



TRENDS IN DOMESTIC SALES OF PASSENGER CARS – INDIAN SCENARIO FROM 2010-20

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ABSTRACT

This paper tracks Indian passenger new car domestic sales from 2010-20 in the aggregate as well as by different sub categories of the passenger car segment. The classification followed is based on SIAM (Society of Indian Automobile Manufacturers) norms. The trends reveal that overall passenger car sales have decreased by about 14% from 2010-11 to 2019-20. The examination of the subcategories yields remarkable insights and findings. The trends in sales of the Mini category, Mid-Size category and Executive category mirror those of the aggregate sales. On the other hand, the constant increase of compact passenger car sales indicates their market viability. The super compact category shows a sharp fall starting 2013-14 and sales continue to fall post that on a decreasing trend, hitting a low point in 2019-20. Despite its limited sales volume, the Premium Passenger Cars sector remained quite steady.

KEYWORDS :

INTRODUCTION

The Indian passenger car sector, one of the world's fastest-growing markets, is critical to the country's economy. The segment has seen major changes in the last decade, reflecting variations in customer tastes, government regulations, technology breakthroughs, and economic situations.

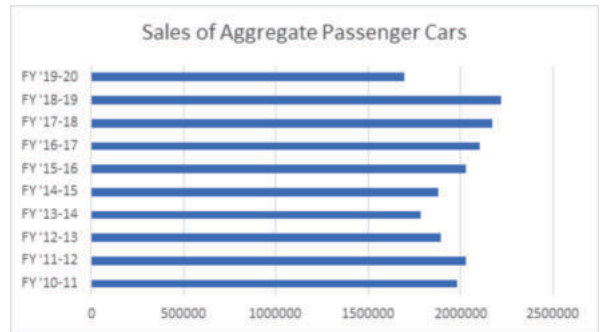
The study uses data from annual reports of Society of Indian Automobile Manufacturers (SIAM) and the classification of Passenger Cars that they adopt. The classification is as follows. The passenger car segment is divided into 6 categories - (1) Mini, (2) Compact, (3) Super Compact, (4) Mid-Size, (5) Executive, and (6) Premium. The classification is based on number of seats, length of the car, body style and engine displacement.

Over the study decade, aggregate passenger car domestic sales fluctuated, peaking at 2,218,549 units in 2018-19 before plummeting to 1,697,545 in 2019-20. This overall trend corresponds to India's economic trajectory and reflects larger market factors such as demonetization, GST implementation, and the impact of the worldwide pandemic (World Bank, 2019; Bloomberg, 2020). Delving deeper into various segments of passenger cars brings to the forefront some interesting insights.

The Mini segment's domestic sales saw significant fluctuation, peaking at 642,014 units in 2011-12 before falling to 294,577 units by 2019-20. This development might be attributed to a shift in customer desire for bigger automobiles as income levels increased (Mishra, 2016). Compact passenger domestic car sales increased steadily, from 801,654 units in 2010-11 to 1,567,014 units in 2018-19. This is consistent with worldwide trends towards fuel-efficient, low-cost automobiles (Bain & Company, 2020). Super Compact, Mid Size, Executive, and Premium car sectors have remained largely stagnant or even fallen over the last decade. The Super Compact segment, for example, fell from 169,876 in 2010-11 to 12,948 in 2019-20. This might be due to shifting customer tastes and economic variables impacting purchase decisions in these areas. (Mishra, 2016; SIAM, 2018). One can say that numerous policies of the Indian government, such as the FAME plan, may have affected particular segments, supporting electric and hybrid cars (Ministry of Heavy Industries and Public Enterprises, 2015).

This study will provide a thorough examination of these trends from 2010 to 2020. This research intends to give useful insights into a key sector by evaluating both aggregate and segment-specific trends, with consequences for manufacturers, policymakers, and academics alike.

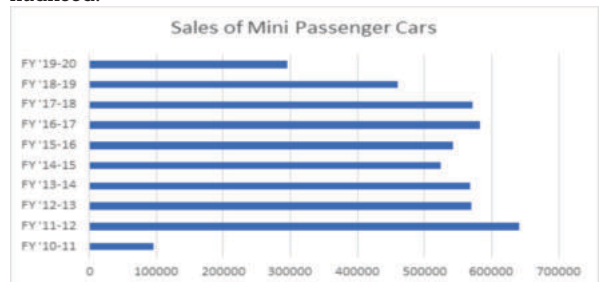
TRENDS FROM 2010-11 TO 2019-20



Source: SIAM annual reports; author (Khurana, 2023)

Figure 1 shows the domestic sales of aggregate passenger cars over the said time period.

The figure reveals, that over the decade, sales of aggregate passenger automobiles varied, with a high in 2018-19 and a dramatic reduction by 2019-20. Overall sales appeared to be trending in line with India's economic trajectory. From 2010-11 to 2011-12, there was a modest uptick, showing the post-2008 global economic recovery and the resiliency of the Indian economy (RBI, 2011). From 2012-13 to 2014-15, there was a modest drop followed by a rebound, which might be attributed to market reactions to policy changes and economic reforms implemented during this time period (World Bank, 2016). The period 2015-16 to 2018-19 displayed consistent growth, presumably aided by the implementation of GST, which simplified production and logistics and made the car sector more competitive (Bloomberg, 2017). Fiscal year 2019-20 saw a huge decline, most likely caused by the economic repercussions of the worldwide epidemic and the lockdown, which significantly hit several industries, including vehicle sales (Financial Express, 2020). When we classify aggregate passenger cars into its subcategories, the analysis is more nuanced.



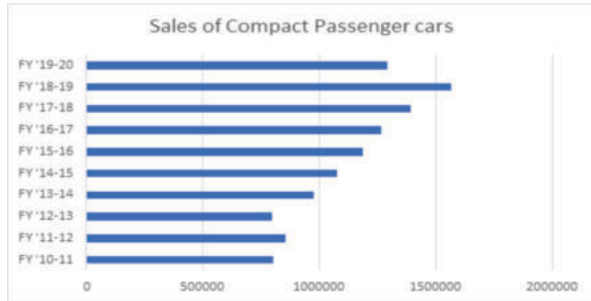
Source: SIAM annual reports; author (Khurana, 2023)

Figure 2 shows the trends in sales of the Mini segment of

passenger cars over the said time period.

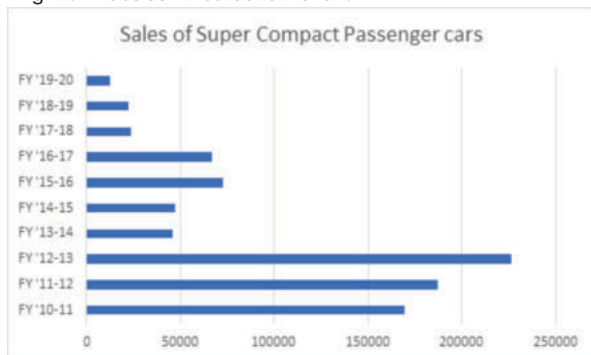
From 2010-11 to 2011-12, sales of Mini passenger automobiles increased dramatically, from 96,917 to 642,014 units. This six-fold rise is significant and shows a surge in demand for Mini passenger cars during this time period. Following the rise, sales averaged roughly 570,000 from 2012-13 to 2017-18. Such consistency might be attributed to persistent market demand, competitive pricing, and potentially consistent model releases that corresponded to consumer expectations. Sales steadily declined since 2017-18. They nearly halved from their high in 2011-12 by 2019-20.

The next category is Compact passenger cars. Figure 3 shows the trends in domestic sales over the last decade.



Source: SIAM annual reports; author (Khurana, 2023)
Figure 3

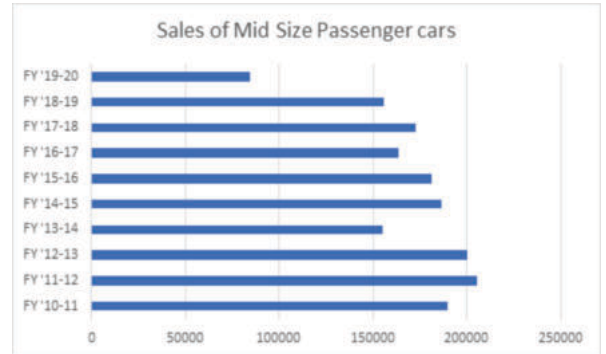
From the above figure, one can see steady growth from 2010-12. From 801,654 units in 2010-11 to 854,866 units in 2011-12, sales increased somewhat. This rise, while not dramatic, demonstrates a healthy tendency for Compact passenger cars throughout this time period. From 2015-16 to 2018-19, Compact car sales showed a constant upward trend. Sales increased gradually from roughly 1.19 million units in 2015-16 to approximately 1.57 million units in 2018-19. This constant trend shows that Compact cars became more popular as a result of reasons such as urbanisation, city space limits, fuel economy, or cost in comparison to bigger models. Following these years of growth, 2019-20 saw a drop in sales, bringing the total to 1,295,783 units. This was a considerable decrease from the previous year's peak. External market shocks, shifting customer tastes, or competition from other vehicle segments might all have contributed to the fall.



Source: SIAM annual reports; author (Khurana, 2023)
Figure 4 shows the sales of Super Compact passenger cars.

One can notice the phase of early growth (2010-11 to 2012-13) in Super Compact passenger cars. In this period, beginning with 169,876 units in 2010-11, sales increased steadily, reaching 187,027 units in 2011-12 and concluding at 226,502 units in 2012-13. This rising trend implies that Super Compact automobiles gained acceptability and popularity during these early years, probably due to reasons such as price, fuel economy, and urban congestion. The growth story took a drastic turn in 2013-14, when sales fell to 45,770 units, a drop of

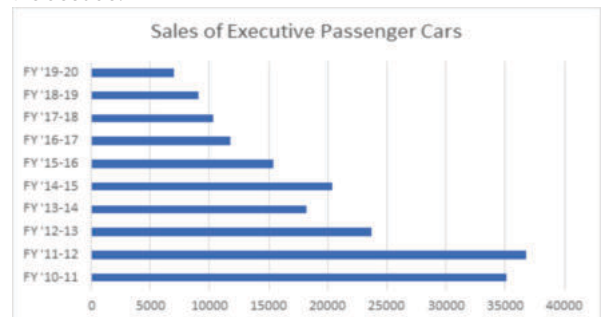
over 80% from the previous year. In 2014-15, the figure increased marginally to 47,284 units, and then it gradually increased to 72,676 units in 2015-16. This was a time of mild recovery, however the numbers were nowhere near the previous peak. The year 2016-17 saw a little decrease to 66,991 units, indicating uncertainty in the segment's demand. Following that, sales fell precipitously to 23,583 units in 2017-18. The following years, 2018-19 and 2019-20, followed suit, with sales of 22,755 and 12,948 units, respectively. The Super Compact passenger vehicle sector, which began the decade on a positive note with continuing growth, ran into serious obstacles around halfway through. The data shows significant volatility, particularly with the large dip in 2013-14 and the continuous reduction towards the conclusion of the decade. By 2019-20, the segment's sales had fallen to around 7.6% of their high in 2012-13.



Source: SIAM Annual Reports; Author (Khurana, 2023)
Figure 5 below shows the sales numbers for Mid-Size passenger cars.

The decade started with 190,000 units sold in 2010-11. The next year, sales increased by around 8% to 205,353 units. Although modest, this development indicates a rising acceptability or demand for mid-size automobiles during this time period (2010-11 to 2011-12). In 2012-13, sales fell slightly to 200,163 units, suggesting a minor fall from the previous year but still continuing the trend from the beginning of the decade. In 2013-14, sales were down significantly, falling to 155,090 units. This is a reduction of over 22.5% from the previous year.

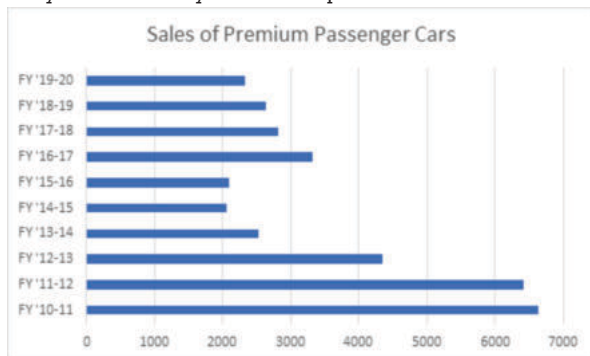
In 2014-15, the category had a resurrection, with sales climbing to 186,556 units, virtually matching early-decade levels. However, this rebound was short-lived, with numbers falling to 181,450 units in 2015-16. Sales numbers gradually declined over the next three years. The numbers declined to 163,567 units in 2016-17, marginally rebounded to 172,534 units in 2017-18, and then went back to 155,848 units in 2018-19. This era demonstrates that, while there was demand for mid-size automobiles, it was insufficient to support steady year-on-year increase. The year 2019-20 saw a significant drop in sales, with 84,918 units sold. This reduction, which was more than 45% lower than the previous year and around 55% lower than its high in 2011-12, was the most significant during the decade.



Source: SIAM annual reports; author (Khurana, 2023)
Figure 6 shows the data in a histogram for Executive

passenger cars.

The decade began with sales of 35,123 units in 2010-11. The next year saw a minor increase of around 4.5%, with sales totaling 36,724 units. This demonstrates that the executive passenger vehicle market was pretty steady in the beginning. However, in 2012-13, sales fell to 23,696 units, a significant decrease. This was a significant decline of around 35.5% from the previous year. The decrease continued the next year, with sales falling to 18,250 units. The market for executive vehicles was definitely declining, with a decline of more than 48% in only two years from 2011-12. In 2014-15, sales increased modestly to 20,372 units, indicating a minor resurgence. This shows that, while the market did show some resilience, it was insufficient to return the numbers to the levels observed at the start of the decade. A continuous declining trend can be seen beginning in 2015-16. Almost every year, sales figures fell. This time period shows a falling market for executive passenger automobiles, with a drop of about 55% over the last five years and nearly 80% from its peak in 2011-12.



Source: SIAM annual reports; author (Khurana, 2023)

Figure 7 shows the data for the Premium passenger car segment.

For the Premium segment, the decade began with 6,634 units sold in 2010-11, followed by a little decrease to 6,429 units in 2011-12. This minor reduction of roughly 3% indicates that the premium passenger vehicle market began the decade relatively stable. In 2012-13, sales fell by a larger margin to 4,358 units. This was a 32% decrease from the previous year. The decline continued, with sales of only 2,529 units in 2013-14. This ongoing decline indicates a fast shift in the market landscape or customer preferences. According to the World Bank, India's economic development slowed in 2012 and 2013 owing to a combination of external and internal factors such as fiscal deficits, policy restrictions, and external vulnerabilities (World Bank, 2016). This slowdown may have damaged buying power and consumer confidence, resulting in a drop in luxury purchases such as expensive vehicles.

The luxury automobile category enters a period of stabilisation in 2014-15 and 2015-16. Sales were very consistent throughout these years, rising from 2,063 units in 2014-15 to 2,105 units in 2015-16. In 2016-17, the luxury automobile industry showed indications of revival, with sales increasing to 3,317 units. This was a rise of over 58% over the previous year, indicating a revival. The following three years show a small contraction but not as severe as the first years of the decade. At this lower level, the segment appeared to stabilise.

CONCLUSIONS

Overall, the decade under consideration for Mini passenger cars has a rise-and-fall trend. A high early in the decade, a plateau in the middle, and a fall at the end. Such a trend implies that, while the category achieved tremendous growth and stability, it faced obstacles in recent years that impacted its sales performance.

Throughout the majority of the decade, the compact passenger vehicle category enjoyed an increasing trend. Despite modest difficulties, the segment showed tenacity and adaptation. The overwhelming tendency suggests that compact automobiles are a popular choice for many people, probably due to their combination of price, convenience, and efficiency. Compact automobiles appear to have served to a substantial segment of the market during the decade, adapting effectively to consumer wants and desires.

While the early years of the decade portrayed a bright image for the Super Compact passenger vehicle category, the significant obstacles encountered in following years underscore the class's sensitivity to market forces. By 2019-20, the segment's sales had fallen to around 7.6% of their high in 2012-13.

The trajectory of mid-size passenger cars during the decade appears to be characterised by an early period of growth and stability, a large fall, a recovery period, a sluggish decline, and finally a sudden decrease near the conclusion. By the end of the decade, the segment's sales had been reduced to about half of their initial levels. To summarise, the Mid-Size Passenger Car category, despite experiencing periods of strong demand, encountered issues throughout the decade, particularly near the conclusion. According to the sales statistics, this category had considerable market swings as a result of customer preferences, economic situations, competition, and perhaps external influences such as regulatory changes.

The general trajectory of the Executive Passenger Cars category over the last decade depicts a market that began with modest expansion, contracted fast in the early years, enjoyed a brief recovery, and then entered a continuous phase of decline. By the conclusion of the decade, sales were a mere fraction of what they had been at the outset. In conclusion, the category of Executive Passenger Cars appeared to encounter considerable hurdles during the decade. This might be due to causes such as shifting customer tastes, the introduction of emerging segments, changing socioeconomic circumstances, and potential market upheavals. According to the research, executive automobiles were less popular among buyers as the decade passed.

As for the Premium segment, while such Cars encountered issues, particularly in the early years of the decade, the category showed resiliency, with a mid-decade comeback followed by a small fall.

In summary, when sales data for all passenger car segments from 2010 to 2020 are examined, there is a noticeable volatility in demand, with segments such as Compact and Mini cars exhibiting robust growth in the mid-decade, while more specialised segments such as Super Compact, Mid Size, Executive, and Premium cars experiencing significant declines, particularly towards the end of the decade. This move most likely reflects shifting customer preferences in the Indian market, which favours adaptable and economical vehicle alternatives while being more conservative with luxury and specialised vehicle investments.

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