



INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

Volumes increased 2.3% YoY in
December 2024; modest recovery
underway in line with expectations

JANUARY 2025



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Domestic CV wholesale volumes saw a modest 2% YoY increase in December 2024, while the retail volumes showed a 3% YoY decline. In 9M FY2025, the wholesale volumes reported 2% YoY decline.

While the Model Code of Conduct, General Elections and erratic monsoons impacted domestic CV volumes in H1 FY2025, some recovery is expected in the coming months supported by anticipated improvement in rural demand and resumption of infra and construction activities.



The Indian commercial vehicle (CV) industry reported a 2.3% YoY increase in wholesale volumes in December 2024, while seeing a substantial 14.5% increase on a sequential basis. The CV retail volumes showed a 2.5% YoY decline for the month, while the sequential decline was 12.1%. Such trends hint at stocking up underway at the dealership end. Overall, the CV retail volumes showed a limited 0.8% YoY growth in 9M FY2025.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in December 2024 witnessed a modest decline of 1.5% on a YoY basis, while reporting a sequential decline of 8.3%. Overall, the M&HCV retail volumes showed flattish volumes on a YoY basis in 9M FY2025. The M&HCV (trucks) wholesale volumes reported 6.6% YoY decline in 9M FY2025 and are expected to stay flat or marginally negative for FY2025, with volumes likely to pick up in the final quarter of the year on the back of improved infrastructure activity.



Retail volumes in the light commercial vehicle (LCV) segment in December 2024 declined by 4.8% on a YoY basis while declining by 16.3% on a sequential basis, reflecting weak market sentiments. Domestic LCV retail volumes grew 0.7% YoY in 9M FY2025. The LCV (trucks) wholesale volumes reported 2.9% YoY decline in 9M FY2025, and are likely to remain flat or marginally negative for FY2025 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. Meanwhile, 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 witnessed substantial YoY growth 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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