



INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

Volumes declined in September
2024 by 12% YoY, ending H1 FY2025
with a 4% YoY volume decline, in
line with expectations

OCTOBER 2024



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Domestic CV wholesale volumes saw a decline of 12.3% YoY in September 2024, while retail sales saw a 10.4% YoY decline for the month owing to weather-related disruptions and weak industrial demand.

While wholesale volumes have remained somewhat muted in the recent months, some recovery is anticipated in the latter months of FY2025 as construction and infrastructure-related activities resume.



The Indian commercial vehicle (CV) industry reported a 12.3% YoY decline in wholesale volumes in September 2024, while reporting a significant 13.3% increase on a sequential basis. The CV retail volumes showed a moderate 10.4% YoY decline for the month, while increasing by a modest 1.5% on sequential basis. Weather-related disruptions and weak industrial demand had an impact on the volume offtake for the month.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in September 2024 witnessed a moderate decline of 8.8% on a YoY basis, while reporting a sequential increase of 6.1%. The M&HCV (trucks) wholesale volumes reported a moderate 7.6% YoY decline in H1 FY2025 and are expected to marginally increase by 0-3% YoY for FY2025, with volumes likely to pick up in H2 FY2025 on the back of improvement in infrastructure activity.



Retail volumes in the light commercial vehicle (LCV) segment in September 2024 increased by 1.5% on a sequential basis but declined by 10.4% YoY. Domestic LCV wholesale volumes declined 5.8% YoY in H1 FY2025, and are likely to remain flat in FY2025, with the growth estimated at (-1)% to 2% YoY due to factors such as a high base effect, and cannibalisation from electric three-wheelers (e3Ws). Increasing preference for pre-owned vehicles over new vehicles in this segment is also expected to have a bearing on demand, going forward.



Overall, some recovery in demand is anticipated in the latter months of the fiscal as macroeconomic activities are restored, while the General Elections and its impact on infrastructure and construction activities have resulted in a muted demand scenario for the domestic CV industry in H1 FY2025.



ICRA expects the domestic CV industry to register a marginal YoY growth of 0-3% in volumes in FY2025, given the high base effect (as the industry demonstrated a 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 factors like 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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