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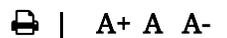
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# Retail 4-wheeler sales jump 24 per cent in December, OEMs facing supply constraints

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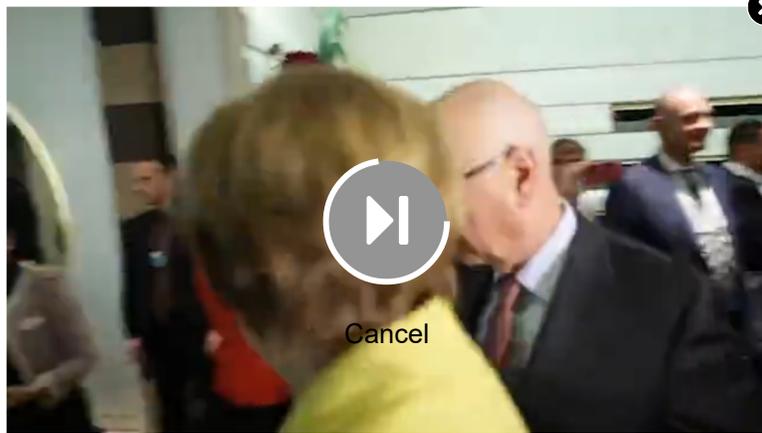


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**By Express News Service**

NEW DELHI: Retail passenger vehicle sales (as recorded through vehicle registrations) grew by 24 per cent year-on-year in December 2020 due to spillover demand from the festive season and a fear of price hikes going into effect from January 2021. According to dealers association Federation of Automobile Dealers' Associations (FADA, there is currently a wide mismatch between demand for, and the supply of, PVs resulting in waiting periods of up to 8 months for select models.



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“A good crop season, better offers in the two-wheeler segment, new launches both in PV as well as two-wheelers, and a fear of price increase in the month of January kept the demand going. Supply side issues in passenger vehicles continued for the second straight month thus making waiting period as high as eight months in select OEM vehicles,” said FADA President Vinkesh Gulati in a statement on Monday.

A shortage of micro-processors (semiconductors) used in electronic control units has also forced OEMs to cut down on their production capacity. According to ratings agency Care Ratings, it will be crucial for automakers to deal with the supply shortages at the dealer level, in order to take advantage of the existing high demand for PVs.

Separately, most automakers such as Maruti Suzuki, Mahindra & Mahindra, and Hero MotorCorp have already implemented price hikes ranging between 2-5 per cent for their models. This, according to FADA, will lead to a temporary decline in sales of passenger vehicles.

“Demand for vehicles in January looks to be bleak. PVs may witness growth if demand-supply mismatch is resolved. With recent hikes announced by all OEMs, FADA expects a temporary blip in demand as customers will take time to absorb the same,” the association observed.

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