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INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

Industry volumes continue robust YoY volume growth in January 2026

February 2026

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Highlights

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Domestic CV wholesale volumes witnessed a substantial 27.0% YoY growth in January 2026, while retail volumes witnessed a 15.1% YoY growth, with GST rate cuts being the primary driver. Domestic CV wholesale volumes reported a 11.3% YoY growth in 10M FY2026.

ICRA expects the domestic CV wholesale volumes to register a 7-9% YoY growth in FY2026, followed by a moderate 4-6% YoY growth anticipated for FY2027.

The Indian commercial vehicle (CV)* wholesale volumes reported a robust 27.0% YoY growth in January 2026 with a sequential growth of 1.9%. The YoY growth was primarily driven by the goods & services tax (GST) rate cut to 18% from 28% with effect from September 22, 2025, and was also supported by higher freight activity in the goods segment. The modest sequential growth was primarily attributable to the broadened base of December 2025. Overall, the domestic CV wholesale volumes grew by 11.3% YoY in 10M FY2026, while the YoY retail volume growth stood at 8.5% for this period.

Retail volumes in the medium and heavy commercial vehicle (M&HCV) segment witnessed a healthy growth of 15.4% on a YoY basis in January 2026 while recording a sequential growth of 22.1%. The YoY growth in retail volumes for the M&HCV segment in 10M FY2026 stood at 6.3%, with volume growth momentum picking up, post the implementation of GST rate cuts.

Retail volumes in the light commercial vehicle (LCV) segment in January 2026 grew by 14.9% on a YoY basis, while reporting a strong sequential growth of 33.0%. The YoY growth in retail volumes for the LCV segment in 10M FY2026 stood at a healthy 11.1%. Being a cost-sensitive segment, the LCV segment demonstrated a faster uptick in demand, post the implementation of GST rate cuts, compared to the M&HCV segment. However, high cost of funding remains one of the key challenges facing the demand ecosystem in this segment.

ICRA expects the domestic CV industry to register a moderate YoY growth of 7-9% in wholesale volumes in FY2026. While the M&HCV (trucks) and LCV (trucks) segments are expected to witness YoY volume growth of 7-9% and 9-11%, respectively, the buses segment is likely to see an 8-10% YoY growth for the fiscal. While GST rate cuts have led to a pick-up in volume offtake across all the major sub-segments, some moderation in the M&HCV volume growth momentum is expected in the remaining months of FY2026 with the gradual subsiding of GST rate cut induced demand push. ICRA expects the domestic wholesale volumes to register a moderate 4-6% YoY growth in FY2027.

**Note: ICRA considers aggregate of Mahindra & Mahindra Limited, Ashok Leyland Limited, SML Mahindra Limited, TML Commercial Vehicles Limited and VE Commercial Vehicles Limited*

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