

ZIP ALONG Highest ever sales for the month recorded on growing two-wheeler market

Automotive Industry Shows Double Digit Growth in May

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Mumbai | New Delhi: India automotive industry broke into double digit growth trajectory in May making it the highest ever sales in the fifth month of the calendar year ever, as sustained growth in passenger vehicles, accelerating growth for two wheelers on the back of positive sentiment in rural areas and slight

recovery in commercial vehicle sales over April drove the overall growth momentum.

The Indian automotive industry registered a 10.05% growth with total volumes of 2.03 million units, led by double digit growth in two wheelers at 11.89% with 1.69 million units and 8.63% growth in passenger vehicles at 2.51 lakh units, led by strong demand for utility vehicles.

Even the passenger car and passenger vehicle sales last

month were the highest ever in May. However on the only blips were decline in sales of commercial vehicle and three wheelers due to pre-buying in previous fiscal, however the segment decline was lower than previous month.

Vishnu Mathur director general of SIAM says that the automotive industry is seeing growth in both passenger vehicles and two-wheelers besides good growth in the light commercial vehicle seg-

Spring in May

Segment	May-17	Growth
Passenger Vehicles	251642	8.63
Two Wheelers	16,94,325	11.89
Three Wheelers	36066	-22.4
Commercial Vehicles	53457	-6.36
Total Industry	20,35,490	10.05

ment, post the demonetization drive.

Passenger vehicles have been forecast to grow between 9-10 percent in 2017-18 and are currently on track. With the rollout of GST, they should see a further step up as SUVs and luxury cars will experience price cuts. The two-wheeler sales are likely to grow by 9% according to a SIAM official and commercial vehicle sales growth could be in the range of 5-7%.

Smaller cars may face a marginal decrease in prices that will all contribute towards a more buoyant automotive market.

"Rural markets have improved after a long time and have cash in hand to make purchases. Monsoons are also forecast to be normal that will increase disposable incomes," says Mathur.

A large chunk of PV sales come from the rural areas especially utility vehicles and SUVs that are used both for transporting goods and passengers.

For instance about 32-35% of the sales come from rural areas for Maruti Suzuki India with the car maker having local salesmen speaking in local dialect to the customers at these outlets. And Mahindra & Mahindra too have a sales contribution of over 35-40% making it a key contributor in the Indian passenger vehicle market. And the share is even higher in two wheelers with vehicle makers selling almost 40-50% of their total volumes in the interiors of the country.