



One Nation | One Association

FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS

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CIN U74140DL2004PNL130324

## FOR IMMEDIATE RELEASE

# F A D A releases April'19 Vehicle Registration Data

- *Financial Year begins on a negative note as all categories of vehicle register de-growth*
- *Despite Temporary Uptick in March Retails and April retail figures being above the lowest month of Feb in this CY, Overall Consumer Sentiments Continue to remain Weak*
- *Dealer Inventory Continues to remain High and unlike March, no substantial reduction seen across any Segment. F A D A to strongly advocate for 21-days of Inventory for Sustained Dealer Viability*
- *Dealer Liquidity and access to Working Capital remains Negative and is a matter of Grave Concern to the Dealer Community*

8<sup>th</sup> May'19, New Delhi: The Federation of Automobile Dealers Associations (F A D A) today released the Monthly Vehicle Registration Data for the Month of April'19.

### April'19 Retail Sales

Commenting on April'19 performance, F A D A President, Mr Ashish Harsharaj Kale said, "The month of April ended on a negative note. Amongst the Categories on a YoY basis, Commercial Vehicles and Three Wheelers, which registered highest growth during FY'19 witnessed highest fall in the month of April, while 2W and PV De-grew -9% and -2% respectively."

On a Year on Year basis, there was de-growth in all the categories as April'18 had a very high base. The only positive and that too on a MoM basis was shown by Commercial Vehicles category which grew by 2%.

### Near Term Outlook

Commenting further F A D A President said, "The Near Term Outlook Continues to be Negative to Neutral with the absence of any immediate positive triggers which could affect Retail Sales.

Despite the Current Negative Retail Situation, which we expect to Continue for the next 8-12 weeks, we still believe that the Outlook for Auto Retail can soon turn positive if below mentioned triggers turn positive:

- 1- A stable Government with Continued Development Focus
- 2- An average to above average monsoons with an even spread.
- 3- Continued easing of liquidity by Reserve Bank of India"

### Dealer Inventory

Inventory levels Continue to remain High and requires further correction than done in recent months. We believe that a High Inventory at this time is an Extra Burden on the Auto Dealers especially when the current environment is witnessing Negative Sales Growth combined with Extremely Tight Working Capital Availability for the Auto Retail Sector.



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Looking at the Overall De-growth in Volumes, Weak Consumer Sentiment, Uncertainty in the Market and entering into an Year which will witness BS-VI Implementation impacting the dynamics of the industry, **F A D A will be strongly advocating for a Leaner Dealer Inventory of 21 days (15days Inventory + 7days of In-Transit Inventory) for its members** thus helping us reduce a huge cost burden and allow us to stay afloat in these challenging times.

### **Liquidity**

Consumer Liquidity for the Month of April has seen marginal Improvement but continues to be Tight and still far away from the Levels seen in Normal times.

On Dealer Liquidity Mr Kale Commented, **“F A D A is Extremely Concerned at the Dealer Liquidity which Continues to remain Very Very Tight and Access to Working Capital for Dealers has reduced Further with the Banking system taking a Negative View towards Auto Retail in the Current Circumstances”**

Faced with an unusually High Number of Dealership Closures in recent times, especially in Metro and Tier 1 Cities, a substantial number of which were due to Financial Stress caused by Accumulated Losses and Reduced Access to Working Capital Needs, F A D A will be engaging with Our Newly Elected Policy Makers of the Country along with the Reserve Bank of India to work upon a Separate categorisation for Auto Retail and Its Funding Requirements for Long Term Sustainability of Dealers

F A D A will also be soon Engaging more Deeply with all Stake Holders on the Topic of Dealer Viability for Long Term Profitable Survival of the Dealers.

On the Long-Term Outlook, F A D A President commented, **“In a Rapidly Growing Country like Ours, which is heading towards being the Global Leader, the Mobility Needs of a Growing Nation are best served by the Automobile Sector.**

**The Fundamentals and the Long-term Prospect of the Indian Auto Industry and along with it the Dealership Business continues to be Extremely Strong and the Auto Dealership Business will continue to be One of the Highest Employment Generators and Tax Collectors as We Navigate through this Difficult Period into Good Times.”**

### **Key Findings from our Members Survey**

Starting April F A D A is now conducting a Monthly Online Survey amongst its Members representing all categories of Auto Retail (2W, CV, 3W and PV), Every State and Region in the Country with a Good Mix of Urban and Rural.

- The online survey was conducted for the first time, where a large number of Our members representing all OEM Brands across States and Regions took part.
- On the Current Sentiments of the Industry
  - 51% Dealers rated it as Bad
  - 42% Dealers rated it as Neutral
- On the Liquidity Front
  - 47% Dealers rates it as Neutral
  - 39% Dealers rated it as Bad



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- On the Current Inventory Front
  - Average inventory for PVs ranges from 40 – 45 days
  - Average inventory for 2W ranges from 45 – 50 days
  - Average inventory for CV ranges from 45 – 50 days

Going forward, this online survey will be scaled up even further to give an Astute Picture of the Auto Retail Industry.

A Chart showing Vehicle Registration Data can be found below:

Category	Apr'19	Apr'18	Mar'19	YoY (%)	MoM (%)
2W	12,85,470	14,09,662	13,43,610	-9%	-4%
3W	47,183	54,432	53,573	-13%	-12%
CV	63,360	75,622	62,028	-16%	2%
PV	2,42,457	2,47,278	2,46,615	-2%	-2%
Total	16,38,470	17,86,994	17,05,826	-8%	-4%

Source: F A D A Research

**Disclaimer:** Vehicle Registration Data has been collated in collaboration with Ministry of Road Transport & Highways, Government of India and has been gathered from 1,171 out of 1,442 RTOs.

----- End of Press Release -----

### ***About F A D A India***

Founded in 1964, Federation of Automobile Dealers Associations (F A D A), is the apex national body of automobile retail industry in India engaged in the sale, service and spares of 2/3 Wheelers, Passenger Cars, UVs, Commercial Vehicles (including buses and trucks) and Tractors. F A D A India represents over 15,000 automobile dealers having 25,000 dealerships including 30 Associations of Automobile Dealers at the Regional, State and City levels accounting for 90% of market share in India. Together we employ over 2.5 million direct employees and another 2.5 million as indirect employees, making it a total of ~5 million people in the country at dealerships and service centres.

F A D A India, at the same time also actively networks with the industries and the authorities, both at the Central & State levels to provide its inputs and suggestions on the Auto Policy, Taxation, Vehicle Registration Procedure, Road Safety and Clean Environment, etc. to sustain the growth of the Automobile Retail Trade in India.

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