

# INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

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**Industry volumes remain strong**

**MARCH 2023**

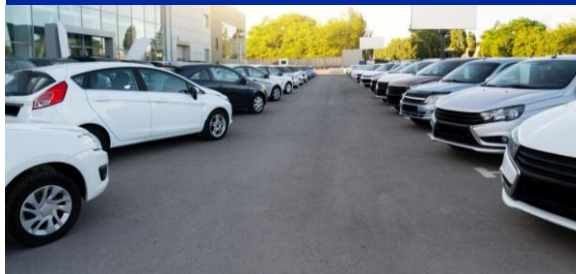


# What's Inside...

## 1 Trends In Domestic Passenger Vehicle Industry Volumes



## 2 Segment-wise Domestic Sales Trend



## 3 Export Volume Trends



## 4 Trends in Market Share



## 5 ICRA Ratings in the Sector



*Domestic wholesale volumes remained at healthy levels in February, aided by expectation of continuation of healthy demand.*

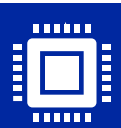
*Semiconductor supply shortage is expected to fully resolve by end-2023; impact of ongoing geopolitical conflicts on chip supplies remains a key monitorable.*



In February 2023, domestic wholesale volumes remained healthy at 3.35 lakh units, a growth of ~11% on a YoY basis and ~3% decline on a sequential basis (on account of the lower number of days in February 2023). The OEM production levels continue to remain healthy, aided by a stabilisation of semiconductor chip supplies.



Retail sales 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 in October-November 2022. Post a slowdown in offtake during the end of the calendar year, it again ramped up in January 2023. While the offtake sequentially declined in February, the trend in the same remains monitorable.



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



Monthly export volumes continued to be steady, aided by stable demand across geographies. Export volumes in February 2023 represented a decline of ~9% on a YoY basis. The trend in export volumes remains monitorable, with shortage of US\$ availability in some African markets and inflationary pressures which are likely to impact demand.



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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