

Quote by Nikhil Dhaka, Vice President, Primus Partners

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# Automakers record first qtr of sales decline since FY23

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NEW DELHI/MUMBAI

India's auto industry has hit its first sales roadblock in over two years. According to the data from the Society of Indian Automobile Manufacturers (Siam), wholesale dispatches in the April-June quarter fell 5% year-on-year, marking the first quarterly decline since FY23.

Automakers sold just over 6 million units—including cars, two-wheelers, three-wheelers, trucks and buses—to their distributors during the quarter. While certain segments have seen sporadic declines over recent quarters, this is the first time overall industry volumes have dipped after showing consistent growth since FY23.

"Overall sentiments across categories have remained subdued so far, even as the industry continues to navigate supply-side challenges. With the upcoming festival season coupled with the benefits of Reserve Bank of India (RBI) repo rate cuts, we expect consumer sentiments to improve," said Shailesh Chandra, president, Siam. All the categories, barring three-wheelers, saw a year-on-year decline in the first quarter of FY26, suggesting weak demand trends in the market. Passenger vehicle sales declined 1.4% to 1.01 million, two-wheeler sales fell 6.2% to 4.67 million, and commercial vehicle sales declined by 0.6% to 223,215.

Three-wheeler sales grew 0.1% to 165,211. Analysts suggest that the market is following the long-standing trend of premiumization, which is

**Sales of big SUVs have continued to grow at the expense of smaller hatchbacks and sedans**

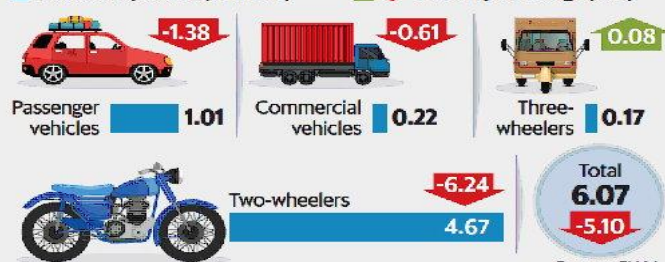
## Diminishing sales

Automakers sold just over 6 million units to their distributors during the quarter.

Vehicles dispatched from factories, April-June 2025

Vehicles dispatched (In million)

Year-on-year change (In %)



GOPAKUMAR WARRIER/MINT

leading to value increase, but volumes continue to struggle.

"The recent dip in total auto sales follows a strong year and is largely driven by short-term factors such as high interest rates and broader economic uncertainty," Nikhil Dhaka, vice president, Primus Partners, said.

The premiumization trend is being driven by consumer preference for pricier and feature-rich vehicles, Dhaka said.

"Entry-level and two-wheeler segments are still under pressure, but demand

for higher-end models and electric vehicles (EVs) remains relatively steady," he added.

Auto dealerships have also highlighted high inventory levels, which are currently at 50-55

days. In fact, the factory dispatches contracted for two-wheelers during the quarter were due to a conscious effort by manufacturers to regulate inventory with their dealers, Chandra said. Excess inventory at dealerships accumulated, prompting automakers to make and dispatch fewer vehicles, he said.

The sales of two-wheelers should increase by upwards of

5% in FY26 despite a high base of FY25 when sales had grown by nearly a tenth, he said. In the passenger vehicles segment, which is a trade name for cars, it was a "tale of two cities," he said. Demand for expensive cars costing above ₹10 lakh was robust, but sales of more affordable cars were under stress.

Sales of big sport utility vehicles (SUVs) have continued to grow at the expense of smaller hatchbacks and sedans. However, Chandra feels that the industry may soon reach a steady state, and the market share of smaller cars may not decline further as some people will continue to prefer these over bulky SUVs.

Passenger vehicle makers anticipate a 1-2% growth in sales volumes in FY26.

On the commercial vehicles side, Chandra said sales of medium and heavy trucks remained under pressure due to macroeconomic headwinds. A majority of the truck sales were due to replacement demand, where fleet owners replace their older vehicles with newer ones. This implies that the total number of trucks on Indian roads is stagnating.

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## Since FY23, autos record first qtr sale drop

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Chandra, president, Siam. All the categories, barring three-wheelers, saw a year-on-year decline in the first quarter of FY26, suggesting weak demand trends in the market. Passenger vehicle sales declined 1.4% to 1.01 million, two-wheeler sales fell 6.2% to 4.67 million, and commercial vehicle sales declined by 0.6% to 223,215. Three-wheeler sales grew 0.1% to 165,211. Analysts suggest that the market is following the long-standing trend of premiumization, which is leading to value increase, but volumes continue to struggle.

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