

INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

Volumes declined by 1.4% YoY in
April 2025; modest recovery
expected in coming months

MAY 2025



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Domestic CV wholesale volumes saw a modest 1.4% YoY decline in April 2025, while the retail volumes witnessed a 1.0% YoY contraction.

ICRA expects Indian CV industry wholesale volumes to witness YoY growth of 3-5% in FY2026, aided by resumption of construction and infrastructure activities and steady economic environment.



The Indian commercial vehicle (CV) industry reported a 1.4% YoY decline in wholesale volumes in April 2025, with a sizeable 30.2% sequential decline mainly due to the seasonality associated with volume offtake. CV retail volumes declined by 1.0% YoY during the month, while sequential decline was at 4.4%. Such trends reflect liquidation of inventory at the dealerships' end.



In the medium and heavy commercial vehicle (M&HCV) segment, retail sales volumes in April 2025 witnessed a minuscule decline of 0.2% on a YoY basis, while reporting a sequential increase of 7.3%. The M&HCV (trucks) wholesale volumes are expected to register a modest 0-3% YoY growth in FY2026, after a 4.0% decline witnessed in FY2025.



Retail volumes in light commercial vehicle (LCV) segment in April 2025 declined by 1.1% on a YoY basis, and by 10.7% on a sequential basis, reflecting muted demand for the segment. The LCV (trucks) wholesale volumes are likely to register a limited 3-5% YoY growth in FY2026, with factors such as a high base effect and cannibalisation from electric three-wheelers (e3Ws) likely to play headwinds. Increasing preference for pre-owned vehicles over new vehicles in this segment has also impacted the demand in recent past.



Overall, some recovery in demand was witnessed in the final months of the fiscal (FY2025) as macroeconomic activities were restored, with continuation of the same likely to fuel a modest YoY volume growth in FY2026. The General Elections and its impact on infrastructure and construction activities had resulted in a muted demand for the domestic CV industry in H1 FY2025, with some recovery in volume offtake seen in the latter months of the fiscal.



ICRA expects the domestic CV industry to register a modest YoY growth of 3-5% in wholesale volumes in FY2026 after witnessing a marginal 1.2% YoY decline in FY2025. While M&HCV (trucks) and LCV (trucks) segments are expected to witness modest YoY volume growth of 0-3% and 3-5%, respectively, in FY2026, the buses segment is likely to see a relatively higher growth of 8-10% YoY for the fiscal. While pick up in construction and mining activities, coupled with steady economic environment, will support the demand prospects for the LCV (trucks) and M&HCV (trucks) segments, replacement demand is likely to support volume growth for the buses segment



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