

INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

**Robust YoY volume growth
continued in December 2025, aided
by GST rate cuts**

January 2026



What's Inside...

1

Trends in Domestic Commercial Vehicle Industry



2

Segment-wise Domestic Sales Trends



3

Trends in Market Share



4

ICRA Ratings in the Sector





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Domestic CV wholesale volumes witnessed a 27.2% YoY growth in December 2025, while retail volumes witnessed a 24.6% YoY growth, with GST rate cuts being the primary driver. Domestic CV wholesale volumes reported a 10.1% YoY growth in 9M FY2026. ICRA expects the domestic CV wholesale volumes to register a 7-9% YoY growth in FY2026, with frontloading of Government capex in H1 FY2026 likely to result in some moderation in volume growth momentum in Q4 FY2026.



The Indian commercial vehicle (CV)* wholesale volumes reported a robust 27.2% YoY growth in December 2025 with a sequential growth of 16.1%. The YoY growth was primarily driven by the goods & services tax (GST) rate cut to 18% from 28% with effect from September 22, 2025, and was also supported by higher freight activity in the goods segment. Overall, the domestic CV wholesale volumes grew by 10.1% YoY in 9M FY2026. CV retail volumes reported a healthy 24.6% YoY growth in December 2025, while registering a 9.7% sequential decline.



Retail volumes in the medium and heavy commercial vehicle (M&HCV) segment witnessed a robust growth of 27.9% on a YoY basis in December 2025 while recording a sequential decline of 4.3%. The YoY growth in retail volumes for the M&HCV segment in 9M FY2026 stood at 5.1%, with volume growth momentum picking up, post the implementation of GST rate cuts.



Retail volumes in light commercial vehicle (LCV) segment in December 2025 grew by 22.4% on a YoY basis, while reporting a sequential decline of 13.0%. The YoY growth in retail volumes for the LCV segment in 9M FY2026 stood at a decent 10.6%. Being a cost-sensitive segment, the LCV segment has seen a positive impact from the GST rate cuts on demand momentum, although high cost of funding remains one of the key challenges facing the demand ecosystem in this segment.



ICRA expects the domestic CV industry to register a moderate YoY growth of 7-9% in wholesale volumes in FY2026. While M&HCV (trucks) and LCV (trucks) segments are expected to witness YoY volume growth of 2-4% and 9-11%, respectively, the buses segment is likely to see an 8-10% YoY growth for the fiscal. The frontloading of the GoI's capex in H1 FY2026 implies a YoY moderation in the latter months of the fiscal, which is likely to weigh on M&HCV demand through Q4 FY2026. The replacement demand, on the other hand, is expected to drive volume growth for the buses segment.

*Note: ICRA considers aggregate of Mahindra & Mahindra Limited, Ashok Leyland Limited, SML Mahindra Limited, TML Commercial Vehicles Limited and VE Commercial Vehicles Limited



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