



INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

Inventory levels remain high despite healthy festive season; wholesale volumes remain steady

DECEMBER 2024





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Wholesale volumes remained steady on a YoY basis in November 2024; inventory remained at elevated levels despite some moderation after a strong festive season. Expectation of demand from the next wedding season is key to provide liquidity cushion to dealers.

ICRA maintain its outlook on the PV industry to grow at 0-2% in FY2025 due to elevated inventory, which has curtailed wholesale volume growth.



In November 2024, domestic wholesale sales volumes improved on a YoY basis to 3.5 lakh units.

The supplies from original equipment manufacturers (OEMs) remained steady, which led to ~4% YoY growth in volumes. However, the volumes moderated from the high of October 2024 with OEMs rationalising production to control inventory. Retail sales saw a moderation of ~33% on a sequential basis from the record high of October 2024 following a strong festive season. With a demand push towards October 2024 due to the festive season, retail volumes moderated ~14% YoY.



Inventory levels moderated to 65-68 days; but remained elevated at the end of November 2024,

as per the Federation of Automobile Dealers Association (FADA). 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. 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 dealers.



Monthly export volumes remained moderate; volumes in November 2024 improved by ~12% on a YoY basis but moderated marginally by ~2% 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's outlook on industry volume growth is 0-2% for FY2025 (growth of ~1% in April-November

FY2025), owing to elevated inventory level, which has partly impacted production and, thus, has curtailed the industry wholesale volumes.



ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	shamsherd@icraindia.com	0124 – 4545 328
K. Srikumar	Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Rohan Gupta	Sector Head	rohan.kanwar@icraindia.com	0124 – 4545 808
Akshay Dangi	Analyst	akshay.dangi@icraindia.com	0124 – 4545 396





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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