

## India car sales growth at 22-month high, auto body cautious

\* October car sales up 23.1 percent to 172,459\* Motorcycle sales rise 6.7 percent to 936,122\* Festive season helps, but struggle remains (Adds quotes, milestones)

By Devidutta Tripathy

NEW DELHI, Nov 9 (Reuters) – Car sales in India grew at their fastest pace in 22 months in October from a low base a year ago, helped by festive season demand that offset high ownership costs, but the industry remains cautious about the future.

Indian consumers tend to make big-ticket purchases in the festive season that began in September and peaks in November after the Hindu festival of lights and carmakers have said they expected sales to pick up during the period.

Automakers sold 172,459 cars in October, up 23.1 percent from a year earlier, the first rise in three months, according to data released by the Society of Indian Automobile Manufacturers.

Sales of motorcycles rose 6.7 percent to 936,122 vehicles. Truck and bus sales stood at 66,722 vehicles during the month, compared with 62,013 a year earlier.

“There is some cheer, but the struggle is still on,” said Vishnu Mathur, director-general of the industry body, adding that a “very low base” also helped the growth.

“Next month will be quite critical for us. We’ll have to see whether this growth is continuing or it is coming down.”

SIAM had slashed its estimates last month for car sales in the current fiscal year, expecting them to grow just 1 percent to 3 percent.

High interest rates and rising fuel costs have deterred Indian buyers, typically reliant on loans for purchases.

A hike in the price of subsidised diesel in September pushed up ownership costs and forced almost all of the country’s automakers to increase the price of their vehicles due to increased freight costs, further dampening demand.

(Reporting by Devidutta Tripathy; Writing by Aradhana Aravindan; Editing by Matt Driskill)