



News / LATEST / Economy / The festive season is coming and the auto sector has something to smile about. Here's why

[Feedback](#)

The festive season is coming and the auto sector has something to smile about. Here's why

As per a recent report put out by the rating agency CareEdge, Indian automobile industry expects the demand sentiment to remain positive and hopes that the momentum will continue amid the long festive season and the adequate rainfall across the country.



Vivek Dubey

Aug 30, 2022, Updated Aug 30, 2022, 6:27 PM IST



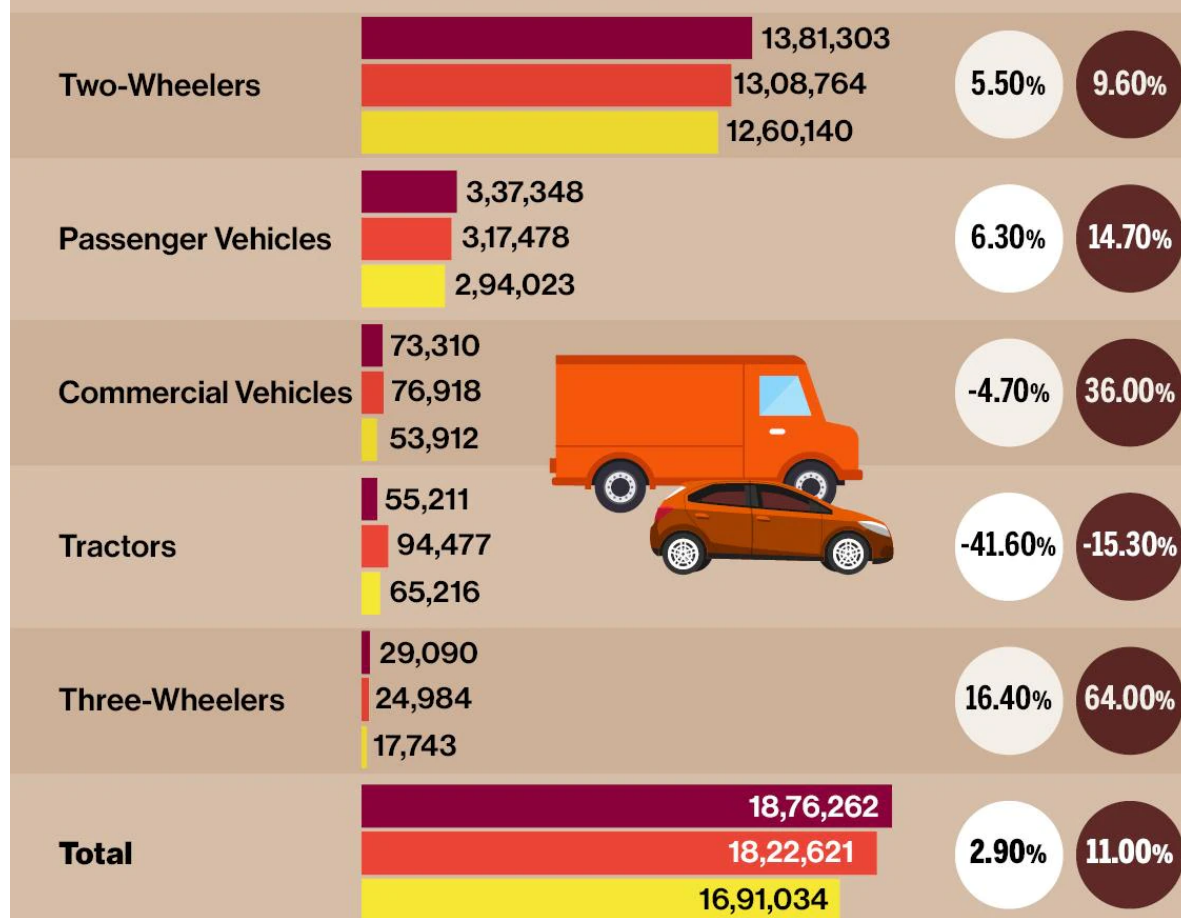
Indian automobile industry expects the demand sentiment to remain positive and hopes that the momentum will continue amid the long festive season and the adequate rainfall across the country, rating agency CareEdge said in a report on Tuesday.

"The timely arrival of monsoons, new model launches by the OEMs along with improvement in the availability of semiconductors helped sustain the demand in July," said the rating agency, adding that "on a year-on-year (y-o-y) basis, the domestic sales growth stood at 11 per cent, with 2.9 per cent growth on a month-on-month (m-o-m) basis."

The original equipment manufacturers (OEMs) are also increasing their production and building up inventory ahead of the festival season, the report added. The festive season in the country, which usually witnesses an increase in automobile sales, starts with Rakshabandhan and stretches up to Diwali on October 25.

INDIA'S AUTO INDUSTRY SALES

■ July-22 units ■ June-22 units ■ July-21 units ■ MoM change ■ YoY change



Source: CareEdge Research, SIAM, TMA

Vinkesh Gulati, President, FADA, in a recent interaction with PTI, stated: "We expect the festive season this year to be the best in terms of passenger vehicle sales on the back of new launches and improved production activity. The industry has been rolling out over 3 lakh units on an average in the past 4-5 months which is helping in retails."



Two-Wheelers

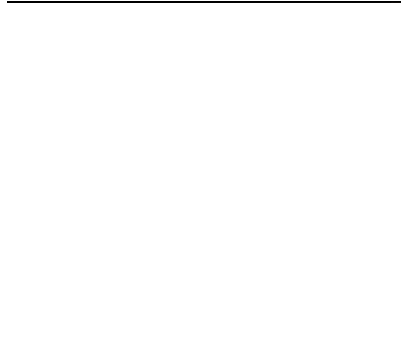
As per the rating agency CareEdge's report, the two-wheeler segment's domestic sales registered a 5.5 per cent growth m-o-m in July 2022, with the sub-segment scooters rising 14 per cent. On the other hand, the motorcycles sub-segment grew 2 per cent. The two-wheelers segment's average inventory days were in the range of 20-23 days in July 2022.

However, the exports for two-wheelers dropped 9.6 per cent on an m-o-m basis with a 15 per cent m-o-m decline in export sales in the motorcycles sub-segment. This drop came in because of the rising inflation, geopolitical tensions in international markets and adverse economic conditions in Nepal and Sri Lanka.

"Normal monsoons in most parts of the country resulting in a decent agricultural harvest kept the demand sentiment positive," the report added.

Passenger Vehicles

The passenger vehicle segment, in terms of domestic sales, showed an improvement of 6.3 per cent on an m-o-m basis during July 2022. The passenger cars and utility vehicles sub-segments grew 8 per cent and 3 per cent, respectively, on an m-o-m basis.



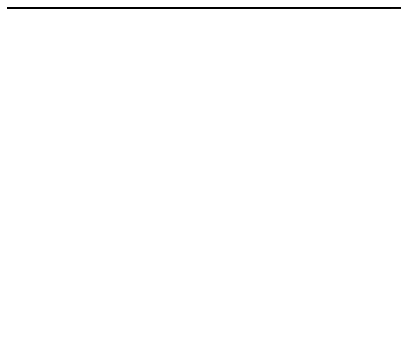
The domestic passenger vehicles segment, with OEMs continuously launching new models - especially in the compact SUV segment - is also expected to sustain the demand in the festive season. The waiting periods in the coming months are also expected to reduce due to the improving availability of semiconductor chips.

As per a FADA report, the average inventory days stood at 20-25 days for July 2022. The exports increased 3.4 per cent y-o-y which showed a growth in sales by 2 per cent and 5 per cent, respectively, in the export market. This was due to increasing demand in the passenger cars and utility vehicles sub-segment.

Commercial Vehicles

Domestic sales in commercial vehicles declined 4.7 per cent m-o-m in July 2022 on account of a slowdown in construction activities due to the onset of rainfalls. The Medium and Heavy Commercial Vehicle and Light Commercial Vehicle sub-segments domestic sales dropped 8.5 per cent and 3.1 per cent, respectively.

The commercial vehicle segment sales, on a year-on-year basis, increased 36 per cent on account of the low base last year and exports declined 4.6 per cent due to rising global uncertainties across various exports market.



Tractors

Tractor sales in July saw a 41.6 per cent m-o-m decline in domestic sales and exports saw a 7.9 per cent decline on an m-o-m basis.

Three-Wheelers

The three-wheeler segment's domestic sales grew 16.4 per cent m-o-m in July 2022. The goods carrier subsegment sales declined 5 per cent on an m-o-m basis.

Interestingly, the three-wheelers segment has witnessed sales degrowth for the last 3 years. However, with the opening up of the economy, there has been traction in the passenger movement, thus improving the demand in

this segment.

The export in the three-wheeler segment also improved 12.1 per cent on an m-o-m basis with growth in exports of 12 per cent in the passenger carriers and 42 per cent in goods carriers sub-segments.

However, the Reserve Bank of India's latest hike in repo rates, to restrain high inflation, is expected to make auto loans costlier and may restrict the growth - especially in entry-level vehicle segments which have price-sensitive customers. In addition to this, the sector could also face risks amid global inflationary pressure and a possible semiconductor shortage due to Taiwan-China tensions.

TAGS: [INDIAN AUTOMOBILE INDUSTRY](#) [AUTOMOBILE INDUSTRY](#) [AUTO INDUSTRY](#) [AUTOMOBILE INDUSTRY IN INDIA](#) [INDIAN AUTOMOBILE SECTOR](#)
[FESTIVE SALES OF INDIAN AUTOMOBILES](#) [AUTOMOBILE SALES](#) [AUTOMOBILE](#) [AUTOMOTIVE INDUSTRY](#) [INDIAN AUTOMOBILE SALES](#)
[INDIAN AUTO INDUSTRY NEWS](#) [INDIAN AUTOMOBILE INDUSTRY NEWS](#) [LATEST NEWS FROM INDIAN AUTOMOBILE INDUSTRY](#)
[INDIAN AUTOMOTIVE INDUSTRY](#) [AUTOMOBILE SALES INDIA](#)



Economy	Trending	Infra	Stocks	Education
Corporate	Magazine	Pharma	Auto	Jobs
Markets	COVID-19	Real	World	Lifestyle
		Estate		