

INDIAN TWO-WHEELER INDUSTRY

**Domestic wholesale volumes surged
to an all-time high in FY2026**

APRIL 2026





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Wholesale volumes grew by around 20% in March 2026; retail volumes increased by 28.7% on a YoY basis. For FY2026, the 2W domestic volumes grew by around 11%.

ICRA estimates 2W domestic volume growth to moderate to 3-5% YoY in FY2027, constrained by a higher base and a weak monsoon outlook, even as demand is expected to remain supported by GST rationalisation led improvement in vehicle affordability.



Wholesale volumes recorded strong growth – Domestic wholesale volumes recorded a growth of 10.2% YoY in FY2026, reaching around 22 million units, supported by implementation of GST 2.0 reforms, which drove volume growth in both Q3 and Q4 of FY2026. Compared with the modest growth of around 1% in H1, industry volumes surged by 20.3% in H2 FY2026. While the underlying demand drivers remain supportive, the ongoing conflict in West Asia poses potential supply chain risks, with industry participants closely monitoring the evolving geopolitical situation.



Retail volumes grew at a healthy pace – Retail sales grew by 28.7% YoY in March 2026 and around 13% for FY2026, supported by implementation of GST 2.0 reforms, improvement in rural cash flows, and supportive macroeconomic measures (including repo-rate cuts, income tax relief etc.), which helped strengthen consumer demand. Additionally, a broadening product portfolio, catering to both entry level and aspirational segments, further aided the growth.



Electric two-wheeler (e2W) sales gained traction – Retail e2W volumes rose sharply to 1,92,023 units in March 2026, up 47.4% YoY. For FY2026, the e-2W volumes grew by 21.9% YoY. Penetration of e2W within the two-wheeler segment increased to 9.4% during Mar'26 and 3.3% for FY2026.



Export volumes continued to grow in double digits – Monthly export volumes reported a growth of 17.5% YoY in March 2026 despite headwinds in certain overseas markets. Overall, export volumes grew by 23.3% in FY2026 aided by expanding product offerings and improving global recognition of Indian two-wheeler brands. The evolving geopolitical situation in West Asia remains a key export risk.



ICRA estimates 2W volume growth of 3-5% YoY in FY2027 - ICRA projects a 3-5% wholesale volume growth for the industry in FY2027, constrained by a high base, even as demand will remain supported by GST rationalization and improved replacement demand. An anticipated weak monsoon on account of El Nino occurrence is also likely to dampen rural demand.



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