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35 Years of Unwavering Credibility

INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

GST rate cut-led demand momentum drives a strong finish to FY2026 for commercial vehicles

APRIL 2026

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Highlights

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Domestic CV wholesale volumes witnessed a 12.7% YoY growth in March 2026, while retail volumes recorded a 15.1% YoY rise, with GST rate cuts being the primary driver. Domestic CV wholesale volumes reported a 12.6% YoY growth in FY2026.

ICRA expects domestic CV wholesale volumes to register a moderate 4-6% YoY increase in FY2027, with the broadened base effect of FY2026 likely to have some bearing on growth momentum in FY2027.

The wholesale volumes of Indian commercial vehicles (CV)* increased by a healthy 12.7% YoY in March 2026 with a sequential rise of 13.7%. The YoY growth was primarily driven by sustained demand stemming from the Goods & Services Tax (GST) rate cut to 18% from 28% with effect from September 22, 2025. The same was also supported by higher freight activities in the goods segment. Overall, the domestic CV wholesale volumes grew by 12.6% YoY in FY2026 (19.0% YoY growth registered in Q4 FY2026)^. CV retail volumes reported a healthy 15.1% YoY growth in March 2026, while registering a sequential increase of 1.7%.

Retail volumes in the medium and heavy commercial vehicle (M&HCV) segment witnessed a healthy growth of 19.8% on a YoY basis in March 2026 while recording a sequential decline of 0.3%. The YoY increase in retail volumes for the M&HCV segment in FY2026 stood at 10.0%, with volume growth momentum picking up post the implementation of GST rate cuts and driven by infrastructure-linked freight movement and demand from school bus operations.

Retail volumes in the light commercial vehicle (LCV) segment in March 2026 grew by 12.0% on a YoY basis, while reporting a sequential growth of 3.2%. The YoY increase in retail volumes for the LCV segment in FY2026 stood at 12.3%. The LCV segment has seen a positive impact from the GST rate cuts on demand momentum, further supported by improved freight sentiment, and a pick-up in replacement-led demand. High cost of funding, however, continues to remain one of the key challenges for this segment.

ICRA expects domestic CV industry to register a moderate YoY growth of 4-6% in wholesale volumes in FY2027. While M&HCV (trucks) and LCV (trucks) segments are expected to witness a YoY volume growth of 5-7% and 3-5%, respectively, the buses segment is likely to see a 7-9% YoY growth over the fiscal. Broadened base of FY2026 is likely to have some bearing on the growth momentum in FY2027. It is to be noted that estimates for FY2027 were made prior to the West Asia conflict. ICRA continues to monitor the situation and will review the estimates, if necessary.

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

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Thank You!

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