ICRA

INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

Healthy YoY retail and wholesale volume growth in April 2026

MAY 2026

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Highlights

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Wholesale and retail volumes grew at a strong pace in April 2026 on YoY basis, with demand continuing to be supported by GST rate cuts, extended summer wedding season and healthy demand for newly launched models.

ICRA expects industry volumes to expand by 4-6% in FY2027, led by the likelihood of sustained demand momentum. The moderation in growth considers the elevated base of FY2026 and the weak monsoon outlook.

Wholesale volumes rose by 25% Year-on-Year (YoY) to 4.4 lakh units in April 2026, as original equipment manufacturers (OEMs) continued steady production to cater to the robust domestic demand. On a sequential basis, wholesale dispatches remained steady. Retail sales recorded a strong YoY growth of 16% in April 2026, supported by the steady traction of newly launched models, extended summer wedding season and the sustained positive impact of the revised Goods and Services Tax (GST) rates. The retail volumes reduced on sequential basis from March 2026, supported by higher discounts to boost year-end volumes.

Inventory levels remained low at 28-30 days in April 2026 from 50 days in April 2025 and 60 days as of September 2025, as per the Federation of Automobile Dealers Association (FADA), aided by stronger retail offtake. In FY2026, utility vehicles (UVs) accounted for 68% of the overall passenger vehicle (PV) volumes. While UVs continue to drive most of the volumes, volumes in the mini, compact and super-compact segments have recovered slightly after the GST rate cuts. The UV segment is likely to remain the key volume driver, though demand for passenger cars is also expected to go up.

Export volumes rose by a healthy 13% in April 2026 on sequential basis. The growth indicates the increasing supply push from Indian OEMs. The upward trend continued with Maruti Suzuki India Limited maintaining its lead as the top exporter (49% market share in exports), followed by Hyundai Motor India Limited in FY2026.

ICRA expects wholesale volume growth of 4-6% in FY2027 amid the anticipation of steady demand, aided by GST rate cuts and new model launches by the OEMs, partly offset by the elevated base of FY2026 and the weak monsoon outlook. The impact of the ongoing West Asia crisis on inflation and, in turn, demand sentiment remains a key monitorable.

ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice President and Group Head	jitinm@icraindia.com	0124 – 4545 368
K. Srikumar	Senior Vice President and Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Rohan Gupta	Vice President and Sector Head	rohan.kanwar@icraindia.com	0124 – 4545 808
Akshay Dangi	Senior Analyst	akshay.dangi@icraindia.com	0124 – 4545 396

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head – Research Sales and Investor connect	Sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860

Thank You!

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