

# INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

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**Retail volume growth stays strong at  
26% in February 2026 on a YoY basis**

**MARCH 2026**





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*Wholesale and retail volumes saw a strong year-on-year (YoY) growth in February 2026, with demand continuing to be supported by the GST rate cuts, winter wedding season and new model launches.*

*ICRA expects the industry volumes to grow by 7-9% in FY2026 (7.8% YoY wholesale volume growth in 11M FY2026), led by a sustained demand momentum.*



**Wholesale volumes increased by 11% (YoY)** to 4.2 lakh units in February 2026, as original equipment manufacturers (OEMs) continued steady production to cater to the robust domestic demand. On a sequential basis, wholesale dispatches moderated by 7%, with production in January 2026 aided by pent-up demand from model year change. **Retail sales recorded a strong 26% (YoY) growth in February 2026**, supported by the winter wedding season, strong traction of new model launches and sustained positive impact of the revised Goods and Services Tax (GST) rates. Overall wholesale volume growth in 11M FY2026 stood at 7.8% (YoY), while retail volumes grew by 9.5%.

**Inventory levels further reduced to 27-29 days by February 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 11M 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 34% in February 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 11M FY2026, export volumes expanded by a healthy 18% on a YoY basis, indicating an increased supply push from Indian OEMs.

**ICRA expects wholesale volume growth of 7-9% in FY2026 (7.8% YoY growth in 11M FY2026)** amid an anticipation of continuous steady demand, aided by the GST rate cuts. ICRA expects FY2027 to witness a moderate volume growth of about 4-6%, supported by new model launches by the OEMs, sustained demand of which will be partly offset by an elevated base of FY2026.



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