

Commercial-vehicle sector continues to see production cuts

Ashok Leyland announces non-working days across its plants

G BALACHANDAR
Chennai, September 9

Commercial-vehicle makers continue to plan production halts at their factories as the demand for trucks remain depressed.

September will be another month characterised by production cuts as truck makers

see no visible green shoots despite the start of the festival season in many parts of the country.

The second-largest medium and heavy commercial vehicle maker Ashok Leyland has planned massive production cuts across its factories for this month.

The company said that non-working days are being planned across Ennore, Hosur, Alwar, Bhandara and Pantnagar due to continued weak demand. Factories in Ennore and Pantnagar will have production holi-

days of 16 and 18 days respectively.

Though top truck and bus maker Tata Motors has planned to focus on retail acceleration due to the onset of the festive season, it has also indicated that there would be block closures during this month as well. But it has not specified the dates as the production cuts will happen depending on the demand and stock levels in the coming days.

Industry representatives say there are no macro economic triggers as of now either to

drive sentiments or demand.

"Near-term outlook for the sector appears challenging, with OEMs still undertaking stock reduction measures to rationalise dealer inventory levels," said Shamsheer Dewan, Vice President & Sector Head - Corporate Ratings, ICRA. While total commercial vehicle sales fell 39 per cent to 51,897 units in August, medium and heavy commercial vehicle

(cargo) volumes dropped by 58 per cent to 12,909 units with weak freight availability and freight rates, coupled with economic slowdown hurting demand.

For April-August 2019 period, M&HCV sales fell 32 per cent to 91,617 units, the highest decline among the vehicle sectors.

The CV sector does not see any prospects of revival after the

market slipped into depression last year due to revised axle load norms and subsequently due to tight financing scenario.

A top official of a leading financial institution said there was some uncertainty over BS-6 trucks among truckers, apart from other issues.

According to SP Singh of IFTRT, lack of cargo movement from manufacturing and agri segments has been the major issue for poor truck sales. "GST rate cut may not solve the issues in the CV sector in the current scenario," he added.

