



INDIAN AUTOMOBILE INDUSTRY

**Automotive sector growth
momentum to moderate in FY2025**

FEBRUARY 2024



1 Indian Passenger Vehicle Industry



2 Indian Two-Wheeler Industry



3 Indian Commercial vehicle Industry



4 Indian Three-Wheeler Industry

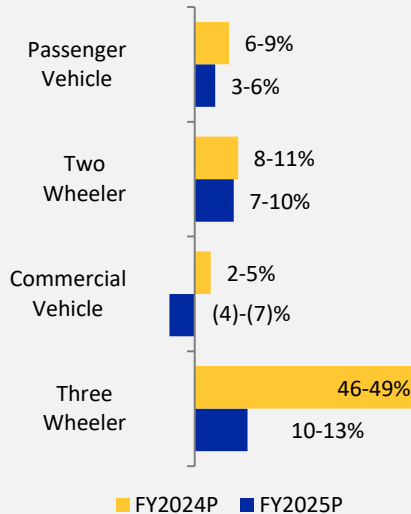


5 Trends in Electric Vehicle Segment





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The passenger vehicle (PV) industry volumes are likely to reach an all-time high of ~4.1 million units in FY2024 (a growth of 6-9% over FY2023). Even as the underlying demand drivers remain supportive, the volume growth for the segment is likely to moderate to 3-6% (from an elevated base). Lower growth expectation for the next year factors in the waning pent-up replacement demand and elevated inventory levels at dealerships (~50-55 days as of end January 2024).



The commercial vehicle (CV) industry saw robust growth in volumes in FY2023. On an elevated base, the growth is expected to remain at modest levels in FY2024 (2-4% YoY), with the overall industry volumes approaching pre-pandemic highs. For FY2025, CV volumes are expected to witness a mid-single digit contraction, impacted to an extent by the inherent exposure of infrastructure activities to the model code of conduct, ahead of the upcoming General Elections and high base effect.



The two-wheeler industry has struggled with industry volumes still below the pre-Covid peak levels, with purchasing power of the consumers at the bottom end of the pyramid being eroded by the significant rise in vehicle prices. On a curtailed base, the 2W segment volumes are estimated to grow by 8-11% in FY2024; the gradual recovery to pre-pandemic highs is expected to continue with 7-10% growth in FY2025 aided by favourable structural factors like rising per capita income, urbanisation, financing availability etc.



Spurred by Government support in the form of subsidies, enhanced awareness and increasing product launches, the electric vehicle (EV) segment has seen a material upturn in prospects over the past two years. Amid the ongoing electrification transition across automotive segments, the OEMs are expected to continue to incur significant investments in developing EV platforms and enhancing manufacturing capacities.



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