

Retail Sales of Automobiles in June 2020

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Retail sales of automobiles rise sequentially in June 2020 as lockdown restrictions in India ease

The gradual easing of restrictions in lockdown in the country boosted retail sales for automobiles in June 2020 when compared with the previous month. In the month of June 2020, automobile registrations stood at 9.84 lakh vehicles, rise of 386% compared with May 2020 and decline of 42% compared with June 2019. By the end of June 2020, nearly all dealership outlets were operational across the country, except few cities of India where the lockdown was re-imposed. This restricted supply to reach its 100% potential.

The data in table 1 and chart 1 are based on an online survey conducted on a limited sample size and reflects an overall trend. Results were collated on 13th July 2020 in collaboration with Ministry of Road Transport & Highways, Government of India. Data was gathered from 1,230 out of 1,440 RTOs. Figures from few states do not reflect in these numbers.

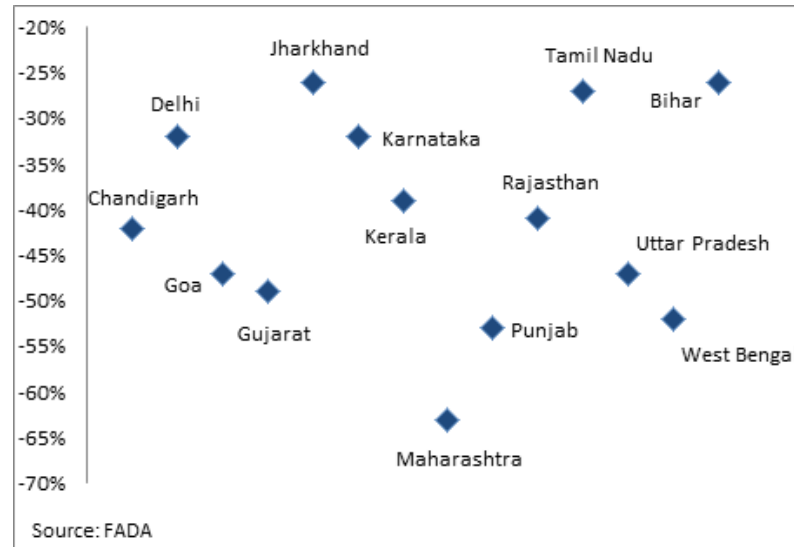
The table below depicts a decline in yearly growth for four out of five automobile segments, where two-wheelers, three-wheelers, commercial vehicles and passenger vehicles continued their downward trajectory for the month of June 2020. Tractor was the only segment which witnessed positive growth during the month, which reflects positive trends in rural markets. However, the urban markets are grappling with fears of imposition of another lockdown as number of Covid-19 cases show no signs of easing. This has further weakened the already existing low confidence of consumers, especially in Tier 1 and 2 cities.

Table 1: Retail sales of automobiles (in units)

Category	June 2019	June 2020	Growth YoY
Two wheeler	13,37,462	7,90,118	-40.9%
Three wheeler	48,804	11,993	-75.4%
Commercial vehicle	64,976	10,509	-83.8%
Passenger vehicle	2,05,011	1,26,417	-38.3%
Tractor	40,913	45,358	10.9%
Total	16,97,166	9,84,395	-42%

Source: FADA

Chart 1: State wise retail sales of automobiles in June 2020 (YoY growth)



The chart on left reflects the retail sales growth of automobiles in large markets of India. In absolute numbers, highest retail sales were recorded in Uttar Pradesh with 1.61 lakh vehicles, followed by Tamil Nadu with 1.11 lakh vehicles and Bihar with 0.95 lakh vehicles.

In terms of yearly growth, Maharashtra witnessed the highest drop in automobile retail sales of 63% YoY, of which commercial vehicles segment declined the most by 91% YoY, while tractors noted positive growth of 5.1% YoY.

Out of all the markets, the least fall in growth was reported by Jharkhand and Bihar of 26% YoY each.

Concluding remarks and outlook

- Owing to the recent good harvest in the Rabi season, rural markets are witnessing a recovery in demand and performing better than the urban markets. Additionally, the timely arrival and expectation of a bountiful monsoon this year, can potentially lead to a good agricultural output. With this, sales of tractors may continue to rise and the two-wheelers segment may witness good traction in near future.
- Short term outlook for the overall automobile sector is still gloomy. Improvement in consumer demand and reaching pre-Covid level of sales is unlikely until Q3-FY21, which marks the onset of festive season in India.
- In FY21, tractors, two-wheelers and passenger vehicles segments are expected to witness faster recovery in demand compared with three-wheelers and commercial vehicles.

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