

INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

Industry volumes remain at healthy
levels

JANUARY 2023

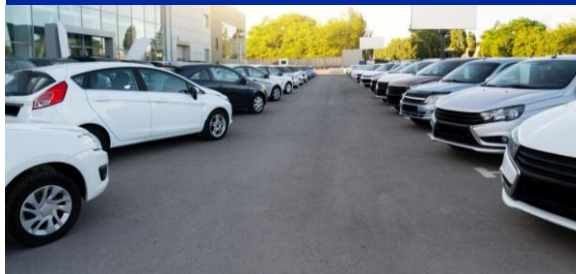


What's Inside...

1 Trends In Domestic Passenger Vehicle Industry Volumes



2 Segment-Wise Domestic Sales Trend



3 Export Volumes Trend



4 Trends in Market Share



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Domestic wholesale and retail volumes remained at healthy levels in December.

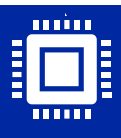
Semiconductor supply shortage is expected to fully resolve by mid-2023; impact of ongoing geopolitical conflicts on chip supplies remains the key monitorable.



In December 2022, domestic wholesale volumes remained healthy at 2.76 lakh units, a moderate growth of ~8% on a YoY basis. The volumes, however, declined 14% on a sequential basis on account of year-end inventory correction by the OEMs at the dealer level. An easing of chip shortage has aided the OEMs in ramping up production over the past few months.



Retail sales have remained steady with the underlying demand for the industry continuing to be healthy. Demand during the festive and marriage seasons led to a spurt in retail sales over October-December 2022. Inventory levels had reached 40-45 days as of September-end, with OEMs betting on a spurt in retails during the festive season. The inventory levels, aided by the strong retails, are estimated to have corrected to ~35-40 days as of December-end.



The availability of semiconductor chips to support the desired production levels of the OEMs remains monitorable, with new capacities to come on board only in CY2023. Maruti Suzuki, the market leader, indicated that a shortage of electronic components constrained its production levels in December 2022.



Monthly export volumes have continued to be steady, aided by stable demand across geographies. Export volumes in December 2022 represented a healthy growth of ~24% on a YoY basis, despite shortage of US\$ availability in some African markets and inflationary pressures.



ICRA expects the industry to grow by 21-24% in FY2023 and thereafter grow at a moderate pace of 6-9% YoY in FY2024, aided by steady industry demand. The underlying demand trends for the industry continue to be healthy. Supply-chain disruptions, however, continue to be monitorable.



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