



INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

**Volumes in March 2024 declined 8%
YoY, ending FY2024 with a nominal
1% YoY increase**

APRIL 2024



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Domestic wholesale CV volumes expectedly showed a moderate decline of 8% on a YoY basis in March 2024, caused by the pause in infrastructure activities with the enforcement of the Model Code of Conduct. With a high base effect likely to influence the volume growth momentum, going forward, ICRA expects the domestic CV industry's upcycle to plateau in FY2025, with a marginal decline of 4-7% in wholesale volumes for the fiscal, against a 1% YoY increase in FY2024



The Indian commercial vehicle (CV) industry reported a moderate 8% decline in wholesale volumes in March 2024 on a YoY basis, while witnessing an 18% growth on a sequential basis. Retail sales showed 3% sequential growth, while reporting a 2% YoY decline for the month.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in March 2024 witnessed a marginal growth of 6% on a sequential basis, while reporting a 6% de-growth for the month on a YoY basis. Domestic M&HCV sales volumes reported 4% and 7% YoY growth for wholesale and retail sales, respectively, in FY2024. M&HCV volumes in FY2025 are expected to marginally contract by 4-7% YoY, given the high base effect and the impact of the General Elections on infrastructure activities in the first few months.



In the light commercial vehicle (LCV) segment, retail sales volumes grew by 2% on a sequential basis (1% de-growth YoY) in March 2024 as seasonal demand for LCV passenger carriers from educational institutes typically support volumes in the fourth quarter. The domestic LCV segment had a muted year in FY2024, reporting YoY volume de-growth of 1% and 3% for wholesale and retail sales, respectively. Domestic LCV wholesale volumes are likely to decline by 5-8% in FY2025 due to factors such as high base effect, a sustained slowdown in e-commerce and cannibalisation from e3Ws.



Overall, the domestic CV industry reported a YoY growth of 0.6% in wholesale volumes in FY2024, while the retail volumes increased by 4.8% YoY. While the volume offtake was relatively high in 9M FY2024 due to infrastructure-related push, it was impacted in Q4 FY2024 with the high base effect catching up and a slowdown in infrastructure activities due to the Model Code of Conduct.



ICRA expects the domestic CV industry's sharp upcycle to plateau in FY2025, with a marginal decline of 4-7% in volumes. In the long run, demand prospects for the domestic CV industry remain contingent on a range of factors, such as the Government's push towards infrastructure spending, monsoon conditions and its impact on the rural economy, scrappage policies, etc.



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