

Car sales skid 7.6% in February

Siam data shows total automobile despatches were down by 19.08% during the month

T E NARASIMHAN
Chennai, 13 March

Domestic passenger vehicle sales dropped by around 7.61 per cent to 251,516 units in February from 272,243 units in the same month a year ago, according to the Society of Indian Automobile Manufacturers (Siam) data. The decline in wholesale despatches was primarily because of the economic slowdown and lower production of BS-IV vehicles. Total two-wheeler sales in February fell 19.82 per cent to 1,294,791 units compared to 1,614,941 units in the same month last year. Sales of commercial vehicles were down 32.9 per cent to 58,670 units in February against 87,436 units in the same month last year, Siam said.

Vehicle sales across categories registered a decline of 19.08 per cent to 1,646,332 units from 2,034,597 units in January 2019, it said.

Rajesh Menon, director-general, Siam, said that the automobile industry continues to face hardship owing to steeper decline in production and wholesale despatches in all segments in February 2020.

Rajan Wadhwa, president, Siam, said the decline in wholesale despatches is primarily due to the economic slowdown and lower production of BS-IV vehicles.

"Some upside on the registration numbers of VAHAN can be attributed to last minute purchases by customers trying to advance buying of BS-IV vehicles" Wadhwa added. On Thursday, the Federation of Automobile Dealers Associations (Fada), apex body of the



ON A SLIPPERY ROAD

	Production			Domestic sales		
	Feb'19	Feb'20	% chg	Feb'19	Feb'20	% chg
Passenger vehicles	335,904	304,217	-9.43	272,243	251,516	-7.61
Commercial vehicles	91,794	54,975	-40.11	87,436	58,670	-32.9
Three-wheelers	108,519	82,783	-23.72	59,875	41,300	-31.02
Two-wheelers	1,938,265	1,583,556	-18.3	1,614,941	1,294,791	-19.82
Quadricycles	536	400	-25.37	102	55	-46.08
Total	2,475,018	2,025,931	-18.14	2,034,597	1,646,332	-19.08

Source: Siam

automobile retail industry, released retail numbers. The figures showed that after nearly 11 months, auto retail sales turned green, excluding passenger vehicles.

There was a 2.6 per cent growth in

overall retail sales to 1,711,711 units in February 2020 compared to 1,668,268 units, a year ago.

"Supply chain disruptions from China are also a concern, which may impact the

production plans of companies, going forward. The auto industry is grateful to the government for issuing a notification of Force Majeure for coronavirus and 24x7 clearance of shipments at all customs formations," said Wadhwa.

Carmakers have said that rural sales growth was higher than urban markets. This is owing to good monsoon, rabi and kharif crops, which were better and increased rural income, which in turn is fuelling the positive sentiment.

On the way forward, they said that while the sentiment is better and will improve, the challenge is converting enquiry into sales.

While domestic sales are in the red, exports continued to grow. In February, they rose by 11.05 per cent to 415,329 units. This was led by passenger vehicles, which reported 8.86 per cent growth in exports and two-wheelers, which grew by 15.64 per cent. Commercial vehicle exports were down 19.6 per cent. Passenger car exports declined by 4.5 per cent.

Across all categories, production was down 18.14 per cent in February to 2,025,931 against 2,475,018 units in February, 2019. The worst hit was medium and heavy commercial vehicle (M&HCV), which saw nearly 50 per cent drop in production, followed by LCVs (down by 33.7 per cent), three wheelers (down 23.72 per cent), two wheelers (down 18.30 per cent) and passenger vehicles (9.43 per cent).

Commercial vehicle production, as a whole, declined 40.11 per cent. Passenger car production declined 13 per cent during the month at 189,783 units.

Dealers sitting on BS-IV two-wheeler stocks of ₹3,800 cr

T E NARASIMHAN
Chennai, 13 March

With just two weeks left for the automobile sector to switch over to the new emission norms, two-wheeler dealers in the country are sitting on BS-IV inventory worth over ₹3,800 crore.

Federation of Automobile Dealers Associations (Fada) says a very high number of two-wheeler dealers will not be able to fully liquidate their BS-IV inventory and its members have expressed inadequate support from their original equipment manufacturers (OEMs) for 100 per cent liquidation of this stock. After March 31, BS-IV vehicles can't be sold in India. Fada says 700,000 BS-IV two-wheelers are lying with dealers, valued at around ₹3,850 crore.

Ashish Harsharaj Kale, president, Fada, said two-wheeler inventory of BS-IV vehicles remains a serious concern.

"With the Supreme Court not considering our application for allowing extension of sale period for BS-IV, Fada urges two-wheeler OEMs to handhold dealers for 100 per cent liquidation of their BS-IV stocks," said Kale.

He said passenger and commercial vehicles inventory was at a reasonable level, but selling slow moving, non-popular models is a challenge. Fada has already advocated for return of unsold BS-IV stocks and will be pursuing this for



its members if the need arises, as many dealers will be unable to sustain such losses. On demand and outlook, Kale said that with banks and non-banking financial companies getting into a cautious mode with regards to financing BS-IV stocks and transport authorities prescribing their own cut off dates for permanent registration, retails of 100 per cent of dealer inventory of BS-IV stocks continue to be a challenge. Retail sales of two-wheelers grew by around 1.5 per cent to 12,85,398 units in February 2020 from 12,66,163 units in February 2019.

Dealers are also facing an alarming drop in customer walk-ins at showrooms due to the coronavirus scare.

Kale said nearly 60 per cent of sales happen through walk-ins in the two-wheeler segment.

CCI warns drugmakers not to indulge in unfair biz practices

PRESS TRUST OF INDIA
New Delhi, 13 March

Fair trade regulator CCI has asked Bengal Chemists and Druggists Association (BCDA), its two district committees, Alkem Laboratories, and Macleods Pharmaceuticals to refrain from indulging in anti-competitive business practices. The district committees are Murshidabad District Committee and Burdwan District Committee.

In a press release, CCI said it has passed an order against the entities for violating provisions of the Competition Act by involving in anti-competitive business practices. The Competition Commission of India (CCI) found that pharmaceutical companies — Alkem Laboratories and Macleods Pharmaceuticals — had an anticompetitive agreement with BCDA.

CCI noted that BCDA used



to mandate pharmaceutical companies in some districts of West Bengal to ask their new stockists to obtain a stock availability information (SAI), no-objection certificate from BCDA before supply of drugs can be commended to them and used to collect monetary considerations for issuance of SAI through its district committees.

Also, the promotion cum distributor agents of pharma companies had to obtain product availability information

from BCDA after paying money to the association in the form of donations to start marketing drugs of their respective pharma companies in West Bengal.

Since BCDA has taken several steps to stop the practice of requiring NoC/SAI and Alkem and Macleods have filed the plea before the Commission that they were indulging in such conduct under threat from BCDA, CCI has "decided not to impose any monetary penalty on the erring entities".

Alkem Labs gets EIR from USFDA for Baddi facility

PRESS TRUST OF INDIA
New Delhi, 13 March

Drug firm Alkem Laboratories on Friday said the US health regulator has issued an estab-

lishment inspection report (EIR) for its manufacturing facility at Baddi in Himachal Pradesh. The Baddi facility was inspected by the United States Food and Drug

Administration (USFDA) from February 17 to 21, 2020, Alkem Laboratories said in a filing to BSE. The USFDA has now issued an EIR for the manufacturing facility, it added.

Co-working firms lag in attracting multinationals, says Anarock

Companies refute claim, say they have a sizeable number of clients

RAGHAVENDRA KAMATH
Mumbai, 13 March

Property consultancy Anarock Property Consultants on Wednesday said that co-working spaces are failing to attract large multinational firms (MNCs) despite low rents. However, co-working firms do not agree with Anarock. They say they have a sizeable amount of MNCs.

Anarock said MNCs are not taking up co-working spaces because the latter lack separate canteens or pantries for occupiers, and they also bar corporates from organising events in common areas. The consultant said maintenance of these properties is another challenge.

Abhishek Goenka, chief executive at co-working space provider CoWrks said MNCs constitute more than 75-80 per cent of its member base and have been growing steadily.

Goenka said the demand side of their business is very robust.

"We are proud that many of the largest companies in the world are working from our centres, and this is testimony to our philosophy of being a space provider of choice to the best of enterprises," he said.

He added that they have always created large event and community spaces, as well as common areas for dining and recreation. "These are avail-



"WeWork provides customised office spaces. Customisation can mean creating a separate floor or putting in a desired number of meeting rooms, and even common areas for events"

KARAN VIRWAN
CEO, WeWork India

able for use by our members as part of their pricing with us. We invest heavily in managing its operations," he said.

Karan Virwan, CEO, WeWork India, said the company provides office spaces inside WeWork spaces, which are completely separate and customised according to the requirement of members.

"Customisation can mean creating a separate floor or putting in a desired number of meeting rooms, canteens, larger pantries and common areas for events and gatherings which the company might like to host," Virwan said, adding that they allow large- to medium-sized business owners to use their spaces according to their requirements,

and to focus on running their business rather than their offices.

On maintenance of properties, Virwan said WeWork works with Embassy Services and leverages its expertise of over two decades to not only manage facilities, but to also reduce operational costs.

However, Virwan did not answer a query on the amount of space leased to MNCs this year and last.

Anarock said that in Bengaluru, co-working spaces charge nearly 20 per cent lower rentals in key areas such as MG Road, Millers Road, Vittal Mallya Road, Residency Road, and so on.

The average monthly rental for flexible workspaces is between ₹7,500-15,000 per desk, while rent for traditional office spaces is between ₹10,000 to ₹18,000 per desk.

In Mumbai Metropolitan Region, co-working spaces come at 14 per cent lower rentals in key micro markets such as Ballard Estate, Colaba, Churchgate, Fort, and Nariman Point. The average monthly rental in co-working spaces is between ₹18,500 and ₹28,500 per desk, while for traditional office spaces, it hovers between ₹24,500 to ₹30,000 per desk, Anarock said.

In NCR's Gurugram, flexible workspaces command only six per cent lower monthly rentals at ₹9,000-14,000 per desk, against ₹9,500-15,000 per desk in regular office spaces, it said.