



Six key CV industry trends based on early 2021 sales

Kaushik Narayan, CEO, Leaptrucks picks out six key commercial vehicle (CV) industry trends and analyses the sales of CVs in February 2021

February was a challenging month for the automotive industry with the top five manufacturers showing a modest de-growth of 1% in February 2021 as compared to February 2020. Year-to-date, the industry continues to be down by over 30%.

Segment Level Performance

The medium and heavy commercial vehicle segment and the intermediate and light commercial vehicle segment showed strong growth of 24% and 18%, respectively. The small commercial vehicle (SCV) segment continued to be plagued by supply issues, de-growing by 9%. While the passenger segment continued to de-grow, it had its best monthly performance in a challenging year with a lower de-growth of 52%.

Domestic CV industry sales by manufacturer

Brand	February 2021 sales	February 2020 sales	Change in sales %	YTD 2020 sales	YTD 2019 sales	Change in sales %
Tata Motors	29,591	29,093	2%	2,03,878	3,09,040	-34%
Ashok Leyland	12,776	10,612	20%	76,967	1,14,546	-33%
Mahindra	9,202	15,856	-42%	1,39,043	1,96,810	-29%
Eicher Trucks & Buses	4,825	3,875	25%	29,109	41,637	-30%
Maruti	2,722	448	508%	26,241	21,042	25%
Total	59,116	59,884	-1%	4,75,238	6,83,075	-30%

Manufacturer Level Performance

Maruti Suzuki Limited continued to perform strongly over a low base volume last year. Eicher Trucks and Buses and Ashok Leyland followed with a strong performance of 25% and 20%, respectively. Tata Motors grew by 2% while Mahindra and Mahindra was the only manufacturer to de-grow by 42% over significant supply challenges.

Key CV Industry Trends

The industry continues to face many short-term challenges, such as:

Strong Recovery: The CV industry is down by 30% year-to-date. To put things in perspective, the industry was down over 85% at the end of Q12020.

INDUSTRY REVIEW

SCV & Pickup

Brand	February 2021 sales	February 2020 sales	Change in sales %	YTD 2020 sales	YTD 2019 sales	Change in sales %
Tata Motors	15,606	16,386	-5%	1,20,000	1,58,909	-24%
Ashok Leyland*	5,662	3,867	46%	40,811	44,623	-9%
Maruti	2,722	448	508%	26,241	21,042	25%
Mahindra	8,621	14,991	-42%	1,35,565	1,85,625	-27%
Total	32,611	35,692	-9%	3,22,617	4,10,199	-21%

* AL reports LCV and SCV together

I&LCV

Brand	February 2021 sales	February 2020 sales	Change in sales %	YTD 2020 sales	YTD 2019 sales	Change in sales %
Tata Motors	5,624	4,955	14%	31,266	42,515	-26%
Eicher Trucks & Buses	3,349	2,253	49%	20,847	25,944	-20%
Mahindra	581	865	-33%	3,478	11,185	-69%
Total	9,554	8,073	18%	55,591	79,644	-30%

* AL reports LCV and SCV together

* Mahindra reports LCV & HCV together

M&HCV

Brand	February 2021 sales	February 2020 sales	Change in sales %	YTD 2020 sales	YTD 2019 sales	Change in sales %
Tata Motors	7,114	6,745	5%	45,893	73,890	-38%
Ashok Leyland	6,790	4,706	44%	34,548	52,367	-34%
Eicher Trucks & Buses	1,128	700	61%	6,289	7,037	-11%
Total	15,032	12,151	24%	86,730	1,33,294	-35%

* Mahindra reports LCV & HCV together

Passenger Carriers

Brand	February 2021 sales	February 2020 sales	Change in sales %	YTD 2020 sales	YTD 2019 sales	Change in sales %
Tata Motors	1,247	1,007	24%	6,719	33,726	-80%
Ashok Leyland	324	2,039	-84%	1,608	17,556	-91%
Eicher Trucks & Buses	348	922	-62%	1,973	8,656	-77%
Total	1,919	3,968	-52%	10,300	59,938	-83%

To add to this, the bus industry, which comprised about 9% of the CV industry volumes last year, was severely impacted by the pandemic, down by over 83%. Considering the impact of the pandemic and the related challenges, the turnaround has been pretty remarkable.

Impact of BS VI Transition: All motor vehicles in India transitioned from BS IV to BS VI emission norms by March 31, 2020. Consequently, the sales from February 2020 were lower than the year prior to the preparation of the transition. Despite a lower base, volumes still de-grew by 1% in February 2021. This clearly indicates that the industry continues to be in the process of recovery. We anticipate significant growth in March 2021 since the sales in March 2020 were even lower than the sales in February 2020.

Rising Fuel Prices: Diesel prices in India have grown at an average of 30% over the past year – Rs 66.29 on March 1, 2020 as compared to Rs 86.37 on March 1, 2021 in Bangalore. At a time when demand was stabilising to the pre-pandemic levels, rising fuel prices continue to dampen logistics operations.

Lagging Freight Rates: It is largely estimated that less than 20% of freight is moved un-

der long-term contracts that are linked to fuel rates. Large operators with long-term contracts linked are able to manage these fuel price increases better with a lower impact to profitability. However, smaller operators with short-term or no contracts continue to struggle as fuel and other input costs continue to grow. It will be challenging for freight rates to also continue to rise indefinitely because this will have a negative impact on the prices of commodities and essential supplies.

Component Supply Challenges:

Supply issues continue to plague OEMs as indicated by Mahindra and Mahindra in a recent press release. New vehicle deliveries will continue to pose a challenge due to the delay in delivery of semi-conductors and other critical components anticipated over the next four months.

Rise of CNG: With the advent of the BS VI era, customers are now left with a wider choice of engines and fuel for their trucks. Petrol and CNG are now competing with diesel for customers, especially in last mile transportation. As the number of CNG pumps increases, it is now becoming an attractive choice as both a cleaner and environment-friendly fuel for companies as well as a significantly cheaper option for operators. Offering similar mileage, 1 kg of CNG is 40% cheaper than 1 litre of diesel (CNG at Rs 51.50 as compared to diesel at Rs 86.37 in Bangalore). If you are worried about availability, rest assured that the penetration of CNG is significantly more than you think as seen in this map from Maruti Suzuki that shows all the CNG pumps in and around your city.

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