

# PV industry expecting zero growth in volume sales in FY25: Bhargava

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The Indian passenger vehicle (PV) industry expects zero growth in its volume sales in the next financial year, primarily due to the ongoing decline in sales within the small car segment, R C Bhargava (pictured), chairman, Maruti Suzuki India (MSIL), said on Friday.

"I am not certain that I agree with the industry forecast that there will be zero growth in the car market in FY25. It is a figure that I have seen and heard. I am not saying I am in full agreement with this figure," he told reporters at a virtual press conference.

In the first half of FY24, sales in the passenger car segment, which comprises small and compact cars, witnessed a year-on-year (Y-o-Y) decline of 7.9 per cent. Meanwhile, sales of utility vehicles during the same period saw an increase of 20.7 per cent Y-o-Y.

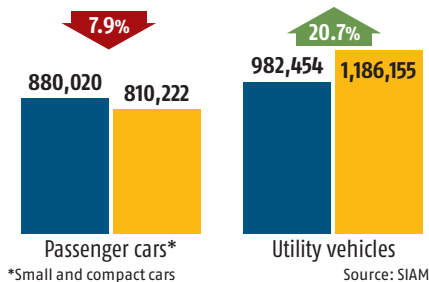
PV makers' overall sales jumped 6.8 per cent in the first half of FY24. MSIL anticipates a growth of

## RISING CONCERN

Sales of small and compact cars have been falling in India

■ H1FY23 ■ H1FY24

▲▼ Y-o-Y increase/decrease (%)



approximately 5.5 per cent in the PV industry's sales for the entire FY24.

"I believe that growth in the small car segment is an essential requirement for a sustained growth of the car industry. Future customers for sport utility vehicles (SUVs) or sedans will largely come from people who have gone up from entry-level cars. We will not get large numbers of new entrants into a segment (SUVs) that is priced between ₹15-20 lakh," Bhargava noted.

When asked if the improvement of sales in the small car segment can be expected from the next year onwards, Bhargava replied, "I don't think that the improvement in the small car market is going to happen that quickly. I think it will take some more time because the affordability of these cars have changed drastically because of the (regulatory) changes that have happened."

Over the recent years, the government has implemented a series of carbon emission reduction regulations on PV manufacturers. This has compelled companies to modify their vehicle models, resulting in an overall increase in production costs.

"I believe it will take 2-3 years before the small car market has to revive. Something has to happen in that segment because if the small car market does not revive and it remains what it is today, I don't think long term sustained growth of even 6-7 per cent will be possible," he mentioned.

He stated that the MSIL is not as "pessimistic" as the rest of the PV industry and it believes that there will be a positive growth in the next year.

Bhargava also stated that the customer's purchasing power must be restored. "It can only happen if per capita incomes go up and the cost of the car does not go up."

