

# Auto industry posts mixed Q1, pins hopes on festival season

**HOW THEY FARED.** PV sales cross 1 million mark but dip 1.4%; 2Ws and CVs decline too

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The automobile industry reported mixed performance in the first quarter of FY26, with passenger vehicle sales crossing the one million mark for the second consecutive year despite a marginal decline. Two-wheelers and commercial vehicles witnessed decline amid inventory corrections and subdued sentiment.

Data released by the Society of Indian Automobile Manufacturers (SIAM) showed total passenger vehicle sales stood at 1.01 million units in Q1FY26, down 1.4 per cent from the previous year. "Passenger vehicle sales again crossed the 1 million mark in Q1. However, sales were lower by 1.4 per cent compared to Q1 of last year due to a slowdown in the latter part of the quarter," said Rajesh Menon, Director General, SIAM.

## HIGHEST EXPORTS

Within passenger vehicles, utility vehicles (UVs) continued to gain market share, contributing 66 per cent to the segment and posting 3.8 per cent growth. In contrast, passenger cars saw a sharp decline of 11.2 per cent. Vans were nearly flat, down 0.7 per



**EXPORTS SURGE.** Passenger vehicles achieved their highest-ever Q1 exports at 2.04 lakh units REUTERS

cent. Passenger vehicles achieved their highest-ever Q1 exports at 2.04 lakh units, a 13.2 per cent growth, supported by strong demand from West Asia, Latin America, and markets such as Sri Lanka, Nepal, and Japan.

Two-wheeler segment reported sales of 4.67 million units in Q1FY26, marking a decline of 6.2 per cent year-on-year. This was attributed to inventory adjustments and softer rural demand.

Retail registrations rose by 5 per cent during the quarter, buoyed by the wedding season and improved sentiment. The share of scooters in overall two-wheeler sales increased by 2.15 per cent. Exports of two-wheelers grew 23.2 per cent to 1.14 million units, driven by recovery in neighbouring markets and sustained growth elsewhere.

Three-wheeler sales touched 1.65 lakh units in

Q1, marginally higher by 0.1 per cent year-on-year marking the highest-ever first-quarter sales. Growth was primarily driven by the passenger carrier sub-segment, while the goods carrier and electric sub-segments declined. Exports surged 34.4 per cent to 95,796 units.

Commercial vehicles recorded a slight decline of 0.6 per cent in Q1 sales at 2.23 lakh units. While the passenger carrier segment grew by 6.6 per cent and light commercial vehicle passenger carriers rose 8.8 per cent, the goods carrier segments (HCVs and LCVs) saw declines of 4.5 per cent and 0.6 per cent respectively.

## RARE EARTH CONCERN

On the supply side, concerns persisted over China's export licensing requirements for rare earth magnets, which are crucial for electric vehicle manufacturing. "The

industry is cautiously optimistic despite supply-side challenges," said Shailesh Chandra, President, SIAM.

Looking ahead, the industry expects support from the upcoming festive season, which typically boosts sales of passenger vehicles and two-wheelers. An above-normal monsoon is likely to aid rural incomes, benefiting entry-level two-wheelers and small cars.

"With upcoming festivals and the cumulative RBI repo rate cuts, we anticipate improvement in consumer sentiment," Chandra noted.

Commenting on the macroeconomic backdrop, SIAM highlighted the impact of the RBI's cumulative 100 basis points of repo rate cuts over the last six months, which is expected to ease borrowing costs and improve affordability in the coming months.

Despite the overall cautious outlook, industry executives signalled confidence in achieving growth in the second half of the fiscal, assuming a stable monsoon and revival in rural demand.

In June alone, total passenger vehicle sales dropped 7.4 per cent year-on-year to 3.13 lakh units, while two-wheeler sales declined 3.4 per cent to 15.6 lakh units and three-wheeler sales rose 3.8 per cent to 61,828 units.