



INDIAN AUTOMOBILE INDUSTRY – TWO-WHEELERS

**Industry hopeful of sustained
recovery going forward**

JANUARY 2024



1 Trends in Domestic 2W Sales



2 Monthly Trend in Domestic and Export Sales



3 Segment-wise Monthly Sales Trend



4 Trends in Market Share and Segment Mix



5 ICRA's Outlook



6 ICRA Ratings in the Sector





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Wholesale volumes reported YoY growth of ~16% in December, even as there was a material decline on a sequential basis on account of the calendar year-end.

Volumes continue to remain below pre-Covid levels; recovery pace remains uncertain.



Retails record a healthy growth on YoY basis – Retail sales remained at healthy levels during the recently-concluded festive season, representing a growth of ~21% on a YoY basis. Retail sales in December 2023 too represented a YoY growth of ~28%, raising hopes of a sustained recovery in the industry.



Domestic two-wheeler (2W) wholesale volumes decline sequentially – In December 2023, domestic wholesale volumes, at 1.18 million units, represented a decline on a sequential basis, with volumes in November remaining supported by inventory filling ahead of the wedding season. Concerns continue to persist regarding sustained demand recovery amid material rise in the cost of ownership.



E2W sales rise amid the festive cheer – E2W retail volumes, after declining to ~45,000 units in June 2023 (post pre-buying in May 2023), improved to ~76,000 units in December 2023. Despite the improvement, the volumes remained impacted to an extent by material price hikes taken by e2W OEMs to help offset the impact of the reduction in the FAME II subsidy from June 1, 2023.



Exports outlook continues to be weak – Export volumes remain weak, with shortage of forex and inflationary pressures in key African markets impacting 2W affordability. The OEMs expect export demand to remain impacted for at least another quarter.



Recovery pace uncertain; improvement in rural demand remains key – ICRA is cautiously optimistic of a sustained demand recovery, amid multiple headwinds (elevated ownership cost, persisting inflationary pressures and rise in financing rates). Amid the impact of uneven precipitation on farm cash flows and consequently rural demand, concerns persist regarding a sustained demand recovery for the industry.



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