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Small cars, SUVs drive passenger vehicle sales to record high in May

Scooters powered highest-ever 2W volumes, shows Siam data. The mid-size SUV category alone recorded domestic sales of 83,965 units, compared with 56,452 units a year earlier.

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India's automobile industry posted its strongest ever May sales performance across passenger vehicles (PVs), two-wheelers (2Ws) and three-wheelers (3Ws), with a sharp rebound in small cars and continued strength in sport utility vehicles (SUVs) helping drive growth in the PV segment, while scooters and exports led the momentum in 2Ws.

PV wholesales rose 27.3 per cent year-on-year (Y-o-Y) to a record 438,854 units in May, according to data released by the Society of Indian Automobile Manufacturers (Siam) on Monday.

The recovery was particularly visible in entry-level and compact cars, segments that had remained under pressure for much of the past few years amid rising consumer preference for SUVs. Mini-car sales, led by Maruti Suzuki's Alto and S-Presso, more than doubled to 16,275 units in May from 6,776 units a year earlier, while compact car sales rose nearly 22 per cent to 100,459 units.

"Small entry-level cars like Alto and S-Presso have more than doubled their sales figures in May compared to last year. A large part of this increased demand is coming from rural areas, where price matters and simplicity is a welcome feature. However, this segment is still less than 5 per cent of the overall PV market. It is a good sign for the industry that the Indian customer is preferring more premium vehicles rather than just basic," said Anurag Singh, managing director (MD), Primus Partners.

At the same time, SUVs continued to dominate industry growth. Utility vehicle sales increased 24.8 per cent to 245,549 units during the month, with strong demand for models such as the Creta, Seltos, Grand Vitara, Hyryder, and other mid-size SUVs.

The mid-size SUV category alone recorded domestic sales of 83,965 units compared with 56,452 units a year ago.

However, the sedan segment remained under pressure. Sales of mid-size sedans, including the Hyundai Verna, Volkswagen Virtus, Skoda Slavia, and Honda City, fell 10.5 per cent Y-o-Y to 4,049 units in May, reflecting the persistent migration of buyers towards SUVs across price points.

On the production side, PV output increased 10.9 per cent to 432,050 units, while exports rose 13.2 per cent to 76,051 units.

The 2W industry also recorded its highest ever May sales. Domestic sales rose 14.8 per cent Y-o-Y to 1.9 million units, while production grew 12.9 per cent to 2.38 million units. Exports jumped 31.3 per cent to 500,075 units, reflecting improving demand across overseas markets.

Scooters emerged as the standout performer, with domestic sales rising 27.4 per cent to 739,667 units. Motorcycle sales, by contrast, grew 7.2 per cent to 1.11 million units, significantly lagging overall industry growth. Mopeds also recorded robust growth of 30.3 per cent.

"Scooters are making a comeback due to their lower cost, ease of riding, popularity among women riders, and practicality for carrying small loads. While scooters are gaining market share, motorcycles continue to dominate the two-wheeler market," Singh said.

The export recovery was broad-based. Scooter exports increased 34.7 per cent, while motorcycle exports rose 31 per cent during the month.

Siam Director General (DG) Rajesh Menon said lower base effects, reduced goods and services tax (GST) rates, and easier financing conditions continued to support demand.

"PVs, three-wheelers and two-wheelers recorded the highest ever sales of May in 2026, with high double-digit growth in each segment. PVs recorded sales of 4.39 lakh units, posting a growth of 27.3 per cent over May 2025. Further, 0.71 lakh units of three-wheelers were sold, with a growth of 31.1 per cent, and 19.02 lakh units of two-wheelers were sold, with a growth of 14.8 per cent compared to May 2025. Lower base effect of previous May and demand created due to reduced GST rates, with easier financing, are again getting reflected in higher off-take this month," he said.

"It has been eight months since the GST reduction and the growth in automobile sales across segments has sustained. This is a very encouraging sign for the growth of the industry," Singh added.

Brokerage Kotak Institutional Equities said in a recent report that PV wholesales grew more than 20 per cent in May, aided by strong retail demand and channel replenishment, while 2W wholesale growth was driven by channel filling and a sharp rise in electric two-wheeler (e2W) sales. It noted that scooters significantly outperformed motorcycles, while exports remained a key growth driver for the industry.

Taking stock

■ **438,854**

PV wholesale (up 27.3% YoY)

100,459

Compact car (up 22 %)

245,549

SUV (up 24.8%)

83,965

Mid-size SUV (up 48.7%)

4,049

Mid-size sedans (fell 10.5%)

■ **432,050**

PV output (up 10.9%)

■ **1.9 million**

2W domestic sales (up 14.8%)