

INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

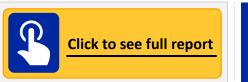
Inventory at dealer level remains high despite strong retails

NOVEMBER 2024



Highlights





Wholesale volumes improved sequentially in October 2024; inventory remained at elevated levels despite strong retails. Continuation of demand in the ongoing wedding season key to provide liquidity cushion to dealers.

ICRA has revised its outlook on the PV industry to 0-2% growth in FY2025 against a previous growth estimate of 3-6% due to elevated inventory, which has curtailed the wholesale volume growth.





In October 2024, domestic wholesale sales volumes improved marginally on YoY basis to 3.9 lakh units. The supplies from original equipment manufacturers (OEMs) remained steady, which led to ~10% sequential growth in volumes. Retail sales improved at a strong pace in October 2024 by ~75% sequentially on the back of strong festive season with attractive discounts and competitive financing rates; on a YoY basis, retail sales improved by 37% amid strong footfall. Overall, in the festive season, retail sales grew at a moderate pace of ~6% YoY to ~6.5 lakh units.

Inventory levels remain elevated between 75-80 days at the end of October 2024, despite strong retails as per the Federation of Automobile Dealers Association (FADA) because of steady production. Sport Utility vehicles (SUVs) continued to be the most preferred segment in the passenger vehicle (PV) industry, driving 63-64% of the overall PV volumes. The utility vehicles (UVs) are likely to remain the key volume drivers in the near term. Continuation of demand in the ongoing wedding season remains key to keep inventory levels under check and provide liquidity cushion to the dealers.



Monthly export volumes remain moderate; volumes in October 2024 improved by ~14% on a YoY basis, however, moderated by ~9% on a sequential basis. The trend needs to be monitored as a shortage of forex availability in certain African markets and inflationary pressures may hit demand.



ICRA has revised its outlook on industry volume growth to 0-2% for FY2025, owing to elevated inventory level, which has partly impacted the production and thus has curtailed the industry wholesale volumes.



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