

INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

**Strong growth in wholesale and
retail volumes in January**

FEBRUARY 2026





[Click to see full report](#)

Wholesale and retail volumes saw a strong sequential and year-on-year (YoY) growth in January 2026, aided by the sustained positive impact of GST rate cuts, winter wedding season and new model launches.

For FY2026, ICRA expects industry volumes to grow by 5-7% (6.7% YoY wholesale volume growth in 10M FY2026) led by a sustenance in demand momentum.



Wholesale volumes increased by 12% YoY to 4.5 lakh units in January 2026, as original equipment manufacturers (OEMs) ramped up production to cater to the robust domestic demand. On a sequential basis, wholesale dispatches grew by 14%, with production in December 2025 having been partly curtailed due to annual maintenance shutdowns. **Retail sales recorded 7% YoY growth in January 2026** despite an elevated base, supported by the winter wedding season, new model launches and sustained positive impact of the revised Goods and Services Tax (GST) rates. Overall wholesale volume growth in 10M FY2026 has been 6.7% YoY, while retail volumes grew by 8.0%.

Inventory levels further reduced to 32-34 days by January 2026 from 60 days at the end of September 2025, as per the Federation of Automobile Dealers Association (FADA), aided by stronger retail offtake. In 10M FY2026, utility vehicles (UVs) accounted for 67% of the overall passenger vehicle (PV) volumes. While UVs continue to drive majority volumes, the mini, compact and super-compact segments have slightly revived in volumes after the GST rate cuts. The UV segment is likely to remain the key volume driver; however, demand for passenger cars is also expected to go up.

Export volumes recorded a strong YoY growth of 33% in January 2026, albeit on a relatively moderate base. The upward trend continued with Maruti Suzuki India Limited maintaining its lead as the top exporter, followed by Hyundai Motor India Limited. In 10M FY2026, export volumes expanded by a healthy 17% on a YoY basis indicating an increased supply push from Indian OEMs.

ICRA expects wholesale volume growth of 5-7% in FY2026 (6.7% YoY growth in 10M FY2026) with an anticipation of continuous steady demand aided by the GST rate cuts. Continued new model launches by the OEMs and an expectation of sustained demand are likely to support volume growth for the industry.



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice President and Group Head	jitinm@icraindia.com	0124 – 4545 368
K. Srikumar	Senior Vice President and Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Rohan Gupta	Vice President and Sector Head	rohan.kanwar@icraindia.com	0124 – 4545 808
Akshay Dangi	Senior Analyst	akshay.dangi@icraindia.com	0124 – 4545 396





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, 2026 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.

#35YearsofUnwaveringCredibility



ICRA

35
Years of
Unwavering
Credibility

Thank You!

#35YearsofUnwaveringCredibility

Sensitivity Label : Public