



INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

**Subdued consumer sentiments
constrain retails; wholesale volumes
remain steady**

MARCH 2025





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Wholesale volumes improved marginally on YoY basis in February 2025; retail volumes moderated following a healthy wedding season.

ICRA maintains its outlook on the PV industry to grow at 0-2% in FY2025.



In February 2025, domestic wholesale sales volumes improved marginally on a YoY basis to 3.8 lakh units. The supplies from original equipment manufacturers (OEMs) remained steady, reporting a growth of ~2% YoY . Retail sales saw a moderation by ~35% on a sequential basis and ~10% on YoY basis, led by moderation in consumer sentiments after the wedding season, particularly for entry-level segment vehicles.



Inventory moderated to 50-52 days; but remained elevated at the end of February 2025, as per the Federation of Automobile Dealers Association (FADA). Sport utility vehicles (SUVs) continued to be the most preferred segment in the passenger vehicle (PV) industry, driving 64-65% of the overall PV volumes. Utility vehicles (UVs) are likely to remain the key volume drivers in the near term. Continuation of demand following the recently concluded wedding season remains key to keep inventory levels under check and provide liquidity cushion to dealers.



Monthly export volumes improved at a modest pace of 5% on YoY basis in February 2025. Overall, in 11M FY2025, export volumes grew by ~14% on a YoY basis. Shortage of forex availability in certain African markets and inflationary pressures may constrain demand.



ICRA estimates domestic industry volumes to grow by 0-2% for FY2025 (growth of ~2% in April-February FY2025) with production and wholesale volumes remaining impacted by high elevated inventory levels.



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