

# Car Sales in Aug Fall the Most in 2 Decades

## Our Bureau

**New Delhi:** India's passenger vehicle sales declined the most in two decades in August due to a continuing slump in demand amid slowing economic activity and an increase in vehicle ownership costs.

Data released by industry body Society of Indian Automobile Manufacturers (SIAM) showed passenger vehicle sales decreased for the tenth straight month in August by 31.57% to 196,524 units. This is the sharpest fall registered since SIAM started recording data in 1997-98.

Sales of commercial vehicles — a barometer of economic activity — dropped nearly 39% to 51,897 units. Two-wheeler sales declined 22.24% to 1,514,196 units. Vehicle sales across categories fell 23.55% to 1,821,490 units. Automakers in India report wholesale dispatches made from factories and not retail sales to customers.

Given sluggish demand, Ashok Leyland announced block closures across its facilities in September. Last week, the country's largest carmaker Maruti Suzuki announced two no production days at its factories in Gurugram and Manesar on September 7 and

## Still in Reverse Gear

Domestic Sales

% chg

AUG 2019 ▶



PV

196,524

-31.57



CV

51,897

-38.71



3-wheelers

58,818

-6.93



2-wheelers

1,514,196

-22.24



ALL

1,821,490

-23.55



September 9.

The production cuts across companies have already resulted in job losses to 350,000 workers in vehicle manufacturing, component making and vehicle distribution industries. SIAM president Rajan Wadhwa told ET last week, "If the current downturn leads to higher degrowth, then I do see the possibility of more job cuts in the industry. There is a multiplier effect to the component industry and to the dealer community."

The automobile sector contributes as much as 49% to the manufacturing GDP and employs 37 million people, directly

and indirectly.

"Domestic PV wholesale dispatches declined by 30%+ for the second consecutive month in the backdrop of subdued consumer sentiments and tighter financing environment. Deferment in purchases by consumers in anticipation of GST revision and steep discounting ahead of BS-VI rollout further dented demand. The government has taken various initiatives to ease liquidity crunch, though it will be unlikely to provide any immediate respite to the industry," said Ashish Modani, vice-president, corporate ratings, at Ica.

Given the dismal demand situation, road transport minister Nitin Gadkari last week said he would request the finance minister to consider the automobile industry's request to reduce GST rates on vehicles to trigger sales in the market.

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