



INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

Volumes increased by 3.8% YoY in
March 2025; an overall 1.2%
contraction in FY2025

APRIL 2025



What's Inside...

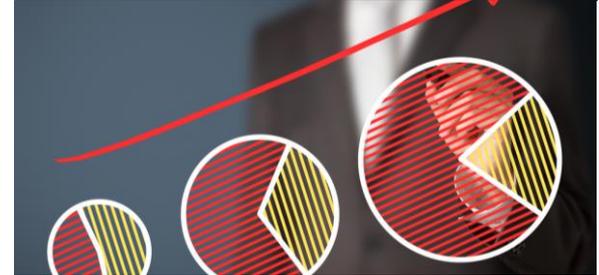
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ICRA expects Indian CV industry wholesale volumes to witness YoY growth of 3-5% in FY2026, after marginal YoY decline of 1.2% in FY2025.

While M&HCV (trucks) and LCV (trucks) segments reported modest YoY decline of 4.0% and 2.8%, respectively, in FY2025, the buses segment grew decently, at 14.8% YoY for the fiscal.



The Indian commercial vehicle (CV) industry reported a 3.8% YoY increase in wholesale volumes in March 2025, with a robust 24.9% sequential growth. CV retail volumes increased by 2.7% YoY during the month, while sequential increase was at 14.5%. Such trends reflect building up of inventory at the dealerships' end. Overall, domestic wholesale volumes saw a modest YoY contraction of 1.2% in FY2025, in line with ICRA's estimates, while domestic retail volumes showed a 0.2% YoY de-growth.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in March 2025 witnessed a modest decline of 1.9% on a YoY basis, while reporting a sequential increase of 13.4%. Overall, the M&HCV retail volumes had a modest 2.2% decline on a YoY basis in FY2025. The M&HCV (trucks) wholesale volumes are expected to register a modest 0-3% YoY growth in FY2026, after a 4.0% decline witnessed in FY2025.



Retail volumes in the light commercial vehicle (LCV) segment in March 2025 increased by 5.6% on a YoY basis, and by 14.5% on a sequential basis, reflecting a demand recovery for the segment. Domestic LCV retail volumes grew 0.2% YoY in FY2025, while wholesale volumes for the LCV (trucks) segment reported a 2.8% decline. The LCV (trucks) wholesale volumes are likely to register a limited 3-5% YoY growth in FY2026, due to factors such as a high base effect and cannibalisation from electric three-wheelers (e3Ws).



Overall, some recovery in demand was witnessed in the final months of the fiscal (FY2025) as macroeconomic activities were restored, reflected in 1.6% YoY growth in the domestic wholesale CV volumes in Q4 FY2025. The General Elections and its impact on infrastructure and construction activities had resulted in a muted demand for the domestic CV industry in H1 FY2025.



ICRA expects the domestic CV industry to register a modest YoY growth of 3-5% in wholesale volumes in FY2026 after witnessing a marginal 1.2% YoY decline in FY2025. While M&HCV (trucks) and LCV (trucks) segments are expected to witness modest YoY volume growth of 0-3% and 3-5%, respectively, in FY2026, the buses segment is likely to see a relatively higher growth of 8-10% YoY for the fiscal. While pick up in construction and mining activities, coupled with steady economic environment, will support the demand prospects for the LCV (trucks) and M&HCV (trucks) segments, replacement demand is likely to support volume growth for the buses segment, going forward.



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