



INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

**Volumes declined 1% YoY in
November 2024, modest recovery in
volumes expected in coming months**

DECEMBER 2024



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Domestic CV wholesale volumes saw a modest 1% YoY decline in November 2024, mainly due to the weak market sentiment. The retail volumes showed a 3% YoY decline in November 2024, reflecting continued weak market sentiments.

While the Model Code of Conduct, General Elections and erratic monsoon conditions impacted domestic CV volumes in H1 FY2025, some recovery is expected in the latter months of H2 FY2025.



The Indian commercial vehicle (CV) industry reported a 1.4% YoY decline in wholesale volumes in November 2024, while seeing a substantial 20.0% decline on a sequential basis. The CV retail volumes showed a 3.1% YoY decline for the month, while the sequential decline was 15.9%. Overall, the CV retail volumes showed a limited 1.2% YoY growth in 8M FY2025. Absence of major festivities in the month, coupled with weak market sentiment led to the said decline in wholesale volumes on a sequential basis.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in November 2024 witnessed a modest decline of 6.4% on a YoY basis, while reporting a sequential decline of 17.1%. With this, the M&HCV retail volumes showed flattish volumes on YoY basis in 8M FY2025. The M&HCV (trucks) wholesale volumes in FY2025 are estimated to stay flat or marginally negative, with volumes likely to pick up in the rest of the year on the back of improved infrastructure activity.



Retail volumes in the light commercial vehicle (LCV) segment in November 2024 declined by 1.6% on a YoY basis declining by 15.1% on a sequential basis, reflecting weak market sentiments. Domestic LCV retail volumes grew 1.3% YoY in 8M FY2025. The wholesale volumes in FY2025 are likely to remain flat or marginally negative due to factors such as a high base effect and cannibalisation from electric three-wheelers (e3Ws).



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 resulted in muted demand 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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