

**The Times of India**  
**Title : Used car mkt sees 40% drop in demand**  
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The used car market has come to a screeching halt, hit hard by the demonetisation drive. According to auto financiers and organized used car sellers, demand has dropped by anywhere between 30% and 40% after the announcement. The used car business is largely unorganised and only 15-20% vehicles are financed. As a result, the currency crunch has impacted it more than the new car market. The good news: Demand is expected to normalise and stabilise by January . And the battle against cash transactions should also streamline the sector and make it more transparent, say industry experts.

Ashok Khanna, senior executive vice-president and business head, vehicle loans, HDFC Bank, said: “The used car market has been very badly affected and right now the transactions are almost nil. More than 70% of used vehicles sell on cash, and for this huge segment, the entire game has changed overnight.” Financiers say that in the two weeks since the demonetisation announcement, the segment has seen anywhere between 25% and 40% drop in demand. Vyomesh Kapasi, CEO, Kotak Mahindra Prime said: “We have seen a sharp drop in demand and dealers have stopped procuring fresh stock of vehicles as people are not buying and December is just round the corner.”

The problem is that the used car market is dominated by unorganised players and a large chunk of its sales come from non-metro consumers. “Typically, 55% of used car market is non-metro while 45% is metro markets. That and the low finance penetration has had a big impact. We have seen walk-ins down by 30-40% and online sales down by 40%,” said Nagendra Pale, MD & CEO, Mahindra First Choice Wheels.

A 3-million-unit market, the used car business was growing at a 15-20% clip but thanks to the current crisis, experts like Khanna and Kapasi expect a slowdown this year. However, the good news is that in the past couple of days, sentiment is beginning to look up. “For 10 days after demonetisation, things were badly hit but now enquiries and traffic are beginning to normalise,” said Vikram Alva, head of the used-car section at CarTrade. Also, with the cash component disappearing overnight, demonetisation has opened up a huge opportunity for the organised channels in the market. “This is a very positive thing for online players as used car transactions become organised and transparent,” he added.

**DEMONETISATION BUMP**

- > More than 70% of used vehicles sell on cash
- > A large chunk of sales come from non-metro consumers
- > A 3-million-unit market, the used car business was growing at a 15-20% clip before demonetisation

