

INDIAN TWO-WHEELER INDUSTRY

**Retail volumes grow on year-end
offers**

JANUARY 2026

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Highlights



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Wholesale volumes grew by 38.0% in December 2025; retail volumes increased by 9.5% on a YoY basis.

ICRA estimates 2W domestic volumes to register a growth of 6–9% YoY in FY2026; the recent cut in GST rates is likely to continue to support demand.



Wholesale volumes record a robust growth – Domestic wholesale volumes grew by 38.0% year-over-year (YoY) in December 2025, reaching 1.5 million units, and recorded a 4.8% increase during 9M FY2026 (April–December). Favourable conditions for demand growth were created due to Goods and Service Tax (GST) 2.0, improving affordability and boosting household liquidity. Monetary easing via successive repo rate cuts also aided demand.



Retail demand lifted by year-end offers – Retail sales increased by 9.5% YoY in December 2025, aided by seasonal discounts and heightened pre-buying activity before anticipated price hikes in January. Many customers expedited purchases to avoid higher costs, enabling dealers to convert pending enquiries and spillover bookings promptly.



Electric two-wheelers (e2W) sales gained traction – e2W retail volumes reached 97,744 units in December 2025, a substantial increase of 32.8% YoY. Monthly e2W penetration within the overall two-wheeler segment remained stable at 6–7% in 9M FY2026, reflecting gradual adoption.



Export volumes continue to grow in double digits – Monthly export volumes reported a growth of 25.2% YoY. Industry volumes recorded a 24.1% increase during 9M FY2026 (April–December), supported by a relatively low base in the corresponding period of FY2025.



ICRA estimates 2W volume growth of 6–9% YoY in FY2026 – ICRA forecasts a 6–9% wholesale volume growth for the industry in FY2026, aided by improved replacement demand (after the GST rate cuts), expected recovery in urban consumption and healthy rural incomes (driven by a normal monsoon).



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
Aman Agarwal	Lead Analyst	aman.agarwal@icraindia.com	0124-4545807
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





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