

# INDIAN TWO-WHEELER INDUSTRY

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**Strong demand momentum  
supported offtake in January 2026**

**FEBRUARY 2026**





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*Wholesale volumes grew by 25.0% in January 2026; retail volumes increased by 20.8% 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 and policy measures announced in Union Budget 2026 are likely to continue to support demand.*



**Wholesale volumes record strong growth** - Domestic wholesale volumes grew by 25.0% year-on-year (YoY) in January 2026, reaching 1.8 million units; wholesale volumes have recorded a 6.7% growth during 10M FY2026 (April-January). Extending the momentum of the previous quarter, demand remained supported by the Goods and Services Tax (GST) rate cut. Measures announced in the Union Budget 2026 to strengthen domestic manufacturing, along with existing policy tailwinds, are expected to support medium-term growth prospects.



**Retail demand also saw healthy growth** - Retail sales increased by 20.8% YoY in January 2025. Volumes were aided by Pongal/Makar Sankranti demand, wedding season footfalls and improving affordability. Dealer interactions indicate sustained enquiry traction, supported by better customer outreach and faster digital responses, alongside a gradual preference for higher-value and mid-powered motorcycles.



**Electric two-wheeler (e2W) sales gained traction** - Retail volumes for e2W reached 123,012 units in January 2025, a substantial increase of 25.3% YoY. Monthly e2W penetration within the overall two-wheeler (2W) segment remained at 6.0% in 10M FY2026, reflecting gradual adoption.



**Export volumes continue to grow in double digits** - Monthly export volumes reported a growth of 20.0% YoY in Jan 2026. Industry volumes have recorded a 23.7% increase during 10M FY2026 (April-January), 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), gradual recovery in urban consumption and healthy rural incomes (driven by a normal monsoon).



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