

Retail Sales of Automobiles in October 2020

November 9th, 2020

Contact:

Madan Sabnavis

Chief Economist

madan.sabnavis@careratings.com
+91-22-6837 4433

Vahishta M. Unwalla

Research Analyst

vahishta.unwalla@careratings.com
+91-22-6837 4408

Mradul Mishra

(Media Contact)

mradul.mishra@careratings.com
+91-22-6754 3573

Disclaimer: This report is prepared by the Industry Research Division of CARE Ratings. CARE Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Ratings is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE Ratings has no financial liability whatsoever to the user of this report

Retail sales of automobiles in October 2020 marginally grew by 5.1% sequentially, while on a YoY basis was lower by 23.9%. Among all segments, tractor was the only segment of automobiles which clocked positive YoY growth in retail sales in all months of FY21 (except April and May – due to various lockdowns). Retail sales of all other segments are still much lower than the previous year levels.

Comparison on a sequential basis indicates that two-wheeler sales were nearly at same levels, while commercial vehicles were better by 12.3% and passenger vehicle sales rose 27.7%. However, tractor retail sales dropped by 19.6%, as the seasonal purchase ended.

In the ongoing festive season, OEMs have launched new models and rolled out various discount schemes to boost consumer demand. While the entry level motorcycles witnessed a lean demand, passenger vehicle sales suffered due to shortage of supply. Rise in transportation of local goods aided by E-commerce sector, among others, boosted sales of light commercial vehicles, while medium and heavy commercial vehicles segment continues to be in vain due to low freight movement and slower than normal mining activity and low infrastructural activity.

According to a recent survey held by FADA, the average inventory for passenger vehicles ranges from 35 – 40 days, while for two-wheeler ranges from 50 – 55 days. While these are about normal to marginally high, the OEMs need to keep a check on the inventory levels for upcoming months, if not clearing of stock by dealers after the festive and wedding season ends shall be challenging.

Concluding remarks and outlook

The festive season demand for automobiles this year shall be distributed between October and November, while the wedding season demand shall gain pace November onwards and last for 3 months. Hence, retail sales are expected to be high up to January 2021, post which a dent in automobiles demand is likely.

Category	October 2020	Change	
		Y-o-Y	M-o-M
Two-wheeler	10,41,682	-26.8%	2.4%
Three-wheeler	22,381	-64.5%	-7.0%
Commercial vehicle	44,480	-30.3%	12.3%
Passenger vehicle	2,49,860	-8.8%	27.7%
Tractor	55,146	55.5%	-19.6%
Total	14,13,549	-23.9%	5.1%

Source: FADA, CARE Ratings