

INDIAN AUTOMOBILE INDUSTRY – TWO-WHEELERS

**Monthly volumes continue to depict
a gradual recovery to pre-pandemic
levels**

MARCH 2024



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Wholesale volumes reported a healthy YoY growth of ~35% in February 2024, aided by low base and steady improvement in demand.



Retails record a healthy YoY growth – Retail sales in February 2024 represented a healthy YoY growth of ~13%, raising hopes of a sustained recovery in the industry. It had remained at healthy levels during the recently-concluded festive season, representing a YoY growth of ~21%.



Domestic two-wheeler (2W) wholesale volumes grow at a healthy pace – In February 2024, domestic wholesale volumes, at 1.47 million units, represented a healthy growth of ~35% on YoY basis, aided partly by a low base. Notwithstanding the improved volumes, concerns continue to persist regarding sustained demand recovery amid material rise in the cost of ownership.



E2W sales continue to improve – After declining to ~45,000 units in June 2023 (post pre-buying in May 2023), they improved to ~82,300 units in February 2024. A reduction in prices over the recent past aided by easing of battery prices is likely to support volumes in the near term; continuation of subsidy post March 2024, however, remains a monitorable.



Exports outlook continues to be weak – Monthly export volumes continue to remain relatively weak, despite reporting a sequential improvement, with shortage of forex and inflationary pressures in key African markets, impacting 2W affordability.



ICRA estimates 2W volumes to grow by 7-10% YoY in FY2025; the wholesales over the past few months have been supported by healthy demand during the festive season and the marriage season. Even as dealer inventory remains at controlled levels, continuation of the growth momentum amid material rise in the cost of ownership remain key.



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