





COS SEEK A REVIVAL PACKAGE FROM GOVT

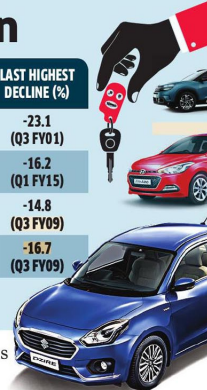
Automobile Sales Continue to Slide

June passenger vehicle sales fall 17.5%; high prices, liquidity crunch, weak rural demand weigh

Poor Show, Again

CATEGORY	CURRENT QUARTERLY DECLINE (Q1 FY20) (%)	LAST HIGHEST DECLINE (%)
 Passenger Vehicles	-18.4	-23.1 (Q3 FY01)
 Commercial Vehicles	-9.5	-16.2 (Q1 FY15)
 Three wheelers	-11.9	-14.8 (Q3 FY09)
 Two-wheelers	-12.4	-16.7 (Q3 FY09)

Source: Society of Indian Automobile Manufacturers
 Domestic sales only



Our Bureau

New Delhi: Automobile sales crashed across categories last month as slowing economic activity, finance unavailability due to the non-banking lending crisis, high vehicle prices and waning rural demand affected consumer sentiment.

According to data released by industry body Society of Indian Automobile Manufacturers (SIAM), passenger vehicle sales last month fell 17.54% to 225,732 units while sales of commercial vehicles declined 12.27% to 70,771 units. Those of two-wheelers and three-wheelers dropped 11.69% (to 1,649,477 units) and 8.79% (to 51,885 units), respectively. While sales of motorcycles declined 9.57% to 1,084,598 units, those of scooters decreased 14.81% to 512,626 units in June.

Passenger vehicle production during the month under review stood at 267,600 units, the lowest in 71 months.

SIAM president Rajan Wadhra said the industry is going through a prolonged slowdown, the worst in nearly two decades. "There are many factors which have affected growth. Finance availability is a major issue. We have made representations to the government to reduce GST on automobiles to stimulate demand. If the industry does not revive soon, manufacturers would have to look at measures to stay afloat," said Wadhra.

Passenger vehicle sales last quarter fell the sharpest since Q3FY01 when wholesale volumes had dropped by 23%. Ditto with commercial vehicles where quarterly volumes declined the most in five years by 9.53% to 208,298 units.

Given the slowing sales, over 300 dealerships across the count-

ry has downed shutter over the past two years. Wadhra said that vehicle manufacturers have not initiated job cuts yet, but added "we cannot survive this for long". The automobile industry employs 37 million people, directly and indirectly.

Apart from a reduction in producer tax rates, the industry body has also recommended that the government come out with a scrappage scheme to take off old polluting vehicles to trigger sales of new ones.

SIAM said while most automakers have undertaken production cuts to rationalise inventory in the past few months which dragged down wholesale numbers, there should be some recovery in the market festive season onwards. "The last quarter should be good. We are hopeful demand will pick around the festive season. There should also be some pre-buying ahead of the implementation of BS VI emission norms from April 1, 2020," said Wadhra.

"The government's push to recapitalize banks and improve liquidity in NBFCs is positive for the economy, benefits of which will start reflecting in the next few quarters," said Ashish Modani, vice-president, corporate ratings at ICRA.

Get a daily mail with the most important news on the automotive industry from all media outlets. Send a blank mail to join@etauto.com to sign up.