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INDIAN AUTOMOBILE INDUSTRY – COMMERCIAL VEHICLES

Wholesale volumes stayed resilient, with a slight sequential easing in May

JUNE 2026

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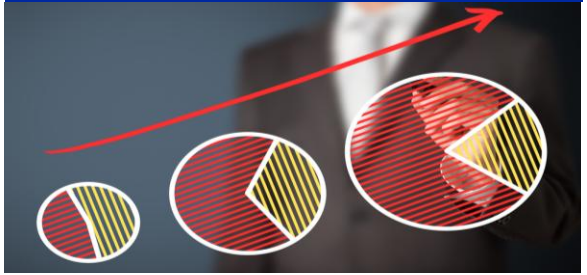
What's Inside...



Highlights

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Domestic CV wholesale volumes witnessed a 13.5% YoY growth in May 2026, while retail volumes rose by 5.3% YoY, with lingering effect of GST rate cuts and low base being the primary drivers.

ICRA expects domestic CV wholesale volumes to register a moderate 4-6% YoY increase in FY2027, with the broadened base effect of FY2026 likely to have some bearing on the growth momentum in FY2027.

The Indian commercial vehicle (CV)* wholesale volumes reported a healthy 13.5% year-on-year (YoY) growth in May 2026 while witnessing a sequential decline of 1.1%. In 2M FY2027, the CV wholesale volumes grew by 15.0% on a YoY basis. The domestic CV retail volumes reported a moderate 5.3% YoY growth in May 2026, while recording a sequential decline of 18.3%. In terms of geographical spread, CV retail volumes showed higher YoY growth in rural markets vis-à-vis urban counterparts, hinting at demand broadening for goods movement beyond metro regions.

Retail volumes in the medium and heavy commercial vehicle (M&HCV) segment witnessed a marginal growth of 1.9% on a YoY basis in May 2026 and a sequential decline of 25.0%. While the goods & services tax (GST) rate cuts with effect from September 22, 2025 coupled with infrastructure-led freight movement and school-bus replacement demand have supported the volume offtake in recent months, the fuel price hikes undertaken through May 2026 impacted the growth. The M&HCV segment reported a 10.1% YoY growth in retail volumes in FY2026.

Retail volumes in the light commercial vehicle (LCV) segment in May 2026 grew by 7.7% on a YoY basis, with a sequential decline of 13.3%. Demand momentum for the LCV segment has also been positively impacted by the GST rate cuts, further supported by improved last-mile freight movement. Elongated financing turnaround time, however, remains one of the key challenges for this segment. The LCV segment reported a 12.4% YoY growth in retail volumes in FY2026.

ICRA expects the domestic CV industry to register a moderate YoY growth of 4-6% in wholesale volumes in FY2027. While M&HCV (trucks) and LCV (trucks) segments are expected to witness a YoY volume growth of 1-3% and 6-8%, respectively, the buses segment is likely to see a 7-9% YoY growth over the fiscal. The broadened base of FY2026 is likely to have some bearing on the growth momentum in FY2027.

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

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