

# INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

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**Strong retails aided by wedding  
season; wholesales remain steady**

**FEBRUARY 2025**





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*Wholesale volumes improved on YoY and sequential basis in January 2025; inventory levels too improved with strong retail volumes on the back of healthy discounts and the wedding season. Sustenance of demand is the key to provide further liquidity cushion to dealers.*

*ICRA maintains its outlook on the PV industry to grow at 0-2% in FY2025 due to elevated inventory, which has curtailed wholesale volume growth.*



**In January 2025, domestic wholesale sales volumes improved on a YoY basis to 4.1 lakh units.** The supplies from original equipment manufacturers (OEMs) remained steady, which led to ~4% YoY and ~29% sequential growth in volumes, which revamped from the slowdown post festive season. Retail sales saw a sharp improvement by ~59% on a sequential basis and ~16% on YoY basis, on account of new model launches and availability of high discounts from OEMs, in addition to the wedding season.



**Inventory levels moderated to 50-55 days; but remained elevated at the end of January 2025,** as per the Federation of Automobile Dealers Association (FADA). Sport utility vehicles (SUVs) continued to be the most preferred segment in the passenger vehicle (PV) industry, driving 64-65% of the overall PV volumes. Utility vehicles (UVs) are likely to remain the key volume drivers in the near term. Continuation of demand in the ongoing wedding season remains key to keep inventory levels under check and provide liquidity cushion to dealers.



**Monthly export volumes improved at a healthy pace of 17% on YoY basis in January 2025.** Overall, in 10M FY2025, export volumes grew by ~14% on a YoY basis. The trend needs to be monitored as a shortage of forex availability in certain African markets and inflationary pressures may constrain demand.



**ICRA estimates domestic industry volumes to grow by 0-2% for FY2025** (growth of ~2% in April-January FY2025) owing to elevated inventory levels, which has partly impacted production and, thus, has curtailed the industry wholesale volumes.



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