

Automobile Industry Update: FY20

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Auto sales decline by a sharp 41.6% y-o-y in March 2020, register a decline of about 14.8% in FY20 led by pandemic Covid-19 amidst weak consumer sentiments along with rising insurance and ownership costs

In March 2020, auto industry sales (including PVs, CVs and two & three wheelers) registered a y-o-y double-digit decline of about 41.6% in overall sales vis-à-vis a decline of about 11.6% registered during the corresponding period previous year. The sales decline during the period was largely on account of weak demand for commercial vehicles that recorded a sharp decline of over 86% followed by about 50% decline in passenger vehicles segment. Sales of two & three wheelers segment declined by about 37% y-o-y during the month according to the latest data of the industry body SIAM. **Price hikes of about 10-15% in passenger vehicles and two wheeler segments due to new safety norms starting April 1, 2019, higher insurance costs and unsold inventories at retail (dealers) level causing slow movement in wholesale movement** led to the overall decline of automobile sales during the month. Also, liquidity crisis in the NBFC sector and increased load carrying capacity for M&HCVs impacted the CV sales. Furthermore, the country-wide lockdown announced by the Prime Minister in March 2020 to curtail the spread of the corona virus further weighed down on the sales.

Exports as well declined by about 24.5% y-o-y in March 2020 vis-à-vis a growth of about 4% during the corresponding period of previous year on back of slowdown in the global economies led by the pandemic Covid-19. Most of the major economies are currently in a lockdown situation in order to prevent the proliferation of the number of positive cases of the virus.

In FY20, the industry sales witnessed a sharp decline of 14.8% y-o-y vis-à-vis a growth of about 6.4% witnessed during FY19 led by factors such as increased insurance costs, uneven monsoon, high ownership costs, curtailed lending by the NBFC segment, weak festival demand, weak consumer sentiments and the spread of Covid-19 in the country.

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Table 1: Auto Production (in Numbers)

	Commercial vehicles	Growth (%)	Passenger vehicles	Growth (%)	Two & three wheelers	Growth (%)	Total (CV + PV + 2&3W)	Growth (%)
FY91	1,44,550	15.6%	2,19,190	-2.0%	19,09,910	5.2%	22,73,650	5.1%
FY92	1,43,172	-1.0%	1,97,920	-9.7%	16,82,760	-11.9%	20,23,852	-11.0%
FY93	1,28,111	-10.5%	2,02,480	2.3%	15,68,760	-6.8%	18,99,351	-6.2%
FY94	1,41,476	10.4%	2,57,556	27.2%	18,47,010	17.7%	22,46,042	18.3%
FY95	1,94,799	37.7%	3,14,150	22.0%	23,24,160	25.8%	28,33,109	26.1%
FY96	2,59,148	33.0%	4,15,790	32.4%	28,19,790	21.3%	34,94,728	23.4%
FY97	2,39,823	-7.5%	5,42,130	30.4%	32,01,990	13.6%	39,83,943	14.0%
FY98	1,60,964	-32.9%	5,35,655	-1.2%	33,07,534	3.3%	40,04,153	0.5%
FY99	1,35,891	-15.6%	5,04,037	-5.9%	35,68,218	7.9%	42,08,146	5.1%
FY00	1,73,524	27.7%	7,01,655	39.2%	39,68,270	11.2%	48,43,449	15.1%
FY01	1,56,706	-9.7%	6,40,934	-8.7%	39,61,752	-0.2%	47,59,392	-1.7%
FY02	1,62,508	3.7%	6,69,719	4.5%	44,84,075	13.2%	53,16,302	11.7%
FY03	2,03,697	25.3%	7,23,330	8.0%	53,52,940	19.4%	62,79,967	18.1%
FY04	2,75,040	35.0%	9,89,560	36.8%	59,78,964	11.7%	72,43,564	15.3%
FY05	3,53,703	28.6%	12,09,876	22.3%	69,04,274	15.5%	84,67,853	16.9%
FY06	3,91,083	10.6%	13,09,300	8.2%	80,43,120	16.5%	97,43,503	15.1%
FY07	5,20,014	33.0%	15,45,223	18.0%	90,22,792	12.2%	1,10,88,029	13.8%
FY08	5,49,006	5.6%	17,77,583	15.0%	85,27,341	-5.5%	1,08,53,930	-2.1%
FY09	4,16,870	-24.1%	18,38,593	3.4%	89,16,817	4.6%	1,11,72,280	2.9%
FY10	5,67,556	36.1%	23,57,411	28.2%	1,11,32,097	24.8%	1,40,57,064	25.8%
FY11	7,60,735	34.0%	29,82,772	26.5%	1,41,48,902	27.1%	1,78,92,409	27.3%
FY12	9,29,136	22.1%	31,46,069	5.5%	1,63,06,821	15.3%	2,03,82,026	13.9%
FY13	8,32,649	-10.4%	32,31,058	2.7%	1,65,83,904	1.7%	2,06,47,611	1.3%
FY14	6,99,035	-16.0%	30,87,973	-4.4%	1,77,13,157	6.8%	2,15,00,165	4.1%
FY15	6,98,298	-0.1%	32,21,419	4.3%	1,94,38,330	9.7%	2,33,58,047	8.6%
FY16	7,86,692	12.7%	34,65,576	7.6%	1,97,64,331	1.7%	2,40,16,599	2.8%
FY17	8,10,253	3.0%	38,03,254	9.7%	2,07,17,460	4.8%	2,53,30,967	5.5%
FY18	8,95,448	10.5%	40,21,980	5.8%	2,41,77,019	16.7%	2,90,94,447	14.9%
FY19	11,12,405	24.2%	40,33,859	0.3%	2,57,68,610	6.6%	3,09,14,874	6.3%
FY20	7,52,022	-32.4%	34,40,110	-14.7%	2,21,70,152	-14.0%	2,63,62,284	-14.7%

Source: CMIE

- Overall auto production witnessed a decline of about 14.7% y-o-y during FY20 period vis-à-vis a growth of about 6.3% during the corresponding period previous year. Many major manufacturers (OEMs) continued to slash the production between April – December 2019 period owing to declining sales and large inventories of roughly about 30-45 days with dealers and wholesalers, along with the upcoming shift to the new BS-VI standards from April 1, 2020 during the months. Also, with government's deadline for all existing PVs and two wheeler models to comply with new safety norms starting April 1, 2019, the overall industry production has decelerated. Cost of manufacturing has increased due to new safety norms and higher component costs for manufacturing electric vehicles and BS VI complaint vehicles. During January – March 2020, while the inventory was at the normal level, demand continued to decline forcing the OEMs to cut production. **It is to be noted that such a double-digit decline, however lower, in production was last observed during FY92, where production had witnessed a decline of about 11% y-o-y.**

Table 2: Auto Sales (in Numbers)

	Commercial vehicles	Growth (%)	Passenger vehicles	Growth (%)	Two & three wheelers	Growth (%)	Total (CV + PV + 2&3W)	Growth (%)
FY91	1,41,780	13.9%	2,14,650	-4.1%	18,97,670	2.9%	22,54,100	2.8%
FY92	1,39,100	-1.9%	2,02,080	-5.9%	16,88,610	-11.0%	20,29,790	-10.0%
FY93	1,20,636	-13.3%	2,03,200	0.6%	15,68,190	-7.1%	18,92,026	-2.3%
FY94	1,51,570	25.6%	2,60,120	28.0%	18,59,720	18.6%	22,71,410	20.1%
FY95	1,98,512	31.0%	3,15,770	21.4%	23,38,320	25.7%	28,52,602	25.6%
FY96	2,56,873	29.4%	4,11,460	30.3%	28,34,090	21.2%	35,02,423	22.8%
FY97	2,35,584	-8.3%	5,45,550	32.6%	31,82,940	12.3%	39,64,074	13.2%
FY98	1,56,429	-33.6%	5,51,591	1.1%	32,76,588	2.9%	39,84,608	0.5%
FY99	1,39,981	-10.5%	5,21,668	-5.4%	35,97,413	9.8%	42,59,062	6.9%
FY00	1,71,520	22.5%	7,62,061	46.1%	39,66,638	10.3%	49,00,219	15.1%
FY01	1,50,355	-12.3%	7,17,672	-5.8%	39,43,678	-0.6%	48,11,705	-1.8%
FY02	1,58,541	5.4%	7,28,281	1.5%	45,23,646	14.7%	54,10,468	12.4%
FY03	2,02,937	28.0%	7,79,203	7.0%	52,66,703	16.4%	62,48,843	15.5%
FY04	2,77,546	36.8%	10,31,387	32.4%	59,81,523	13.6%	72,90,456	16.7%
FY05	3,48,370	25.5%	12,27,974	19.1%	69,50,829	16.2%	85,27,173	17.0%
FY06	3,91,641	12.4%	13,18,648	7.4%	80,02,361	15.1%	97,12,650	13.9%
FY07	5,17,302	32.1%	15,78,431	19.7%	90,39,784	13.0%	1,11,35,517	14.6%
FY08	5,49,488	6.2%	17,68,283	12.0%	85,74,997	-5.1%	1,08,92,768	-2.2%
FY09	4,26,819	-22.3%	18,88,432	6.8%	89,39,586	4.3%	1,12,54,837	3.3%
FY10	5,77,730	35.4%	23,97,478	27.0%	1,11,24,615	24.4%	1,40,99,823	25.3%
FY11	7,58,948	31.4%	29,45,868	22.9%	1,40,96,521	26.7%	1,78,01,337	26.3%
FY12	9,01,757	18.8%	31,38,622	6.5%	1,62,59,295	15.3%	2,02,99,674	14.0%
FY13	8,73,238	-3.2%	32,24,429	2.7%	1,65,94,941	2.1%	2,06,92,608	1.9%
FY14	7,09,901	-18.7%	30,99,650	-3.9%	1,77,24,255	6.8%	2,15,33,806	4.1%
FY15	7,01,887	-1.1%	32,22,577	4.0%	1,93,73,253	9.3%	2,32,97,717	8.2%
FY16	7,88,828	12.4%	34,42,595	6.8%	1,98,81,376	2.6%	2,41,12,799	3.5%
FY17	8,22,353	4.2%	38,07,865	10.6%	2,07,13,788	4.2%	2,53,44,006	5.1%
FY18	9,53,781	16.0%	40,38,552	6.1%	2,40,31,820	16.0%	2,90,24,153	14.5%
FY19	11,07,244	16.1%	40,58,608	0.5%	2,57,29,376	7.1%	3,08,95,228	6.4%
FY20	7,78,401	-29.7%	34,59,117	-14.8%	2,20,76,730	-14.2%	2,63,14,248	-14.8%

Source: CMIE

- Commercial vehicles sales declined sharply by about 30% during the year with Medium and Heavy Commercial Vehicles (M&HCVs) sales declining by about 43% and Light Commercial Vehicles (LCVs) sales by about 21% y-o-y. Due to upward revision in axle load norms for M&HCVs by 20-25% and curtailed lending by NBFCs, fleet owners deferred their purchases. Also, volatility in freight rates and increase in fuel prices impacted demand. While the pre-buying was expected during March 2020 before the BS VI norms were implemented, the country-wide lockdown led by the pandemic abraded the potential demand. The nationwide lockdown has also impacted the freight demand leaving the transporters with a significant drop in revenues. Also, lower demand from the manufacturing as well as infrastructure industries during the lockdown and post it as well is likely to erode the revenues of players.
- Passenger vehicles segment witnessed a decline of 14.8% y-o-y in sales during FY20 with maximum decline of 39% y-o-y in the vans segment followed by about 20% decline in the passenger car segment. Multi-Utility Vehicles

(MUV) segment sales on the other hand, witnessed a marginal growth of about 3% y-o-y during the period led by various new model launches along with additional deals and discounts offered by the dealers and players. Quadricycles, with a very low base, witnessed a growth of about 22% y-o-y. Increased insurance cost, high ownership cost, high fuel costs and price hike due to new safety norms starting April 1, 2019 along with the liquidity crunch in the market continue to weigh down on the industry. Excise duty and road and infrastructure cess on petrol and diesel was increased by Rs 1 each in July 2019 taking petrol and diesel price up by Rs 2 per litre effectively.

- In case of Two & Three Wheelers, overall sales witnessed declined by about 14.2% y-o-y in FY20 led by decline in sales of two wheelers by about 14.4% followed by about 10.2% in three wheelers. Demand remained under pressure on back of high ownership costs, higher outlay in insurance cost, increased fuel costs and price hike on back of new safety norms starting April 1, 2019 that led to slower movement in the segment sales.

Table 3: Auto Exports (in Numbers)

	Commercial vehicles	Growth (%)	Passenger vehicles	Growth (%)	Two & three wheelers	Growth (%)	Total (CV + PV + 2&3W)	Growth (%)
FY93	7,806	-4.8%	16,029	-37.4%	50,051	63.5%	74,277	15.3%
FY94	12,353	58.3%	18,835	17.5%	84,619	69.1%	1,11,260	49.8%
FY95	15,882	28.6%	24,142	28.2%	1,42,570	68.5%	1,79,065	60.9%
FY96	16,389	3.2%	31,321	29.7%	1,46,253	2.6%	1,93,456	8.0%
FY97	14,276	-12.9%	39,205	25.2%	1,47,104	0.6%	2,02,698	4.8%
FY98	14,058	-1.5%	33,010	-15.8%	1,44,099	-2.0%	1,91,385	-5.6%
FY99	10,108	-28.1%	28,122	-14.8%	1,20,922	-16.1%	1,63,102	-14.8%
FY00	9,912	-1.9%	28,420	1.1%	1,00,962	-16.5%	1,39,490	-14.5%
FY01	13,770	38.9%	27,112	-4.6%	1,27,401	26.2%	1,64,425	17.9%
FY02	11,870	-13.8%	53,165	96.1%	1,19,645	-6.1%	1,86,580	13.5%
FY03	12,255	3.2%	72,005	35.4%	2,23,048	86.4%	3,06,923	64.5%
FY04	17,432	42.2%	1,29,291	79.6%	3,33,196	49.4%	4,74,742	54.7%
FY05	29,940	71.8%	1,66,402	28.7%	4,33,202	30.0%	6,17,036	30.0%
FY06	40,600	35.6%	1,75,572	5.5%	5,90,050	36.2%	7,95,562	28.9%
FY07	49,537	22.0%	1,98,452	13.0%	7,63,540	29.4%	10,02,592	26.0%
FY08	58,994	19.1%	2,18,401	10.1%	9,60,938	25.9%	12,28,876	22.6%
FY09	42,625	-27.7%	3,35,729	53.7%	11,52,240	19.9%	15,46,963	25.9%
FY10	45,009	5.6%	4,46,145	32.9%	13,13,272	14.0%	18,02,042	16.5%
FY11	74,043	64.5%	4,44,326	-0.4%	18,01,587	37.2%	22,90,922	27.1%
FY12	92,258	24.6%	5,08,783	14.5%	23,36,864	29.7%	29,19,690	27.4%
FY13	80,027	-13.3%	5,59,414	10.0%	22,59,466	-3.3%	29,11,138	-0.3%
FY14	77,050	-3.7%	5,96,142	6.6%	24,37,392	7.9%	31,13,561	7.0%
FY15	86,939	12.8%	6,21,341	4.2%	28,65,066	17.5%	35,63,457	14.4%
FY16	1,03,124	18.6%	6,53,387	5.2%	28,87,317	0.8%	36,27,643	1.8%
FY17	1,08,271	5.0%	7,60,283	16.4%	26,12,171	-9.5%	34,75,578	-4.2%
FY18	96,865	-10.5%	7,49,971	-1.4%	31,96,005	22.4%	40,54,247	16.6%
FY19	99,933	3.2%	6,80,592	-9.3%	38,48,524	20.4%	46,25,981	14.1%
FY20	60,713	-39.2%	6,82,496	0.3%	40,22,545	4.5%	48,04,974	3.9%

Source: CMIE

- Overall exports of auto showed witnessed a marginal growth of about 3.9% y-o-y in FY20 vis-à-vis a double-digit growth of about 14.1% witnessed in FY19. Exports stood at about 18.3% of the total sales during the year. Commercial vehicles segment with the lowest base in total auto exports, witnessed the sharpest decline of over 39% while exports of passenger vehicles witnessed a negligible growth of about 0.3% y-o-y. Exports of two & three wheelers segment increased by over 4.5% y-o-y during the period.

Table 4: Deployment of gross bank credit (Rs Billion)

Sector	Feb-18	Mar-18	Feb-19	Mar-19	Feb-20	(%)			
						Feb 2019 / Feb 2018	Feb 2020 / Feb 2019	Feb 2019 / Mar 2018	Feb 2020 / Mar 2019
Deployment of Gross Bank Credit by Major Sectors									
Vehicle Loans	1,859	1,898	2,005	2,022	2,211	7.8	10.3	5.6	9.4
Industry-wise Deployment of Gross Bank Credit									
Vehicles, Vehicle Parts & Transport Equipment	733	787	799	799	791	9.0	-1.0	1.5	-0.9

Source: Reserve Bank of India (RBI)

- As can be seen, vehicle loans to individuals as of February 2020 have witnessed a growth of about 9.4% over March 2019. Also, on a y-o-y basis, vehicle loans to individuals have increased by about 10.3% in February 2020 vis-à-vis a growth of 7.8% during February 2019. Vehicle loans accounts for about 8% share in the overall Industry loans given by banks to individuals
- However, in terms of finance to the industry, bank loans to the industry have witnessed a marginal decline of about 1% on a y-o-y in February 2020. Also, compared with March 2019, bank loans to companies have witnessed a similar decline of 0.9% in February 2020 vis-à-vis a growth of about 1.5% in February 2019 over March 2018.

Table 5: Tractor production, sales & exports (in Numbers)

Year	Total Production	Growth (%)	Total Sales	Growth (%)	Total Exports	Growth (%)
FY93	1,47,927	-0.1%	1,46,770	0.0%	-	-
FY94	1,37,608	-7.0%	1,39,072	-5.2%	-	-
FY95	1,63,059	18.5%	1,64,075	18.0%	-	-
FY96	1,91,311	17.3%	1,91,200	16.5%	-	-
FY97	2,25,525	17.9%	2,28,612	19.6%	-	-
FY98	2,56,632	13.8%	2,53,276	10.8%	-	-
FY99	2,50,806	-2.3%	2,56,558	1.3%	-	-
FY00	2,62,974	4.9%	2,60,762	1.6%	-	-
FY01	2,36,004	-10.3%	2,37,189	-9.0%	-	-
FY02	2,07,324	-12.2%	2,15,005	-9.4%	-	-
FY03	1,60,822	-22.4%	1,65,702	-22.9%	-	-
FY04	1,91,533	19.1%	1,91,677	15.7%	-	-
FY05	2,63,618	37.6%	2,47,531	29.1%	19,894	-
FY06	2,99,260	13.5%	2,90,546	17.4%	27,023	35.83%
FY07	3,52,368	17.7%	3,52,781	21.4%	33,766	24.95%
FY08	3,45,457	-2.0%	3,46,508	-1.8%	42,479	25.80%
FY09	3,58,014	3.6%	3,45,827	-0.2%	40,376	-4.95%
FY10	4,31,183	20.4%	4,41,174	27.6%	37,307	-7.60%
FY11	5,30,303	23.0%	5,45,128	23.6%	62,872	68.53%
FY12	6,25,946	18.0%	6,07,658	11.5%	70,772	12.57%
FY13	5,78,112	-7.6%	5,90,672	-2.8%	58,781	-16.94%
FY14	7,07,898	22.4%	6,96,828	18.0%	62,677	6.63%
FY15	6,12,994	-13.4%	6,26,839	-10.0%	75,376	20.26%
FY16	5,70,791	-6.9%	5,71,249	-8.9%	77,485	2.80%
FY17	6,91,361	21.1%	6,61,195	15.7%	78,351	1.12%
FY18	7,90,673	14.4%	7,96,873	20.5%	85,395	8.99%
FY19	8,97,548	13.5%	8,78,476	10.2%	92,095	7.85%
FY16 (Apr-Feb)	5,25,385	-8.9%	5,26,212	-10.2%	71,119	4.3%
FY17 (Apr-Feb)	6,22,527	9.1%	6,06,053	6.1%	71,369	-7.9%
FY18 (Apr-Feb)	7,15,502	3.5%	7,13,759	7.9%	75,568	-3.6%
FY19 (Apr-Feb)	8,39,919	6.2%	8,07,790	1.4%	83,724	-2.0%
FY20 (Apr-Feb)	7,21,875	-19.6%	7,45,849	-15.1%	72,063	-21.8%

Source: CMIE

Major policies announced

FY19:

- Load carrying capacity of heavy vehicles (including trucks) raised by 20-25%
- The Insurance Regulatory and Development Authority of India (IRDAI) introduced two new sets of rules in October 2018 where the total outflow towards insurance has gone up in 2 ways –
 - upfront payment of insurance premium and

- increase in compulsory personal accident cover for owner under motor insurance policies from Rs 2 lakh to Rs 15 lakh.
- FAME II scheme gets a Rs 10,000 crore clearance from the Union Cabinet

FY20:

- GST on EVs lowered to 5% from earlier 12%
- The Insurance Regulatory and Development Authority of India (IRDAI) hiked the third party motor insurance premium for FY20 by 21% for bikes and 12% for private cars, June 2019
- An additional depreciation of 15% on all vehicles, increasing it to 30% acquired till March 30, 2020 – FM’s announcements August 23, 2019

Covid-19 impact on Auto & Auto Ancillary

India’s maximum dependence on imports especially for the two-wheeler and passenger vehicle industry component wise is in steering and braking systems, engine parts, alloy wheels and lighting systems. Also, most of the OEMs are dependent on Chinese supply chains for the BS-IV as well as BS-VI components such as fuel injection pumps. In the current scenario, with the overall slowdown in the Indian economy, shifting to other alternate countries (such as Germany, Japan, Korea) for supply may not be feasible in terms of both cost and time. Also, the gestation period and the huge investment requirements for the auto component industry remain the restricting factors for such immediate shift. In case of sub-segment tyres, the local industry is expected to benefit as cheap Chinese imports (about 25-30% of total tyre imports) are expected to drop. As per the industry experts, most OEMs were covered to continue sales and production operations till March – April 2020.

However, with the spread of the virus and at request of SIAM (Society of Indian Automobile Manufacturers) and ACMA (Auto Component Manufacturers Association of India), most of the OEMs and auto component players have initiated work from home for its non-manufacturing work staff and have announced temporary shutdown of manufacturing units and put local productions on hold. Also, the 2 main auto clusters in India, Pune and Gurgaon-Dharuhera have already been completely shut.

Table 6: Exports & Imports of Transport Equipment

USD Mn	India's Total Exports of Transport Equipment
FY17	21,645
FY18	21,702
FY19	24,643
USD Mn	India's Total Imports of Transport Equipment
FY17	19,072
FY18	18,675
FY19	20,302

Note: Transport equipment include Aircraft, spacecraft and parts, motor vehicles and parts, railway transport equipment and parts, ship, boat and floating structures, two & three wheelers, auto comps and parts and Bicycle and parts
Source: CMIE

India’s exports of transport equipment to China account for a negligible share of about 0.5% of the total transport equipment exported from the country, however, US & Europe together account for about 80% share impacting the overall automotive component exports. In terms of imports of transport equipment, about 8.6% was imported from China during

FY19, almost half of the equipment imported during the previous year. China is currently operating at below average capacities and given the conditions, is expected to fully recover only by Q2 FY21, provided the spread of Covid 19 is curtailed. Therefore, the Indian component industry is expected to witness supply chain disruptions in the domestic market during Q4 FY20 and Q1 FY21 to the tune of around USD 8,000 – 10,000 million (assuming loss of about 40 - 50% of FY19) while local sourcing is expected to increase going forward.

The investments of the industry have also been put on hold due to prolonged slowdown in the already existing subdued market during FY20. Auto component manufacturing firms such as Continental Automotive Components (India), Inovatiq Engineering, Lumax Auto Technologies, Safran Aircraft Engines, Varroc Lighting Systems and Wheels India are expected to complete their respective projects during FY21. (Source: CMIE)

During 9M FY20, net sales of the automobile OEMs witnessed a y-o-y decline of about 14% on a y-o-y basis vis-à-vis a growth of about 16% witnessed during 9M FY19 while auto ancillary players (including tyres) witnessed a decline of about 11.7% vis-à-vis a growth of 14.7% during 9M FY19. In terms of volume sales, industry witnessed a decline of about 13% y-o-y in FY20 (April – February). Industry profits declined by about 27% during 9M FY20 vis-à-vis a double digit growth during corresponding period previous year that can be attributed to weak sales booked along with various deals and offers and discounts given by OEMS during the festival season.

To conclude, with the already existing slowdown during FY20, the industry is likely to suffer huge losses going forward. Also, the employment of the industry is at risk as the contractual workers accounts for about 50% of the workforce in the industry. It is also to be noted here, that even if the pandemic is curtailed, the consumer sentiments are expected to be unfavourable and demand is expected to remain muted during H1 FY21 led by volatile economic conditions. Also, government spending on infrastructure is expected to be low during the period, further impacting the demand for commercial vehicles.