

# CV sales may enter slow lane in FY25

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Commercial vehicle (CV) sales in India are likely to decline in financial year 2024-25 (FY25) as the sector enters a period of lull, say analysts.

The CV industry is expected to end FY24 with a 2-5 per cent growth in volume but in FY25 it may decline by 4-7 per cent, according to rating agency ICRA. Shamsher Dewan, senior vice-president & group head — corporate ratings at ICRA said demand in the CV industry is cyclical. There are three years of up cycle, followed by two years of down cycle.

“We expect a moderation in demand for CVs at large in FY25 — especially for medium

and heavy commercial vehicles (MHCVs) and light commercial vehicles (LCVs). Already, the inventory with dealers is high,” Dewan told *Business Standard*.

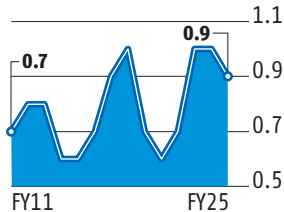
Dewan said in the first half of FY25, demand would moderate as fleet operators wait to gauge the election impact on spending before placing orders.

Government spending, which shaped CV demand recently, would slow down around elections as the model code of conduct kicks in. Demand is set to pick up after monsoons.

Automotive original equipment manufacturers (OEMs) seem to agree. Girish Wagh, executive director at Tata Motors (head of the CV business), said in an analysts’ call:

## CV DOMESTIC SALES TREND

Volume (units in million)



Note: Figures for FY24 and FY25 are projections

Source: ICRA

“During the third quarter, we have seen some drop in government expenditure. Also, due to the elections in the five states, there was some impact. And therefore, we do expect a pause in growth in Q4.”

“Due to the general elections, we do see that Q1 at least

of next year should be a bit soft and when we meet next, I think we will have visibility post that also. But this is a common phenomenon. Whenever there is a general election, we see an impact for around three-six months,” said Wagh.

Dheeraj Hinduja, executive chairman of Ashok Leyland, told *Business Standard* last week: “We feel that some slowdown may happen during election time, but on the ground, it (the CV industry) is very strong. The economy is set to grow firmly as well. As a result, we see our segment, which is closely tied together, continuing to grow. We are actually quite confident of continued growth in the segment.”