

Quote by Nikhil Dhaka, Vice President, Primus Partners

Published in ET Auto  
Feb 06, 2025 | 01:43 PM IST

## Jan 2025 car dispatches show modest growth, demand remains muted

Authored by Shubhangi Bhatia



Read on: <https://auto.economictimes.indiatimes.com/news/passenger-vehicle/jan-2025-car-dispatches-show-modest-growth-demand-remains-muted/117899328>

### Article Content:

Carmakers have reported a lower single digit growth in dealer despatches in January 2025. Market leader Maruti Suzuki reported a 4% year-on-year growth to deliver 1.73 lakh units in the domestic market, its highest despatch for a month this fiscal. While Mahindra & Mahindra (M&M) and Toyota Kirloskar Motor were the top gainers, Hyundai Motor India and Tata Motors reported a Y-o-Y drop.

Carmakers have reported a lower single digit growth in dealer despatches in January 2025. For the top five manufacturers, which take up over 85% share of the domestic PV market, the tally stood at 3.52 lakh units, up 2.5% from 3.44 lakh units.

Market leader Maruti Suzuki reported a 4% year-on-year (Y-o-Y) growth to deliver 1.73 lakh units in the domestic market, its highest despatch for a month this fiscal.

"Good demand in rural market has contributed to growth in January 2025," Partho Banerjee, Senior Executive Officer- Marketing and Sales at Maruti Suzuki told ETAuto. The company's network stock currently stands at 18 days, marking a significant decrease in inventory compared to a few months back.

While Mahindra & Mahindra (M&M) and Toyota Kirloskar Motor were the top gainers, Hyundai Motor India and Tata Motors reported a Y-o-Y drop. Interestingly, M&M surpassed Tata Motors to secure the third spot for the month.

Gaurav Vangaal, Associate Director - LVP forecasting at S&P Global Mobility projects a flat to negative forecast for the January-March quarter, largely due to the high base effect from previous year.

OEM Wholesale	January 2025	January 2025	% Change
<b>Maruti Suzuki</b>	1,73,599	1,66,802	4
<b>Hyundai</b>	54,003	57,115	-5
<b>M&amp;M</b>	50,659	43,068	18
<b>Tata Motors</b>	48,076	53,633	-10
<b>Toyota Kirloskar</b>	26,178	23,190	13
<b>JSW MG</b>	4,455	1,250	256

As per the registration data on the VAHAN portal, January emerged as the second-highest month in sales volume for FY25, following the festive month of October. The industry retailed over 4.5 lakh units, up from 3.99 lakh units in January of previous year.

However, it is pertinent to note that December typically sees high discounts as manufacturers and dealers aim to clear out the year's inventory. Conversely, January often brings price hikes, as manufacturers adjust prices to account for inflation, production costs, or changes in market conditions.

As a result, dealers often sell vehicles in December but register them in January, which might partly reflect sales pulled over from the previous month due to these year-end promotions.

Industry observers suggest that inflation-conscious customers are still delaying their purchases and remaining cautious amid rising prices. Demand appears to be driven primarily by specific models. However, there is hope that new vehicle launches (introduced at the recent Bharat Mobility Global Expo) will help stimulate demand in the upcoming months.

Nikhil Dhaka, VP, Primus Partners said the auto retail sector's performance in January 2025 signals a market in transition rather than outright acceleration. While the Y-o-Y growth reflects resilience, the factors driving this momentum are evolving. "PVs benefitted from strategic purchasing patterns rather than organic demand expansion," he said.

With February holding key events, promotions, and potential economic adjustments post-budget, the coming months will test the industry's adaptability more than its growth potential," Dhaka added.

### **Urban Demand, High Interest Rates**

The Indian PV industry, which saw significant growth over the past two years, has shown signs of slowing down in the current year. Experts estimate that FY 2024-25 will report a modest, single-digit Y-o-Y growth.

Last week, Hyundai stated that its Q3 profitability was primarily impacted due to the subdued demand in the domestic market and geopolitical challenges.

"Barring the festive period in Q3, the overall market sentiment has been kind of weak as urban demand is still not recovering. Currently, the demand is mostly driven by high discounting from many of the OEMs," the company said.

However, the maker of Creta said its average selling price in the domestic market has improved by more than 200% on a Y-o-Y basis. According to Tarun Garg, COO, high interest rates has been one of the dampeners in demand growth.

Similarly, Tata Motors stated that the demand in Q3 has not met expectations. The festive season was good, but it has been a bit weak thereafter. However, it added that "the bottom has not come off the market and it's not a crisis situation".

The company is pinning its hopes on domestic demand improving gradually on account of infrastructure spend, new product launches and stable interest rates.