FESTIVE DEMAND SEEN SUPPORTING GROWTH

Auto industry posts record Q1 sales across segments

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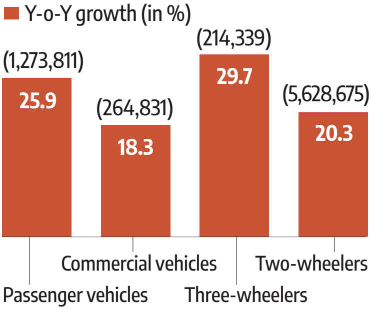
Revving up

Q1 FY27 domestic sales (April–June 2026)

Figures in brackets: Sales



Source: Siam

India's automobile industry recorded its highest-ever first quarter sales in 2026-27 (Q1FY27) across passenger vehicles, commercial vehicles and three-wheelers, supported by lower goods and services tax (GST) rates, easier financing and new model launches.

The robust performance also benefited from a favourable base, as demand remained relatively subdued in the year-ago period, according to the Society of Indian Automobile Manufacturers (Siam).

Passenger vehicle sales rose 25.9 per cent year-on-year (Y-o-Y) to 1.27 million units in the April-June quarter.

Utility vehicles continued to dominate the segment, accounting for about 68 per cent of total passenger vehicle sales. They grew 28.6 per cent during the quarter, while passenger car sales increased 21.3 per cent.

Two-wheeler sales grew 20.3 per cent to 5.63 million units, with scooters significantly outpacing motorcycles. Scooter sales rose 30.8 per cent during the quarter, compared with 14 per cent growth in motorcycles.

Commercial vehicle sales rose 18.3 per cent to 264,831 units, aided by replacement demand and higher activity in the mining and cement sectors. Within the segment, goods carriers outperformed passenger carriers, underpinning the overall growth. Three-wheeler sales climbed 29.7 per cent to 214,339 units, driven by growth in both passenger and goods carriers. Siam said increasing economic activity in urban areas and easier financing availability also supported demand during the quarter.

Exports also emerged as a key growth driver during the quarter, with all major vehicle segments recording their highest-ever first-quarter overseas shipments. Passenger vehicle exports rose 8.8 per cent, while two-wheeler exports grew 36.6 per cent, commercial vehicles increased 43.3 per cent and three-wheelers surged 57.7 per cent.

"The strong performance across segments in Q1 of 2026-27, despite headwinds arising from disruptions in West Asia, can be attributed to supportive domestic demand, aided by lower GST rates, softer financing costs, low base effect and introduction of new models. While overall consumer sentiment and demand remain steady, the industry continues to closely monitor geopolitical developments and the progress of the monsoon," Siam president Shailesh Chandra said.

Looking ahead, Siam said demand is expected to remain steady during the July-September quarter as the industry enters the festival season. It noted that lower vehicle costs following GST 2.0 and easier availability of finance continue to support demand, while improving rainfall has reduced the monsoon deficiency to some extent.