

# Car sales surge by 34pc

By Aamir Shafaat Khan

KARACHI, Jan 11: Despite worsening security situation in July-December 2009, locally assembled cars sales surged by 34 per cent to 48,344 units as compared to 36,079 units in the same period in 2008.

Except for a sharp drop in sales of Daihatsu Cuore and slight fall in Suzuki Liana, other cars fared well during the last six months.

Due to surging demand of cars on month on month basis, starting from March/April 2009, Pak Suzuki Motors Company Limited (PSMCL) had given a new year gift to consumers by jacking up price of Mehran, Alto and Cultus by Rs10,000-25,000 and Suzuki Liana by Rs100,000.

According to figures of Pakistan Automotive Manufacturers Association, total sales of 1,300 and above cars went up to 24,335 units in July-December 2009 as compared to 14,961 units in the same period of 2008 thanks to sale of 18,129 units of Toyota Corolla as compared to 9,107 units.

Sale of Honda City and Civic surged to 3,359 and 2,312 units from 2,986 and 2,299 units.

Suzuki Liana sales came down to 533 from 569 units. Pak Suzuki had started rolling out Swift 1,300cc from October 2009. Till December 2009 the company had produced 273 units. In December, the company sold two units.

In 1,000cc category, Suzuki Alto sales ended on higher side to 5,034 in July-December 2009 as compared to 3,812 units while Cultus sales slightly plunged to 5,738 from 5,742. Hyundai Santro sales surged to 215 units from

In 800cc and below 1,000cc, Cuore sales flattened to 2,035 units from 3,604 while Mehran sales recorded at 10,987 from 7,833 units.

Senior General Manager Marketing PSMCL Ashfaq Hussain told *Dawn* that the company had increased prices of Mehran, Cultus and Alto on Jan 1 due to yen appreciation against the rupee in the last few months. Liana price had been raised on Jan 8 after more than one year as company did not raise prices owing to availability of completely knocked down kits imported from Japan at lower rates.

He said every year December sales remain depressed as individual buyers wait for change of year of registration and models while Corporate and multinational companies maintain their purchase of new cars.

On new year's expectations, he said "if currency (rupee-Yen and rupee-dollar) parities remained stable and law and order situation remain under control, January-June 2010 sales will rise by 10-20 per cent if compared with July-December 2009." In new Suzuki Swift, he said that petrol version had been introduced and the option for installing CNG cylinder and kit is not possible right now in this model due to limited space in the back and engine sides. Swift is priced at Rs999,000.

Topline Securities director Mohammad Sohail said the

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outgoing calendar year was a nightmare for car assemblers as volumetric sales fell by 28 per cent to 107,704 units during 2009 a worst performance in the last 10 years.

He linked decline in car sales to slowdown in car financing as banks were reluctant to issue fresh loans amid risk aversion and chances of higher non-performing loans due to economic slowdown.

Besides this, high mark-up rates, contraction in disposable income due to higher inflation and heightened security concerns restricted consumers to buy new cars.

He said despite cut in federal excise duty (FED), car prices remained almost flat in 2009 due to consistent cost pressure amid Pak rupee devaluation, rebound in steel prices and increase in sales tax.

In calendar year 2009, Pak Suzuki sales fell by 44 per

cent to 51,521 units as compared to 92,001 in 2008. Only Indus Motors showed 18 per cent growth in sales led by low base affect as company phased out the Toyota Corolla model in 2008. He said despite heightened security concerns, car sales rebounded in second half of 2009 versus first half of 2009 due to low base affect.

During second half of 2009, total sales recorded at 61,451 as compared to 46,253 units sold in the first half of 2009.