, the maker of Brezza and Baleno has faced challenges in retaining market share.

"Suzuki was somewhat behind others in the introduction of the SUV range, due to Covid-19 and other factors. We will continue to prepare new products in order to recover market share in the SUV



segment. We have products in the pipeline that can compete with competitors, and since we have a sales network that exceeds that of other companies, we are confident that we will be able to recover enough if we can prepare products

and production capacity," SMC said.

At the end of September quarter, Maruti Suzuki said that it was sitting on a backlog of 388,000 units, which is equivalent to more than two months of its output. The company is adding another 100,000 capacity at its Manesar plant to meet demand. According to sources, SMC is also talking to Toyota Kirloskar Motor about ways to hike production of the Maruti Grand Vitara which is made by TKM at its own factory near Bengaluru. Maruti's new upcoming

plant at Kharkhoda, Haryana will bring 250,000 units per annum by 2025 before being ramped up to 1 million per annum.

Automotive markets around the world are facing numerous challenges, including those induced by geo-political crisis, chip shortages, demand softening due to inflation and Covid. SMC warned that, "India is unlikely to do well alone in a deteriorating global economy, but there is hope that the impact of fluctuations will be a little softer. In fact, the market has grown so much this year that we suspect it will be a soft landing even if it turns into decline."