# PV sales growth may dip up to 5% in FY27: India Ratings

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Passenger vehicle (PV) sales growth in India is expected to moderate to 3-5 per cent year-on-year (Y-o-Y) in financial year 2027 (FY27) due to a high base and preponed replacement demand, according to a report released by India Ratings and Research on Thursday. This comes despite a domestic upcycle in the overall automotive industry.

The growth rate of PV sales in the first 11 months of FY26 stood at 11.82 per cent, according to data released by Federation of Automobile Dealers Associations (Fada) on Thursday. About 4.25 million PVs were sold in the April-February period of the current financial year, compared to 3.8 million sold in the corresponding period last financial year, it added.

Growth in the PV segment is likely to stabilise after a period of strong expansion, with utility vehicles continuing to outperform small cars and vans, the report said. Demand in recent years has been driven by replacement purchases and rising consumer preference for sport utility vehicles, resulting in a higher base for the industry.

The report stated that the two-wheeler (2W) segment is expected to reach a key milestone, with domestic sales projected to surpass pre-pandemic highs in FY26. The sector is emerging as a key driver of the industry's volume recovery, after several years of pandemic-related disruptions and weak rural demand, the ratings agency said.

**THE REPORT STATED DOMESTIC SALES OF 2W SEGMENT IS PROJECTED TO SURPASS PRE-COVID HIGHS IN FY26**

The pre-pandemic peak for two-wheeler sales in India was in FY19, when domestic sales reached about 21.18 million units. In the first 11 months of the current financial year, two-wheeler makers sold about 19.46 million units, recording a 12 per cent Y-o-Y growth. This means sales in the segment will cross the pre-pandemic peak in FY26 itself.

Following the strong recovery in FY26, two-wheeler growth is expected to moderate to 6-8 per cent in FY27, due to the higher base effect, it said. The recovery is increasingly being driven by premiumisation, with scooters and premium motorcycles above 200cc outperforming entry-level motorcycles. Improving demand across both rural and urban markets is also supporting the rebound in two-wheeler sales, although revenue growth has been outpacing volume growth because of better price realisations.

The commercial vehicle (CV) segment, meanwhile, is expected to recover in FY26 and FY27 after witnessing a decline in FY25. Medium and heavy commercial vehicles segment is projected to grow by 5-7 per cent, while light commercial vehicles may expand by 6-8 per cent in FY27.