



INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

Wholesale and retail volumes
improve sequentially

AUGUST 2025





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Wholesale volumes grew on sequential basis in July 2025 with OEMs building up inventory ahead of the festive season. Retail volumes remained flat on YoY basis.

ICRA expects wholesale volumes to grow by 1-4% in FY2026 with a likely recovery in demand due to expected GST rate cuts which may support volume growth of certain segments



In July 2025, wholesale sales grew 8.9% sequentially with OEMs building up inventory ahead of the festive season. The wholesale volumes remained flat on YoY basis at 3.4 lakh units. **Retail sales remained also improved sequentially in July 2025 by 10.4%**; however, the same remained stable moderating 0.8% on YoY basis.



Inventory levels increased slightly to 55 days by the end of July 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, contributing 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 YoY growth of 9% in July 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.



ICRA expects modest wholesale volume growth of 1-4% in FY2026 (1.1% contraction in 4M FY2026) owing to concerns over high inventory level and high base. However, steady model launches from the OEMs as well as expected GST rate cuts is expected to support the volume growth of certain segments.



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