



INDIAN TWO-WHEELER INDUSTRY

**Moderate growth in wholesale volumes
even as extreme heat and the General
Elections constrain retail volumes**

JUNE 2024





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Wholesale volumes reported a moderate YoY growth of ~10% in May 2024, aided by improved rural demand in anticipation of a good monsoon.



Retails record a modest YoY growth – Retail sales in May 2024 represented a modest YoY growth of ~3%, aided by improved rural demand in anticipation of a good monsoon. The retails declined by ~7% on a sequential basis, owing to the General Elections and extreme heat conditions impacting footfalls and walk-ins.



Domestic two-wheeler (2W) wholesale volumes grow at a moderate pace – In May 2024, domestic wholesale volumes, at 1.58 million units, represented a moderate YoY growth of ~10%, aided by improved rural demand. Despite the improved volumes, a sustained demand recovery amid material rise in the cost of ownership remains monitorable.



Electric two-wheeler (e2W) sales remain constrained by prebuying in March – In March 2024, e2W volumes had improved to ~137,041 units, aided by prebuying, ahead of the reduction in subsidy from April 2024. Following the reduction, the volumes moderated to ~64,375 units in April 2024; volumes in May 2024 remained at similar levels (63,859 units).



Exports outlook continues to be weak – Monthly export volumes continue to remain weak, with shortage of forex and inflationary pressures in key African markets impacting 2W affordability in the key export markets.



ICRA estimates 2W volumes to grow by 7-10% YoY in FY2025 – The wholesales over the past few months have been supported by healthy demand during the festive and wedding seasons. Even as dealer inventory remains at controlled levels and continuation of the growth momentum amid material rise in the cost of ownership remains key.



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