

Automobile Sales Update for February 2021

March 11, 2021

Wholesales of automobiles

As the financial year 20-21 nearly comes to an end, analysis of data for 11M-FY21 shows that the auto sector is fast approaching its pre-covid levels. Since July 2020, nearly all segments have shown an impressive recovery, except for three-wheelers which is witnessing slow paced growth.

For February 2021, the factory dispatches of two-wheelers and passenger vehicles saw low double-digit growth, while three-wheelers were lower by 1/3rd of last year's levels. However, tractors sales were higher by 31.1% YoY. On a sequential basis, two-wheelers and passenger vehicles were at nearly same levels as previous month, while three wheelers grew by modest 3.8% and tractors declined by 3.4%.

For 11M-FY21, domestic wholesales of two-wheelers, passenger vehicles and three wheelers were lower by 17.7%, 13.5% and 69.8%, while tractors were higher by 17.3% on a YoY basis.

Retail sales of automobiles

The sales by dealers to consumers presented a mixed bag in February 2021. Tractor was the best performing segment with growth of 18.9% YoY. Passenger vehicles saw a growth of 10.6% which was supported by a low base of last year as India was transitioning from BS-4 to BS-6 emission norms. Two-wheelers was lower by 16.1% YoY, while three-wheelers and commercial vehicles declined by a higher pace of 49.7% and 29.5% YoY respectively. The factors that affected automobile sales during this month were rising fuel prices which led to deferment of consumers' decision to purchase a vehicle, shortage of semi-conductors and high container charges, which deterred the production levels of OEMs, imposition of new lockdowns in some cities affecting the sales of price sensitive entry level categories. Due to the ongoing shortage of critical components, the waiting period for passenger vehicles has reached nearly 8 months now and dealer inventory has fallen to 10-15 days. The automotive sector also faces the headwind of a consistent rise in commodity prices, which is affecting margins of OEMs.

Concluding remarks and outlook

The automotive sector has shown a quick recovery in past recent months and wholesales data for 11M-FY21 shows that passenger vehicles and two wheelers have reached nearly 85% of FY20 levels. However, three wheelers demand is still slow and is expected to take much longer to recover. Tractors have outperformed this year by clocking almost 1/5th more sales than previous year.

The following month of March 2021 has a low base for all segments of automobiles and hence, growth during this month and Q4-FY21 is expected to be extortionate. The following is CARE Ratings' revised outlook for the automobiles sector for FY21.

Segment	Outlook
Passenger vehicles	-5 to -7%
Two-wheelers	-12 to -14%
Three-wheelers	-65 to -67%
Tractors	26 to 28%
Commercial vehicles	-19 to -21%
- MHCV	-38 to -40%
- LCV	-11 to -13%

Table 1: Automobile domestic sales in February 2021

Wholesales	Units	Change	
		Y-o-Y	M-o-M
Two-wheeler	14,26,865	10.2%	-0.2%
Three-wheeler	27,331	-33.8%	3.8%
Passenger vehicle	2,81,388	17.9%	1.8%
Tractor	75,645	31.1%	-3.4%
Retail sales			
Two-wheeler	10,91,288	-16.1%	-6.2%
Three-wheeler	33,319	-49.7%	7.3%
Passenger vehicle	2,54,058	10.6%	-9.8%
Tractor	61,351	18.9%	1.0%
Commercial vehicle	59,020	-29.5%	5.7%

Source: SIAM, TMA, CMIE, FADA, CARE Ratings

Note 1: PV wholesales is excluding Tata Motors

Note 2: Wholesales of commercial vehicles are released quarterly by SIAM

Note 3: Retail sales do not include data from AP, MP, LD & TS

Contact:

Madan Sabnavis
Chief Economist
madan.sabnavis@careratings.com
+91-22-6837 4433

Vahishta Unwalla
Research Analyst
vahishta.unwalla@careratings.com
+91-22-6837 4408

Mradul Mishra
(Media Contact)
mradul.mishra@careratings.com
+91-22-6754 3573

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Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel. : +91-22-6754 3456 | CIN: L67190MH1993PLC071691

Connect:

