

Entry-level bikes vroom ahead on rural sentiment, rate cut push

Sub-125cc segment is 29% of motorcycle sales, 18% of two-wheeler volumes

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Entry-level motorcycles (110–125cc) are emerging as a key growth driver for India's two-wheeler market, thanks to improving rural sentiment, expectations of a normal monsoon, and a recent 50-basis-point (bp) rate cut by the Reserve Bank of India.

The segment grew 12.7 per cent in FY25, with sales rising to 3.6 million units, outpacing the overall motorcycle market that expanded by 5.1 per cent during the year. The category's share in total motorcycle volumes increased to 29.4 per cent in FY25 from 27.4 per cent in FY24, reflecting its growing appeal among Indian consumers.

"Entry-level buyers are highly sensitive to financing costs. The monetary easing will make two-wheeler loans more affordable and give a much-needed push to demand," Federation of Automobile Dealers Associations (FADA) President C S Vigneshwar said.



He said the sub-125cc category now constitutes 29 per cent of motorcycle sales and 18 per cent of overall two-wheeler volumes.

According to analysts, while the sub-125cc segment remains India's largest by volume, especially in rural areas, rising demand for higher-cc motorcycles is slowly eroding its dominance.

Still, industry experts like Nikhil

Big gains for small bikes

Performance of 110-125cc motorcycle segment

	FY24	FY25	Y-o-Y chg %
>110cc to ≤125cc motorcycles (mn)	319.49	360.03	12.70
Total motorcycles (bn)	1.16	1.22	5.10
% share in motorcycle sales	27.41	29.38	1.97
% share in two-wheeler sales	17.77	18.36	0.59

Source: Siam

Dhaka, vice-president at consulting firm Primus Partners, believe the segment will remain relevant. "New launches and rural recovery will keep it afloat, even if growth moderates compared to the 125cc+ segment," Dhaka said.

Looking ahead, the two-wheeler market is expected to surpass pre-Covid levels by 2026, with annual volume growth of 8-9 per cent.

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Hero MotoCorp made notable gains in 125cc category in FY25

The 110–125cc motorcycle category is likely to remain a critical driver of that expansion.

Hero MotoCorp, which continues to command nearly 90 per cent of the 100cc segment, made notable gains in the 125cc category. The company sold nearly 300,000 units of the Xtreme 125R in FY25, helping it gain 250 bps of market share in the segment.

“We’ve had strong gains in the 125cc segment, driven by the success of the Xtreme 125R,” said Ashutosh Varma, chief business officer (India BU), Hero MotoCorp, during the company’s post-results call.

He said the overall Xtreme portfolio was nearing 500,000 units, with newer models like the Xtreme 250R also receiving a strong market response.



Hero retained its position as the overall market leader in FY25, with total vehicle sales of 5.9 million units. It maintained its lead in the 100cc category across entry digital finance options and expanded market share in the 125cc segment, supported by the performance of the Xtreme 125R.

Varma said the company plans to sustain this momentum through product upgrades, own-base marketing, and an

expansion of digital finance options as rural demand improves. “We’re very confident this will help us outpace industry growth,” he said.

TVS Motor Company, another key player in the 125cc segment, is betting on the Raider model’s rising popularity. “Raider has done extremely well and is gaining traction as a global product,” said TVS Motor Company Chief Executive Officer and Director K N

Radhakrishnan.

Despite ongoing challenges in the entry-level market, he said Raider holds a strong position in the executive 125cc segment, supported by recent upgrades and strong customer feedback.

Bajaj Auto, meanwhile, has indicated that it plans to bring a cheaper 125cc bike in the coming months.

“From an estimated market share of 21 per cent in FY23, we went up to 26 per cent in FY24, and closed at 24 per cent in FY25 in the 125cc+ segment,” said Rakesh Sharma, executive director, Bajaj Auto. “Our countermeasures to reverse this trend have been in place since April.”

Currently, the Hero Super Splendor, priced at ₹80,848, is the cheapest bike in the 125cc category.