



# INDIAN TWO-WHEELER INDUSTRY

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Industry volumes to touch a new  
peak in FY2026

MARCH 2025



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ICRA estimates 2W domestic volumes to register a growth of 6-9% YoY in FY2026.

Retail sales remain steady; early indications of a normal monsoon to support rural demand.

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



**ICRA estimates two-wheeler (2W) volumes to grow by 6-9% YoY in FY2026.** ICRA has a forecast of wholesale volume growth for the industry at 6-9% in FY2026, aided by steady replacement demand and healthy rural incomes, driven by early indications of a normal monsoon.



**Retails to grow at a steady pace.** Retail sales remained at healthy levels during the fiscal, registering a moderate to healthy YoY growth till the festive season, aided by improvement in rural demand and festive cheer. Even as retail sales have remained relatively weak over the past few months, retail volumes are expected to grow at a steady pace in FY2026.



**ICRA's survey of 2W dealers indicates that most dealers anticipate moderate growth** in volumes for FY2026 and are optimistic of a sustained recovery in demand, going forward. Despite the same, high vehicle prices remain a constraining factor for material growth.



**Electric vehicle (EV) adoption to steadily increase;** the Government continues to adopt a multi-pronged strategy to promote the development of an EV ecosystem. Even as the quantum of incentives available per vehicle is being gradually lowered, the continuation of incentives is a timely boost for the EV industry. The same, coupled with softening in battery prices seen over the recent past, is likely to support EV adoption, going forward.



**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 and are expected to near all-time peak levels in FY2026.



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# Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Senior Vice President & Group Head	<a href="mailto:shamsherd@icraindia.com">shamsherd@icraindia.com</a>	0124-4545 328
K. Srikumar	Senior Vice President & Co-Group Head	<a href="mailto:ksrikumar@icraindia.com">ksrikumar@icraindia.com</a>	044-4596 4318
Rohan Gupta	Vice President & Sector Head	<a href="mailto:rohan.kanwar@icraindia.com">rohan.kanwar@icraindia.com</a>	0124-4545 808
Akshit Goel	Analyst	<a href="mailto:akshit.goel@icraindia.com">akshit.goel@icraindia.com</a>	0124-4545 857





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# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L. Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Neha Agarwal	Head – Research Sales	<a href="mailto:neha.agarwal@icraindia.com">neha.agarwal@icraindia.com</a>	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – Corporate Sector – West & East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860





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