



INDIAN TWO-WHEELER INDUSTRY

**Chasing the peak: Two-wheeler
volumes on the rise, yet below pre-
pandemic peak levels**

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Retail sales remain healthy, aided by an improvement in rural demand.

ICRA estimates 2W domestic volumes to register a growth of 7-10% YoY in FY2025 on a contracted base.

OEMs are expected to maintain strong credit profiles, despite investments planned for EV platforms.



ICRA estimates two-wheeler (2W) volumes to grow by 7-10% YoY in FY2025. The wholesales over the recent past have been supported by improving rural demand on the back of a normal monsoon precipitation. Even as dealer inventory remains at a controlled level, continuation of the growth momentum during the festive season remains key.



Retails remained healthy during the past few months. Retail sales remained at healthy levels over the past few months, registering a moderate to healthy YoY growth on a monthly basis, despite some slowdown in retails during extreme heat conditions during May-June 2024.



ICRA's survey of 2W dealers indicates that most dealers anticipate moderate growth in volumes for the fiscal and are optimistic of a sustained recovery in demand, going forward. Despite the same, high vehicle prices remain a hindrance for improved sales.



PM e-Drive scheme to aid electric vehicle (EV) adoption. The recent announcement of the PM e-Drive scheme (with a total outlay ~Rs. 10,900 crore for two years) is expected to promote electric mobility in the country. Along with demand incentives aimed at lowering the cost of acquisition, it has also allocated healthy investment outlays for electrifying mass mobility and creating charging and testing infrastructure.



Outlook for exports gradually improving. Shortage of forex and inflationary pressures in key African markets impacted 2W affordability and constrained exports in FY2024. Aided by a low base and a recovery in demand across most markets (barring Africa), export volumes are recovering gradually.



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