

Domestic 2W wholesales remain in slow lane in Dec

BUMPY RIDE. Dealers cite low cash flow and poor market sentiment as main reasons

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Domestic wholesales of two-wheelers have declined for two consecutive months for the first time in over a year, the pace of decline accelerating in December indicating a potential slowdown in the segment, demand hit by stress in the rural economy as well as decreased incentives by companies and dealers.

According to data from the Society of Indian Automobile Manufacturers (SIAM) domestic two-wheeler sales in December declined 8.8 per cent year-on-year, with 11,05,565 units sold compared with 12,12,238 units sold during the same period in 2023. In November, a 1.1 per cent y-o-y dip was registered in domestic sales with 16,04,749 two-wheeler units (16,23,399 units).



SALES DIP. The last decline in domestic sales for two-wheelers was registered in July 2023 with 12,82,054 units

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The Federation of Automobile Dealers' Association (FADA) also flagged that the two-wheeler retail sales in December dropped 17.6 per cent y-o-y and 54.2 per cent month on month. The dealers had stated that the sales were impacted due to low cash flows in the rural economy, delay in harvest payments, decrease in incent-

ives offered by companies and heightened electric vehicle competition.

LOW CASH-FLOW

"Supply challenges for popular models and the growing push toward EVs further weighed on volumes. Many dealers also mentioned that heightened discounts and limited financing options failed to offset weak demand," said CS Vigneshwar, President of FADA.

However, experts have

pointed out that in CY25 uptick in two-wheeler sales is anticipated.

"This dip is part of a typical seasonal trend. During the October festival season, consumer behaviour tends to follow a two-way demand pattern: some delay their purchases to align with festival celebrations, while others expedite them to take advantage of the season. Toward the year-end, we often see customers postponing decisions, waiting for the launch of newer models in the new year. Despite these fluctuations, the market is projected to grow 15 per cent y-o-y, fuelled by the rising purchasing power within this customer segment. Additionally, in 2025, electric two-wheeler penetration is expected to increase 25-30 per cent, further driving growth and adoption in the mobility sector," said Nikhil Dhaka, Vice-President, Primus Partners.