



INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

Industry volumes remain healthy

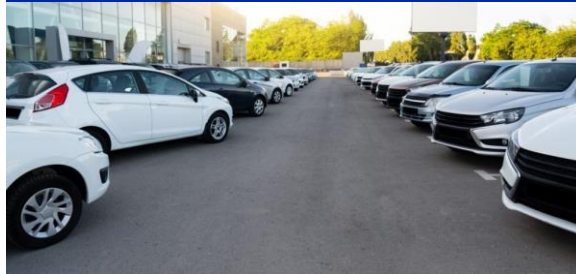
JULY 2023



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 steady levels in June, aided by healthy order books of the OEMs.

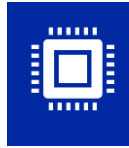
Steady demand is estimated to help the industry record a moderate growth in volumes in FY2024, post reaching an all-time high in FY2023.



Domestic wholesale volumes in June 2023 remained strong at 3.27 lakh units, representing a modest YoY growth of 2%, even as it represented a marginal decline of ~2% on a sequential basis. The OEM production levels continue to be healthy, aided by a stabilisation of semiconductor chip supplies.



Retail sales remained at healthy levels in June 2023, representing only a marginal decline of 1% on a sequential basis. Even though the fundamental demand trend remains healthy, the impact of rising borrowing costs remains monitorable.



The availability of semiconductor chips to support the desired production levels of the OEMs remains monitorable, with new capacities likely towards the end of CY2023. Maruti Suzuki, the market leader, indicated that a shortage of electronic components continues to constrain its production levels.



Monthly export volumes continued to be steady in FY2023, aided by stable demand across geographies. Export volumes in June 2023 represented a moderate growth of ~2% on a YoY basis. The trend remains monitorable, with shortage of US\$ availability in some African markets and inflationary pressures likely to impact demand.



ICRA expects the industry to grow by 6-9% in FY2024, aided by steady industry demand. Supply-chain disruptions, increase in cost of ownership and the South-west Monsoon's performance, however, remain monitorable.



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