

# INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

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**Wholesale volumes moderate  
sequentially; retail sales remain  
stable**

**JULY 2025**





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*Moderation in wholesale volumes on sequential and YoY basis in June 2025 owing to subdued and uncertain macroeconomic environment.*

*ICRA expects wholesale volumes to rise by 1-4% in FY2026 with a likely recovery in demand during the forthcoming festive season.*



**Wholesale sales volumes fell by 1.4% in Q1 FY2026 on a YoY basis** owing to subdued consumer demand and uncertain macroeconomic environment. In June 2025, the wholesale volumes fell by 9% sequentially and by 7% (YoY) basis despite discounts from original equipment manufacturers (OEM).

**Retail sales remained flattish in Q1 FY2026 on a YoY basis**, however, the same were impacted owing to muted consumer sentiments. The availability of rare earth magnets (a key component for electric vehicles) remains monitorable amid restrictions imposed by China.



**Inventory levels increased slightly to 55 days by the end of June 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 65-66% of the overall PV volumes. Utility vehicles (UVs) are likely to remain the key volume drivers in the near term.



**Export volumes recorded a sequential growth of 14% in June 2025**, albeit on a relatively low base. The upward trend continued, with Maruti Suzuki India Limited maintaining its lead as the top exporter, followed by Hyundai Motor India Limited. However, demand may face headwinds due to foreign exchange shortages in select African markets and prevailing inflationary pressures.



**ICRA expects modest wholesale volume growth of 1-4% in FY2026** owing to concerns over high inventory level and supply shortage (of critical components such as rare earth magnets) related production constraints (especially for electric vehicles). However, steady model launches from the OEMs are expected to support the overall industry volumes to an extent in the current fiscal.



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