

## EMISSIONS LAWS INFLUENCE INDIAN BACKHOE LOADER MARKET

India has by far the world's largest backhoe loader market, with more than 37,000 machines sold last year. At times in the recent past, more backhoe loaders have been sold in India than the rest of the world combined. Customers have traditionally favoured machines with a 75 horsepower engine. However, the introduction of CEV Bharat Stage IV emissions laws for non-road equipment from the first quarter of 2021 has caused a marked change in preferences. The laws require lower exhaust emissions from wheeled equipment which can be driven on public highways i.e. Including backhoe loaders. The lower cut-off for the laws is 37 kW (50 horsepower).

This has seen the development of a new range of 49 horsepower machines from all the main suppliers to provide a cheaper alternative to traditionally powered machines, which now cost more due to the technology required to achieve emissions compliance. This category of equipment barely existed five years ago, but in 2021 it accounted for almost a third of backhoe loader sales in India. However, in India this shift may be relatively short-lived. Currently under 50 horsepower backhoe loaders segment has a substantial share of total sales.



## SUVs COMING IN AUGUST 2022



The month of August has more than half a dozen cars lined up. Coming to the Indian market soon are two SUVs, a hatchback and an electric sedan. Let's check out all the vehicles coming next month.

- Hyundai Tucson - August 4
- 5 Mahindra SUVs - August 15
- Toyota Urban Cruiser Hyryder - August
- New Maruti Suzuki Alto - August 18
- Mercedes AMG EQS 53 4Matic+ - August 24

## RETAIL TRACTOR SALES UP BY 9.66% YOY IN JUNE 2022



Tractor sales are slowly gaining momentum in the year 2022 when compared to the numbers of previous years. In June 2021 the total tractors sold were 52,289 these numbers hiked in the month of June for this year, 2022 and reached 57,340 tractors, showing a growth of 9.66%. It is very much expected that the future of tractor manufacturers is bright because the agricultural activities are making use of modern techniques for better productivity.

# AUTO SALES PICK UP IN Q1, ENTRY-LEVEL SEGMENT LAGS

Domestic sales of entry-level passenger vehicles and two-wheelers fell further below their pre-Covid numbers in the June quarter even as the overall automobile industry continued to improve. Sales of four-wheelers, two-wheelers, three-wheelers and commercial vehicles grew by 41%, 54%, 204%, and 112%, respectively, during the quarter, compared to a year earlier. However, barring a modest 1% compound annual rate of growth (CAGR) in passenger vehicles, sales in all segments were lower than the normal pre-Covid year of 2018-19. Commercial vehicle sales at around 225,000 in the June quarter were close to their peak-levels of around 230,000 in the same period in FY19. Passenger vehicle sales have already surpassed the pre-Covid peak of FY19. Sales of mini passenger cars were 59% lower at 55,000 units in Q1FY23, compared to 135,000 units in Q1FY19. Similarly, sales of entry-level scooters (up to 125 cc) and motorcycles (up to 110cc) saw a 36% and 42% drop in sales for the same time period, respectively.



# VOLUNTARY VEHICLE RECALL UP FOUR-FOLD IN 2021-22

Voluntary recall of vehicles by manufacturers saw a nearly four-fold increase in 2021-22 compared to 2020-21, according to road transport ministry. The spike was recorded after the stringent norm kicked in from April 1, 2021. The rule provides for high fines up to Rs 1 crore in case the government has to order mandatory recall. But if the manufacturers or importers recall faulty vehicles on their own, they don't face any penalty from the government. Union road transport minister said that 13.3 lakh two-wheelers and cars were recalled over safety issues during 2021-22, while during 2020-21 such recalls stood at 3.4 lakh.



# TOP 10 MOTORCYCLES AND SCOOTERS IN JUNE 2022



Motorcycles are the backbone of India auto industry as most people opt for motorcycles in India for their daily commuting. The motorcycle market is growing in a steady state as disposable income is increasing in the middle class people. Top 10 Motorcycles and Scooters models, Hero Splendor top the chart in motorcycles category and Honda Activa top the chart in scooters. Out of 10 models, 4 models come from Hero only. In case of scooters out of 10 models, 3 from Suzuki, 2 from Honda, TVS and Yamaha.

# TOP 10 SUB 4M SUVs JUNE 2022

Sub 4-Metre SUV segment is one of the most popular in India because of spot on pricing and availability of almost all of the up-market features. The SUVs available in this segment offers the SUV feel while also costing less than a C-segment SUV. Tata Nexon, Maruti Brezza, Hyundai Venue and Kia Sonet are the top sellers in this segment and continue to bring numbers to their manufacturers. Tata Nexon sold 14,295 units in June 2022 with 77.95% YoY growth. It commands 26.54% of the market share in June 2022 which used to be 27.51% in May 2022.



## EV SHARE IN AUTO PARTS TO BE 9-11% BY FY2027



Revenue of the EV components' market in India is likely to rev up at a compound annual growth rate of around 76% to Rs 72,500 crore in fiscal 2027 from Rs 4,300 crore last fiscal. That will take the share of EVs in the overall automotive components market to 9-11% up from a negligible 1% currently even as the supply of parts for internal combustion engine (ICE)-driven vehicles also rises.

Among the key auto segments, two-wheelers and passenger vehicles (PVs) are seen driving the transition, with their penetration rising to 19% (from ~2.5% currently) and 7% (from less than 1% currently), respectively, over the next five fiscals. Commercial vehicles, the other large auto segment, will see far lower penetration at ~3% (0.3% currently) because of unfavorable economics.

EV components such as batteries (60% of EV component revenue by FY2027), drive trains (15%), electronics (15%) and others (10%) present an opportunity for auto component makers to diversify their revenue base beyond ICE vehicles. Companies are already investing in developing electric components, both with established ICE original equipment manufacturers (OEMs) and with new-age, pure play EV makers. Almost 90% of the EV component supplies will be for two-wheelers and PVs.

## DIGITISATION ENTERS AUTO DEALERSHIPS SWAYING ABOUT 14% SALES IN FY21

The Covid-19 pandemic acted as catalyst for the auto retailers to accelerate their transition to digital or online sales. Dealers of the future are certainly going to be omni-channel or phygital. About 14% of their sales were digitally influenced during the financial year 2020-2021. It was also found that both the buyers and the retailers have outgrown the generic prior platforms in the sales process. It becomes clear that change is necessary to stay in tune with the new and emerging consumer expectations. Digital channels in vehicle-buying experience are becoming more important, though offline touch points still have very important roles, like test driving, to play. Interestingly, the majority of interactions in a dealership today are being replaced or influenced by online service and data sharing.

Virtualisation through augmented reality and virtual reality is helping the dealers downsize the high cost real estate. Study indicates that 56.6% of new vehicle retail sales are through the traditional walk-in mode. However, recognising the new trend, dealers across the country have increased their use of remote-sales tools and online sales channels which enhanced the digital sales medium to 14% in FY21. Undoubtedly, the traditional dealer channel will continue to play a major role. However, for the customers' freedom and flexibility and to deliver a seamless customer experience at every level, the retailers are ready to adopt a multi-channel strategy.



# AUTO FIRMS CAPEX SET TO CROSS \$3 BILLION IN FY23



As the economic system good points momentum and car output witnesses a brand new report, the automotive market is main the tempo of progress in manufacturing capex in FY23. The automotive market capex is ready to cross \$3 billion, or ₹27,000 crore, in FY23, posting a progress of 24%. The forecast capital funding of auto firms in FY23 will surpass the pre-Covid capex peak of ₹26,800 crore in FY20. The tempo of progress is the second highest after the metallic sector .The total capex of 75 manufacturing firms is anticipated to extend 13% to ₹1.6 lakh crore. Auto sector’s cumulative capital allocation was north of ₹50,000 crore in FY19 and FY20 and it dropped by 27% for FY21 and FY22 to ₹37,841 crore as demand tapered off because of Covid. Two-wheeler makers too have intensively increased their capital allocation to EV products and technologies as they are increasing production capacity. Given the strong revival in demand and push toward electrification, the annual budgets of the majority of the companies are on the higher side.

# MATURING INDIAN CAR AND BIKE MARKET RECALLS 4.97 MILLION VEHICLES SINCE 2012



Fy2022 saw 13,31,868 vehicles comprising 890,873 two-wheelers and 440,995 PVs voluntarily recalled by OEMs. These 1.33 million units account for 26% of the 4.97 million units recalled till now. Total number of vehicle recalled in India, after SIAM’s Code of Voluntary Recall came into effect in July 2012, is currently at 4,978,490 units just 210,510 units shy of the five-million-units mark.

# SCOOTER SALES INCREASE FOR FIRST TIME IN 4 YEARS



The wholesale numbers of the Indian Automobile sector have risen in the first quarter of FY2023, indicating a cautiously optimistic mood in the industry.

More notably, after a gap of four years, it is the scooter segment that has seen a big jump in sales figures – almost to pre-Covid-19 levels. In FY2018, 67 lakh scooters were sold and it was the last time that scooter manufacturers had witnessed growth, until now. From FY2019, this segment has seen demand drop to around 4 lakh units in FY2022. While the slowdown had set in FY2019, the COVID-19 pandemic and the resultant lockdowns only exacerbated the situation. Now, the Q1 FY2023 total two-wheeler industry sales of 37,24,533 units, which is a 54% year on year growth. More importantly, the scooter segment witnessed a 32% rise in sales with 12,07,903 units sold.

