

In FY26, auto-makers see low single-digit growth

LOOKING AHEAD. Domestic, global headwinds; weak sentiment; dip in first-time buyers blamed

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Passenger vehicle makers, including Maruti Suzuki India, Hyundai Motor India, Kia India, Tata Motors and Mahindra & Mahindra, estimate low single-digit market growth in 2025-26.

In fact, the PV industry's growth may decline in FY26 compared to the current financial year's 4 per cent expansion.

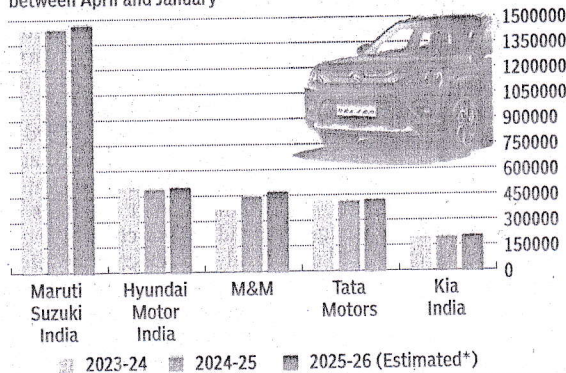
KEY FACTORS

At the 19th 'Looking Ahead' conclave organised by the Society of Indian Automobile Manufacturers (SIAM) on Wednesday, the car makers discussed the reasons for slower growth. These include high interest rate, rupee depreciation leading to high cost of materials, young buyers working in start-ups being classified as a 'non-income group' to whom banks do not offer car loans and global factors, especially developments in the US, that spell uncertainty for growth.

Sources privy to the discussions told *businessline* that Maruti Suzuki India

In slow lane

Domestic wholesales (dispatches to dealers) trend between April and January



*As per percentage of growth shared by the companies in the meeting (calculated for 10 months) Source: SIAM and Industry

(MSIL) projected growth of 1-1.5 per cent next year. Tata Motors and Hyundai Motor, too, forecast 1.5 per cent growth while Kia India expected around 3 per cent and M&M 5 per cent. Luxury car-maker BMW Group India projected growth of 9 per cent in FY26.

"Customer purchasing power, cost of production and understanding the need of customers are factors that fuelled auto industry growth in India. We need the bottom of the pyramid to come up

and first-time buyers to emerge," said Partho Banerjee, Senior Executive Officer, Marketing & Sales, Maruti Suzuki.

MANY CHALLENGES

According to sources, Banerjee highlighted in the meeting that the number of first-time buyers for MSIL in the overall sales is down to 42 per cent from 52 per cent around four years ago.

"The Indian automotive market is navigating several challenges, including geopol-

itical uncertainties, which may affect the cost of raw materials, components and finished goods. The stock market volatility dampens investor confidence and consumer sentiment, potentially slowing growth," Hardeep Singh Brar, Senior Vice-President and National Head Sales & Marketing, Kia India, told *businessline*.

Tapan Ghosh, Vice-President - Sales, Hyundai Motor India, said mobility-as-a-service has a huge potential with the youth moving from ownership to user model, which could be another reason for the slow growth in the first-time buyer category. Also, preference for sports utility vehicles continues over categories like sedan or hatchback, he said.

Rajesh Menon, Director-General, SIAM, said, "The mobility landscape is undergoing a deep structural transformation towards becoming a self-reliant auto sector. Alongside supporting the industry's sustainability initiatives, SIAM, with its members, is also endeavouring to boost automotive exports, where much headroom is available."