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INDIAN TWO-WHEELER INDUSTRY

Extreme heat constrained enquiries and retail volumes; wholesales remain healthy

JULY 2024

Highlights

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Wholesale volumes reported a strong YoY growth of ~21% in June 2024, with OEMs building up inventory in anticipation of a good monsoon.

Retails record a modest YoY growth – Retail sales in June 2024 represented a modest YoY growth of ~5%, aided by improved rural demand in anticipation of a good monsoon. The retails declined by ~10% on a sequential basis with extreme heat conditions impacting footfalls and walk-ins.

Domestic two-wheeler (2W) wholesale volumes grow at a moderate pace – In June 2024, domestic wholesale volumes, at 1.57 million units, represented a strong YoY growth of ~21%, aided by improved rural demand. Despite the improved volumes, a sustained demand recovery amid a material rise in the cost of ownership remains monitorable.

Electric two-wheeler (e2W) sales remain constrained by prebuying in March – E2W volumes moderated in Q1 FY2025, after the pre-buying in March 2024 led to a spike in volumes. The industry reported volumes of ~1,81,500 units during April-June 2024 (~53,130 units in June 2024). The moderation can be attributed to both pre-buying and a reduction in subsidy benefits.

Export outlook continues to be weak – Monthly export volumes continue to be 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 the dealer inventory remains at controlled levels, continuation of the growth momentum amid a material rise in the cost of ownership remains key.

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Thank You!