



INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

Industry volumes remain steady

SEPTEMBER 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 healthy levels in August, aided by an inventory build-up for new model launches by the OEMs.

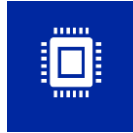
Steady demand is estimated to help the industry record a moderate growth in volumes in FY2024, post reaching an all-time high in FY2023.



Domestic wholesale volumes in August 2023 remained strong at 3.6 lakh units, representing a YoY growth of 9% and a growth of ~3% on a sequential basis. The offtake was supported to an extent by the build-up of inventory for new model launches by the OEMs.



Retail sales remained at healthy levels in August 2023, representing a healthy growth of ~11% on a sequential basis, with retails in July remaining impacted by severe monsoons and flood-like situations, especially in North India. Even as the fundamental demand trend remains healthy, the retails during the festive season remain monitorable with channel inventory at heightened levels.



The availability of semiconductor chips to support the desired production levels of the OEMs remains monitorable, with new capacities likely towards the end of 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, aided by steady demand across geographies. Export volumes in August 2023 remained at similar levels till July 2023. The trend remains monitorable, with shortage of US\$ in some African markets and inflationary pressures which may impact demand.



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



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