



INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

**Industry volumes continue to be
healthy**

MAY 2023



1 Trends In Domestic Passenger Vehicle Industry Volumes



2 Segment-wise Domestic Sales Trend



3 Export Volume Trends



4 Trends in Market Share



5 ICRA Ratings in the Sector



Domestic wholesale volumes remained at steady levels in April, aided by healthy order books of OEMs.

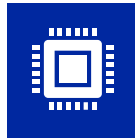
Steady demand is estimated to help the industry to continue to record a moderate growth in volumes in FY2024, post reaching an all-time high in FY2023.



Domestic wholesale volumes in April 2023 remained strong at 3.31 lakh units, representing a healthy YoY growth of 13%; the volumes were aided by healthy robust order books across the OEMs and represented only a marginal decline of 2%, on a sequential basis. The OEM production levels continue to be healthy, aided by a stabilisation of semiconductor chip supplies.



Retail sales also remained at healthy levels in April 2023, even as they represented a material decline on a sequential basis, with sales in March 2023 benefitting from pre-buying ahead of the implementation of the second phase of BS VI norms. Even as underlying demand trends remain stable, impact of increase in borrowing costs on the same remains monitorable.



The availability of semiconductor chips to support the desired production levels of the OEMs remains monitorable, with new capacities likely only in CY2023. Maruti Suzuki, the market leader, indicated that a shortage of electronic components continues to constrain its production levels.



Monthly export volumes continued to be steady in FY2023, aided by stable demand across geographies. Export volumes in April 2023, however, represented a decline of ~12% on a YoY basis; the trend in export volumes remains monitorable, with shortage of US\$ availability in some African markets and inflationary pressures likely to impact demand.



ICRA expects the industry to grow by 6-9% in FY2024, aided by steady industry demand. Supply-chain disruptions, increase in cost of ownership and South-West monsoon performance, however, remain monitorable.



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