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Commercial vehicle sales up 2% in H1 as medium, light trucks drove growth



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India's commercial vehicle market grew 2% in H1 FY26 as light and medium trucks saw gains, while heavy vehicle demand softened amid higher fleet productivity

Commercial vehicle (CV) sales registered a modest upswing, growing 2 per cent year-on-year (Y-o-Y) to 463,695 units in the first half of the financial year 2025 (H1FY26), according to data from the Federation of Automobile Dealers Associations (Fada).

The performance masked a shift in demand dynamics within the CV segment. The limited growth was primarily driven by the light commercial vehicle (LCV) and medium commercial vehicle (MCV) segments.

"Light and medium commercial vehicles have grown, indicating an increase in economic activity, especially in intracity and short haul," said Anurag Singh, advisor at Primus Partners. The overall CV segment saw only a 2 per cent growth in retail sales during the period.

However, the monthly data showed volatility. While the initial months of the calendar year saw strong numbers, January saw an 8.2 per cent rise. The retail volumes in May 2025 declined by 3.7 per cent Y-o-Y, reflecting an overall trend of "elevated inventory at the dealerships' end."

Overall growth was mainly tempered due to a decline in performance of the heavy commercial vehicle (HCV) segment.

"HCV segment has declined primarily due to better roads and less time wasted at tolls & checkpoints," Singh noted. He explained that this increase in productivity for existing fleets has decreased the immediate need for replacements, thereby softening the demand for new heavy-duty trucks.

Despite the current challenges, the outlook for the CV market remains positive. Anurag Singh said

that the prospect for all three segments – LCV, MCV, and HCV – is favorable in the wake of good monsoons and increased economic activity due to GST reduction.”

Ratings agency Icra projected a modest Y-o-Y growth of 3–5 per cent in wholesale CV volumes for FY26, following a marginal 1.2 per cent decline in FY25.

This growth is expected to be supported by a stable macroeconomic environment and a revival in construction and infrastructure activities.

The growth will be led by the buses category, which is expected to expand at the highest rate of 8 to 10 per cent due to strong replacement demand. Meanwhile, the LCV trucks segment is forecast to grow by a moderate 3 to 5 per cent, and the M&HCV trucks segment is projected for a limited growth of 0 to 3 per cent, with both truck segments relying on a pickup in construction and mining activities as a supporting factor.