



# INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

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Volumes in May 2024 showed a  
marginal 4% YoY increase

JUNE 2024



## 1 Trends in Domestic Commercial Vehicle Industry



## 2 Segment-wise Domestic Sales Trends



## 3 Trends in Market Share



## 4 ICRA Ratings in the Sector





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*Domestic CV wholesale volumes saw a marginal increase of 4% on a YoY basis in May 2024, while staying flattish sequentially due to a perceived temporary pause in infrastructure activities owing to the General Elections. With a high base effect likely to influence the volume growth momentum, ICRA expects the domestic CV industry to witness a marginal YoY decline of 4-7% in wholesale volumes in FY2025.*



The Indian commercial vehicle (CV) industry reported a 4% YoY increase in wholesale volumes in May 2024, while remaining flat on a sequential basis. While retail sales followed a similar trend on a YoY basis, with 4% YoY increase in May 2024, they witnessed a moderate 8% sequential decline for the month on account of perceived slowdown in infrastructural activities during the Parliamentary Elections.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in May 2024 witnessed a significant de-growth of 15% on a sequential basis, while reporting a nominal 1% YoY increase. 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 of the year.



In the light commercial vehicle (LCV) segment, retail sales volumes declined by 3% on a sequential basis while reporting a moderate 8% YoY growth in May 2024, fueled by a somewhat narrowed base of May 2023 wherein muted rural demand had impacted segmental sales to an extent. Going forward, domestic LCV wholesale volumes are likely to decline by 5-8% in FY2025 due to factors such as a high base effect, sustained slowdown in e-commerce and cannibalisation from electric three-wheelers (e3Ws).



Overall, while the General Elections and its impact on infrastructure and construction activities are likely to result in a muted demand scenario for the domestic CV industry in Q1 FY2025, some recovery in demand is anticipated in the latter months of the fiscal as macroeconomic activities are restored.



ICRA expects the domestic CV industry to register a marginal YoY decline of 4-7% in volumes in FY2025, given the high base effect (as the industry demonstrated substantial YoY growth momentum in FY2022 and FY2023 before slowing down in FY2024). In the long run, demand prospects for the industry remain contingent upon a range of factors, such as the Government's push towards infrastructure spending, monsoon conditions and their impact on the rural economy, and scrappage policies, among others.



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