



# INDIAN AUTOMOBILE INDUSTRY

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**Passenger vehicles: Monthly report**

**APRIL 2024**





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*Domestic wholesale and retail volumes closed the financial year on an all-time high, led by utility vehicles.*

*The industry is expected to grow at a modest pace of 3-6% in FY2025 on a healthy base.*



In March 2024, domestic wholesale volumes remained strong at 3.7 lakh units, representing a healthy year-on-year (YoY) growth of 9%, aided by new product launches and increased production. The volumes only moderated by 1% on a sequential basis.



Retail sales remained healthy in March 2024, even as they moderated by ~2% sequentially. Despite strong retail performance, inventory levels remain high, according to estimates from the Federation of Automobile Dealers Association. Utility vehicle (UV) continues to be the most preferred segment in the passenger vehicle industry and is likely to remain key volume drivers in the near term.



Monthly export volumes continued to be steady, aided by steady demand across geographies. Export volumes in March 2024 reported a healthy growth of ~15% sequentially (post moderation in January 2024) and ~16% on a YoY basis. The trend needs to be monitored, with a shortage of US dollars in certain African markets and inflationary pressures, which may impact demand.



ICRA expects the industry to grow by 3-6% in FY2025, aided by steady demand for utility vehicles, which is likely to bolster industry growth despite an elevated base. However, the lower growth expectation for the next year partly stems from waning pent-up replacement demand.



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