

Car sales hit speed bump in FY25; slow lane ahead in FY26

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Passenger vehicle (PV) dispatches to dealerships in India edged up by just 2.6 per cent year-on-year (Y-o-Y) to 4.34 million units in 2024-25 (FY25), weighed down by sluggish urban demand, a high base effect, and weak sales of hatchbacks and sedans.

The domestic PV wholesale figure for March ranged between 380,000 units and 390,000 units, compared to 368,016 in the same month last year. Partha Banerjee, head of marketing and sales at Maruti Suzuki India Limited (MSIL), said: "Generally, everyone knew that we were entering FY25 on a higher base. The growth that was recorded in the previous year (FY24)



STUTTERING SALES

Domestic PV sales volume

March	Units
2024	368,016
2025	380,000-390,000

Y-o-Y
chg (%) ▶ 3.3-6

Financial year	Million units
FY24	4.23
FY25	4.34

Y-o-Y
chg (%) ▶ 2.6

Source: Industry

was due to the pent-up demand after the Covid-19 pandemic."

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▶ FY25 EV SALES REV UP 17%, BUT FALL SHORT OF 2 MN MILESTONE P2

Demand for hatchbacks, sedans continued to fall in FY25

“If you see the CAGR (compound annual growth rate) for the past five years, it has been around 4.6 per cent. Siam (Society of Indian Automobile Manufacturers) had forecast, in the beginning of FY25, that growth (in FY25) will be 3-4 per cent. But it has settled at about 2.6 per cent,” Banerjee further said.

In FY24, PV wholesale in India totalled 4.23 million units, marking a 9 per cent annual increase.

MSIL, the country’s largest carmaker, recorded domestic sales of 1.9 million units in FY25, a 2.7 per cent rise year-on-year. Banerjee noted that the post-pandemic boom was unsustainable and that growth projections for 2025-26 (FY26) mirrored those of FY25. “Siam’s forecast for FY26 is 1-2 per cent, which is not so good. (But) growth of 15-20 per cent cannot be expected. The post-Covid boom could not have continued. Sooner or later, the base effect was going to play a role,” he said.

Demand for hatchbacks and sedans continued to slide in FY25. MSIL, the segment’s dominant player, saw its small car sales decline to 904,909 units from 980,446 in FY24. Hyundai Motor India (HMIL), the second-largest carmaker, saw PV dispatches to dealerships dip 2.6 per cent Y-o-Y to 598,666 units in FY25. Tata Motors’ domestic PV sales declined 3 per cent Y-o-Y to 553,585 units. Shailesh Chandra, who leads the company’s

INDUSTRY LANDSCAPE

Domestic PV sales volume (units)

Company	March 2025	Y-o-Y chg (%)	FY25	Y-o-Y chg (%)
Maruti Suzuki	160,016	-0.6	1,901,681	2.7
Hyundai	51,820	-2.2	598,666	-2.6
Tata Motors	51,616	3.0	553,585	-3.0
Mahindra & Mahindra	48,048	18.3	551,487	19.9
Toyota	28,373	13.0	337,148	27.9
Kia	25,525	19.3	255,207	3.9

Source: Companies

PV and EV divisions, called FY25 “a challenging year marked by fluctuating demand”.

“Looking ahead, overall demand growth will be shaped by macroeconomic factors, such as consumption growth, inflation, infrastructure spending, and geopolitics,” Chandra said. Two carmakers emerged as the outliers: Mahindra & Mahindra (M&M) and Toyota Kirloskar Motor (TKM). While M&M’s domestic sales surged 27.9 per cent to 337,148 units in FY25, TKM’s figure climbed 19.9 per cent Y-o-Y to 551,487 units.

Varinder Wadhwa, head of sales, service, and used cars at TKM, attributed the growth to “strong and consistent adoption of SUVs, MPVs, and hybrids, reinforced by robust export momentum and deeper engagement in tier II and III cities — highlighting the increasing relevance of our diverse product portfolio.”

MSIL’s exports also saw strong growth, rising 17.5 per cent Y-o-Y to 332,585 units in FY25. Asked about the export outlook for FY26, Rahul Bharti, executive director, corporate affairs at MSIL, said: “We haven’t finalised estimates for FY26, but we anticipate good growth... We have previously stated that by the turn of the decade, we should be exporting 750,000-800,000 units per annum.”