

INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

**Volumes grew by 1.7% YoY in
January 2025; modest recovery
under way in line with expectations**

FEBRUARY 2025



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Domestic CV wholesale volumes saw a modest 1.7% YoY increase in January 2025, while the retail volumes showed a moderate 11.5% YoY increase. In 10M FY2025, the wholesale volumes reported 2% YoY decline.

While the Model Code of Conduct, the General Elections and erratic monsoons impacted domestic CV volumes in H1 FY2025, some recovery is evident in the final months of the fiscal, supported by resumption of infrastructure and construction activities.



The Indian commercial vehicle (CV) industry reported a 1.7% YoY increase in wholesale volumes in January 2025, while witnessing a 3.1% sequential increase. CV retail volumes grew by a decent 11.5% YoY during the month, while sequential growth was sizeable, at 38.0%. Such trends hinted at liquidation of inventory at the dealerships' end. Overall, domestic CV retail volumes showed a modest 2.0% YoY growth in 10M FY2025.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in January 2025 witnessed a moderate increase of 6.9% on a YoY basis, while reporting a substantial sequential growth of 35.0%. Overall, the M&HCV retail volumes showed flattish volumes on a YoY basis in 10M FY2025. The M&HCV (trucks) wholesale volumes are expected to stay flat or marginally negative for FY2025, while volumes are likely to pick up in the final months of the year on the back of improved infrastructure activity.



Retail volumes in the light commercial vehicle (LCV) segment in January 2025 grew moderately by 13.2% on a YoY basis, while increasing sizeably by 41.8% on a sequential basis, reflecting rejuvenated market sentiments. Domestic LCV retail volumes grew 2.1% YoY in 10M FY2025. The LCV (trucks) wholesale volumes are likely to remain flat or marginally negative for FY2025 due to factors such as a high base effect and cannibalisation from electric three-wheelers (e3Ws).



Overall, some recovery in demand is being witnessed in the final months of the fiscal as macroeconomic activities are restored. Meanwhile, the General Elections and its impact on infrastructure and construction activities resulted in muted demand for the domestic CV industry in H1 FY2025.



ICRA expects the domestic CV industry to register a marginal YoY growth of 0-3% in volumes in FY2025, given the high base effect (as the industry witnessed substantial YoY growth in FY2022 and FY2023 before slowing down in FY2024). In the long run, demand prospects for the industry remain contingent upon factors like the Government's push towards infrastructure spending, monsoon conditions and their impact on the rural economy, and scrappage policies, among others.



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Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	shamsherd@icraindia.com	0124 – 4545 328
Kinjal Shah	Co-Group Head	kinjal.shah@icraindia.com	022 – 6114 3442
Mythri Macherla	Sector Head	mythri.macherla@icraindia.com	022 – 6114 3435
Yashowardhan Swami	Senior Analyst	yashowardhan.swami@icraindia.com	020 – 6606 9923





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Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
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 – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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