

Retail Sales of Automobiles in November 2020

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November 2020 was a significant month for discretionary purchases as it included main festivities (Dhanteras and Diwali) and marked the onset of wedding season in India. Though celebrations have remained muted this year due to the ongoing pandemic, automobile retail sales in India have shown an impressive growth of 29.3% sequentially.

- All segments of automobiles (except tractors) witnessed positive growth m-o-m, where two wheelers and passenger vehicles, as expected, were the best performing segments with rise in retail sales of 35.7% and 16.5% m-o-m. New model launches and premiumization helped clock positive growth for these two segments during the month.
- As the country witnesses a gradual rise in infrastructural activities and growth in the E-commerce sector, retail sales of commercial vehicles is gaining pace every month. On a m-o-m basis, commercial vehicles retail sales rose 12.7%. The demand for bus segment remains muted as most schools continue to remain closed and large number of offices still encourage work from home practice. The M&HCV segment continues to grapple with inflated prices of BS-6 models, sourcing finance, high fuel prices and no implementation of the scrappage policy.
- Tractors reported negative growth m-o-m in November 2020. The three wheelers segment, though has shown some positive growth sequentially, but is still the weakest performing segments of automobiles in FY21 (till date).

Comparison on a YoY basis shows that the retail sales of automobiles are at nearly 80% of last year's levels, which reflects an impressive recovery of the sector in a pandemic year. On a YoY basis, all segments, except for passenger vehicles and tractors, reported negative growth in November 2020. Reaching pre-covid levels of sales seems improbable in FY21, as consumer demand for automobiles is expected to stagnate in Q4-FY21. The festive season has nearly ended and hence, near term demand for automobiles will depend on how quickly the economy progresses and lifts consumer incomes.

Table 1: Retail sales of automobiles (in units)

Category	November 2020	Change	
		Y-o-Y	M-o-M
Two-wheeler	14,13,378	-21.4%	35.7%
Three-wheeler	24,185	-65%	8.1%
Commercial vehicle	50,113	-31.2%	12.7%
Passenger vehicle	2,91,001	4.2%	16.5%
Tractor	49,313	8.5%	-10.6%
Total	18,27,990	-19.3%	29.3%

Source: FADA, CARE Ratings