

Quote by Nikhil Dhaka, Vice President, Primus Partners

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India Car Sales Surge Over 15% In January 2025 Due To Spillover Effect

Authored by Tushar Deep Singh



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As many as 4,65,920 cars were registered last month, as against 2,93,465 units in the year-ago period—a 15.53% year-on-year rise, FADA data shows.

Car sales in India surged in January 2025 due to a “spillover effect” even as inventory levels eased further. As many as 4,65,920 cars were registered last month as against 2,93,465 units in the year-ago period—a 15.53% year-on-year rise, according to data released by the Federation of Automobile Dealers Associations on Thursday. Sequentially, car sales were up 58.77%.

“PV (passenger-vehicle) sales grew robustly, although some of that spike stems from December purchases registered in January for a ‘2025 model year’ advantage,” FADA President CS Vigneshwar said in a statement. “Many dealers noted improved demand but also pointed to last year’s heavy discounting which helped clear older models and shift registrations.”

“Inventory levels have improved, dropping by around five days to 50-55 days, suggesting improved supply-demand balance.”

Retail Auto Sales In January 2025: Key Highlights

- Two-wheeler sales up 4.15% YoY at 15,25,862 units.
- Three-wheeler sales up 6.86% YoY at 1,07,033 units.
- Four-wheeler sales up 15.53% YoY at 4,65,920 units.
- Commercial vehicle sales up 8.22% YoY at 99,425 units.
- Tractor sales up 5.23% YoY at 93,381 units.

Overall, India’s retail auto sales rose 6.6% year-on-year to 22,91,621 units in January versus 17,56,419 units in the year-ago period, with growth skewing favourably to the hinterland. In cars, while the urban sales rose 13.72% year-on-year last month, rural sales surged 18.57%. Urban areas accounted for 61.8% of all cars sold, as against 60.8% in January 2024.

The growth signals a market in transition rather than outright acceleration.

"While the 6.6% year-on-year growth reflects resilience, the factors driving this momentum are evolving," Nikhil Dhaka, vice president at Primus Partners, told NDTV Profit.

According to him, car sales benefited from strategic purchasing patterns—model-year change—rather than organic demand. The two-wheeler sales, though positive, highlight an increasingly urban-driven market. The commercial-vehicle sector continues to grapple with sectoral slowdowns.

"What stands out this year is the shifting nature of demand—urban markets are becoming more dominant, and consumers are adapting to new financial realities," Dhaka said. "The industry's near-term trajectory will depend on how well it navigates these shifting currents, particularly in balancing inventory with real demand."

Dealers are now entering February with cautious optimism.

Nearly half (46%) of the FADA dealers anticipate growth in the coming month, while 43% expect sales to stay flat and 11% foresee a dip. The continuing wedding season, new cars and motorcycles, improved inventory management and better financing options are fuelling the optimism in what is a curtailed month.

"Shorter working days, pockets of weak rural liquidity and inflationary pressures remain a concern, potentially limiting the extent of any upswing," Vigneshwar said. "Strict lending criteria, costlier vehicles and subdued demand in certain industrial sectors could weigh on overall performance."