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**Published in MoneyControl**  
July 01, 2025 | 10:42 PM IST

## **Car sales jolted by subdued demand in June 2025; Maruti, Hyundai, Tata take hit**

***There was no impact of the shortage of rare earth magnets on PV production in June 2025.***

**Authored by Rakshit Kumar**



The Indian PV industry recorded an underwhelming performance in June 2025. (Representative image)

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### **Article Content:**

The passenger vehicle (PV) segment was jolted by subdued demand, particularly in the smaller car space, in June 2025, as the industry wholesales in the domestic market declined over 6% year-on-year (y-o-y) during the month.

The PV volumes dropped 6.4% y-o-y at 3,20,277 units in June 2025, according to industry data.

### **Domestic PV volumes: Industry**

June 2025	June 2024	Growth
3,20,277 units	3,42,174 units	-6.4%

*Source - Industry*

The country's largest carmaker, Maruti Suzuki India, witnessed its PV wholesales slipping 13.3% y-o-y at 1,18,906 units in June 2025.

"The slowdown in PV sales is largely due to a sharp decline in the smaller segment cars. Historically, PV sales used to grow at 1.5 times the GDP growth. But now, even after 6.5% GDP growth, the car market is nearly flat. This is because the once mass small car segment is not participating in the growth at all. This is clearly an affordability issue," said Rahul Bharti, Senior Executive Officer, Corporate Affairs, Maruti.

With cumulative sales of 6,414 units, the entry-level models like the Alto and the S-Presso made up just 5.4% of Maruti's domestic PV wholesales during the month.

"Since 2019, the entry-level price point in the industry has jumped by over 70%, largely driven by stricter regulations and the sales of smaller cars have fallen by over 70%," Bharti said.

Driven by a continued demand for SUVs like the Scorpio-N, XUV 3XO, Bolero Neo, and Thar Roxx, Mahindra & Mahindra's PV volumes rose 18.2% y-o-y at 47,306 units in June 2025. This was the third consecutive month in which the XUV700-maker was ahead of Hyundai Motor India and Tata Motors in domestic PV wholesales.

Hyundai's domestic performance was impacted by "geopolitical situation" as the volumes dropped 12.1% y-o-y at 44,024 units during the month. "In the domestic market, the geopolitical situation continued to affect the market sentiment," the company's Whole-Time Director and Chief Operating Officer, Tarun Garg, said.

"As we come closer to the beginning of production at the Talegaon plant, we remain cautiously optimistic about a gradual recovery of demand, supported by a reduction in repo rates and improving liquidity on account of the cut in CRR. We are closely watching the global geopolitical scenario and are committed to delivering value and innovation to our customers across both domestic and export markets," Garg added. The company will start manufacturing cars at the Talegaon plant in Pune in Q3 FY26.

The PV wholesales of Tata fell 14.8% y-o-y at 37,083 units in June 2025. Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility Managing Director Shailesh Chandra said that in Q1 FY26, particularly in May and June, the PV industry experienced volume pressures with flat growth reflecting continued softness in demand.

"The electric vehicle (EV) segment emerged as a bright spot, driven by robust growth and the launch of new models across original equipment manufacturers (OEMs), enhancing customer interest and consideration," Chandra observed.

Amid a sustained demand for badge-engineered models, Toyota Kirloskar Motor registered a 2.7% y-o-y increase in volumes at 26,453 units in June 2025.

#### Top 5 PV manufacturers in India in June 2025

OEM	June 2025	June 2024
Maruti	1,18,906 units	1,37,160 units
Mahindra	47,306 units	40,022 units
Hyundai	44,024 units	50,103 units
Tata	37,083 units	43,524 units
Toyota	26,453 units	25,752 units

Source - Companies

"While PV sales have seen a slight decline, the overall value of the market continues to grow steadily. This growth is primarily being driven by a noticeable consumer shift towards higher-end and feature-rich models, reflecting an evolving preference for comfort, technology, and brand value," Primus Partners Vice President, Nikhil Dhaka, said, adding that the volume trends are expected to remain stable over the next two to three quarters, with limited upside in urban markets due to saturation and macroeconomic headwinds.

"However, the outlook for rural demand appears relatively more optimistic. This is supported by better-than-expected monsoon conditions, which typically influence agricultural income and rural spending capacity. If rural sentiment holds up, it could provide a modest but important push to overall demand in the coming months," Dhaka noted.

While there was no impact of the shortage of rare earth magnets on PV production in June 2025, carmakers have started looking at alternatives to procure them, following the export curbs imposed by China.

According to industry experts, the rare earth magnet inventories may run dry by mid-July 2025, majorly impacting the EV space. For reference, the electric cars use 1.5 kilograms to 3 kilograms of rare earth magnets, depending on their size and specifications, while the internal combustion engine models require only around 100 grams for their components.