

Market slump to hit auto sector, two-wheelers may beat trend

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The slowdown will affect sectors like heavy commercial vehicles, thanks to tightening of credit by lenders.

However, the two-wheeler segment in contrast is witnessing increased demand as compared to the previous year.

'The commercial vehicle segment will see demand slowing down. It will be only the sub-one tonne vehicle segment that would see growth in numbers,' said an analyst, declining to be named.

In the passenger car segment, the coming months will not witness the kind of growth that was seen last year.

'There will be growth in export of small cars, but in the domestic market the demand will not be great,' he added.

Concurring with him, Arvind Saxena, senior vice president-marketing, Hyundai Motor India Limited, told IANS: 'No doubt it is troubled times for the car companies. July and August saw negative growth in car sales this year. Sales during September cannot be considered as a trend. The festive season sales were not what we used to see in the past.'

He said the compact car segment will get affected owing to non availability of credit and for the next three months there will not be much growth.

However, he said exports would continue to do well.

'We export mainly to Europe which has not been affected by the financial problems in a major way. With the dollar appreciating, exports would work out profitable,' Saxena added.

Speaking about Hyundai Motor's strategy to beat the downslide, he said: 'Discounts of Rs.5,000-Rs.10,000 will not work as the problem at the market place is very severe.'

The only auto segment that would see positive signs is two-wheeler sales, despite banks and other lenders hitting the brakes on lending, said the analyst.

Among two-wheeler majors, the city-based TVS Motor Company Ltd is logging better numbers as compared to last fiscal, while Bajaj Auto Ltd is expected to launch some new models soon.

Yamaha has announced a Rs.8 billion expansion programme.

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