

INDIAN TWO-WHEELER INDUSTRY

**GST rate cut to support demand;
domestic industry volumes to grow
at 7-9% in FY2026**

SEPTEMBER 2025



What's Inside...

1 ICRA's Outlook on the Sector



2 Trends Shaping Domestic 2W Industry



3 Channel Check and Financing Environment Update



4 Trend in Macroeconomic Environment



5 Domestic Sales Trends



6 Export Sales Trends



7 Market Share Trends



8 Peer Comparison and ICRA Ratings in the Sector





Click to see full report

ICRA estimates two-wheeler domestic wholesale volumes to register a growth of 6-9% YoY in FY2026.

Retail sales remain steady; recent cut in GST rates expected to support demand.

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



ICRA projects two-wheeler (2W) wholesale volumes to grow by 6-9% YoY in FY2026. This will draw support from a steady replacement demand and healthy rural incomes; recent cut in Goods and Services Tax (GST) rates for 2Ws less than 350 cc is also likely to aid affordability and support demand.



Retails continue to grow at a steady pace. Retail sales had grown by 7% in FY2025, aided by expansion in rural demand and a supportive festive season. In addition to the above drivers, the GST rate cut will be an additional factor to drive retail volume growth in FY2026.



ICRA's channel check of 2W dealers indicates that most dealers anticipate moderate volume growth in FY2026 and are optimistic of a sustained recovery in demand, going forward. Even as high vehicle prices remain a constraining factor, the recent cut in GST rates (leading to 7-8% reduction in on-road prices) is a positive.



Electric vehicle (EV) adoption to increase steadily. Even as the quantum of incentives available per vehicle is being gradually lowered, a softening in battery prices over the recent past is likely to support EV adoption, going forward. Given the recent imposition of export curbs by China, the availability of rare earth magnets remains monitorable, even as the industry has managed to develop and deploy motors that do not use rare earth magnets but substitute materials.



Export volumes to register a moderate growth. Shortage of forex and inflationary pressures in key African markets constrained exports in FY2024. Aided by a low base and a recovery in demand across most markets, export volumes recovered in FY2025 and are likely to near an all-time peak (4.4 million units) in FY2026. Impact of geopolitical tensions on export prospects remains to be seen.



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice President & Group Head	jitinm@icraindia.com	0124-4545 368
K. Srikumar	Senior Vice President & Co-Group Head	ksrikumar@icraindia.com	044-4596 4318
Rohan Gupta	Vice President & Sector Head	rohan.kanwar@icraindia.com	0124-4545 808
Akshit Goel	Analyst	akshit.goel@icraindia.com	0124-4545 857





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!