

Auto sales up 5% in FY25; industry seeks GST cut to drive demand

SHINE JACOB
Chennai, 30 March

India's automobile industry is set to close FY25 with over 5 per cent growth, almost half of the 10 per cent rate it clocked during FY24, a slide which can partly be attributed to a sharp dip in March sales due to dampened consumer confidence.

While automobile sales are expected to cross the 26 million mark in FY25, electric vehicle (EV) sales too may breach the 2 million mark for the first time in a financial year, up 20 per cent from 1.6 million in 2023-24.

Sales in the month of March (FY25) dropped sharply by almost 14 per cent (as on March 30) against the same period in FY24, according to data available with the Vahan portal.

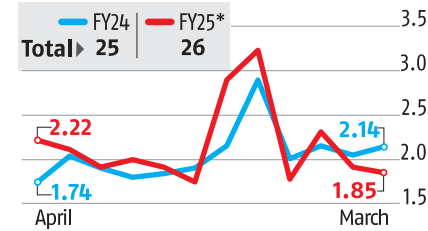
As of March 30, the total automobile sales for FY25 were seen at 25.9 million units, up from 24.6 million in FY24, and 22.3 million in FY23. The industry is also expecting flat growth in key areas like passenger vehicles (PV) in FY26. The sector was showing an overall growth of 7 per cent until February, driven by a rise in two-wheeler, three-wheeler, and PV sales.

Along with its February data, the Federation of Automobile



ROCKY RIDE

Units sold (in mn)



Source: Vahan; *till March 30

Dealers Associations (Fada) had issued a "cautiously optimistic" outlook for the near future.

"The major challenges for the industry in March were five consecutive months of declining stock markets that dampened consumer confidence, with investors closing more SIPs rather than opening new ones. In addition to this, discretionary spending was also down due to lower economic activity," said CS Vigneshwar, president of Fada.

In a meeting by the Society of Indian Automobile Manufacturers last month, PV players reached a consensus that FY26 may see a sales growth of only 1-2 per cent.

This is due to weak demand, affordability concerns, declin-

ing entry-level car sales, the fading post-pandemic surge, inflation, rupee depreciation against the dollar, and geopolitical uncertainties, said an official from a leading PV company.

The sector's overall compounded annual growth rate is expected to be around 4 per cent until 2030. A source from a top two-wheeler electric vehicle company said that the coming financial year may see a dip in the pace of growth in EVs too.

"How long can firms and dealers sustain discounts? The state and the Centre governments are making the biggest margin, with a combined GST and road tax of above 50-55 per cent in almost all the states. Hence, the government should consider a reduction in GST,"

added an industry source.

Despite the convergence of multiple festivals, ranging from Holi and Gudi Padwa to the onset of Navratri and year-end depreciation benefit, vehicles' demand remained subdued in March.

In the case of PVs, vehicle prices have increased by nearly 70 per cent in recent years, owing to the cost of meeting regulatory requirements such as emission norms.

Car ownership in India remains low, at just 34 vehicles per 1,000 people. First-time car buyers have also declined, dropping from 47 per cent in 2018-19 to 40 per cent in FY25.

Bajaj Auto e2Ws on full charge

SURAJEET DAS GUPTA
New Delhi, 30 March

Bajaj Auto has staged a remarkable turnaround in the electric two-wheeler market. After a sluggish start, the legacy automaker accelerated sharply in FY25, more than doubling its electric scooter registrations and nearly doubling its market share within 12 months — largely at the expense of its key rival, Ola Electric. Competitors like TVS Motor Company and Ather Electric managed to hold their ground, maintaining their market shares at FY24 levels.



FY25:
REAR
VIEW

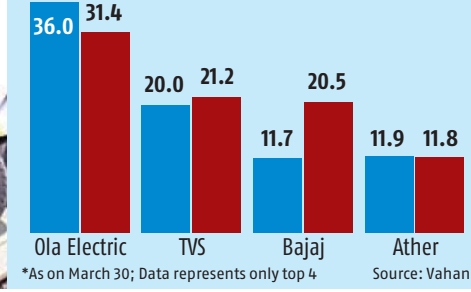
Bajaj Auto's electric scooter registrations surged 109 per cent to 224,056 units in FY25, according to Vahan data as of March 30, up from just 107,000 in FY24. This growth far outpaced the overall market, which expanded by a modest 19 per cent in the same period. Bajaj's market share climbed from around 10 per cent in FY24 to 20.5 per cent by the end of FY25, closing in on TVS (21 per cent) and comfortably ahead of Ather (11.8 per cent).

Bajaj Auto's strategy was straightforward: Challenge Ola Electric in the sub-₹1 lakh segment, where the latter had been dominant. Leveraging its extensive distribution network, Bajaj man-



CHARGED WAR

Market share ■ FY24 ■ FY25* (%)



aged to capture an estimated 36 per cent of this market. The impact was significant — the electric two-wheeler market, once skewed towards premium models priced above ₹1 lakh, has now been split evenly between high-end and sub-₹1 lakh offerings.

Ola Electric, the market leader, felt the heat. Vahan data indicates that Ola Electric's overall market share fell from 36 per cent in FY24 to 31.4 per cent in FY25, with its registrations inching up by less than 4 per cent year-over-year. This fell short of the firm's expectations; its executives had projected monthly sales crossing 100,000 units by the end of 2024, a milestone that remains elusive.

Ola Electric has attributed part of its struggle to an ongoing dispute with a

vendor responsible for facilitating registrations, arguing that its actual sales figures are higher. However, even with adjusted numbers, the company's performance remains weaker than in FY24.

Despite Bajaj Auto's aggressive push, Ola Electric retains its position as the market leader, albeit with a narrowing lead. TVS Motor, with just 7,000 more registered scooters than Bajaj, holds onto the second spot, while Bajaj ranks third. Ather, despite the strong reception of its family-oriented electric scooter, has struggled to expand its market share.

In the quarter ending March 2025, Bajaj has emerged as the frontrunner with a 26 per cent market share, followed by TVS at 24 per cent, and Ola trailing at just over 20 per cent.