

After slow start, auto sales set to end 2025 on a high

SHINE JACOB

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India's automobile sector is set to end 2025 on a high, with overall sales expected to cross 28 million units by December 31 in a sharp recovery from a dull start to the calendar year.

As of Sunday, total vehicle sales had reached 27.96 million units, based on data from the Vahan portal. At the current daily average of over 77,000 units, the industry is on track to close the year with over 28.2 million units.

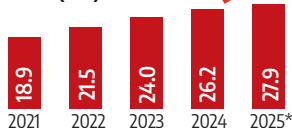
This marks a strong recovery for the sector, which crossed its pre-pandemic peak of 25.4 million units recorded in 2018 only in 2024 (26.2 million units).

Industry experts attribute this surge mainly to goods and services tax (GST) rationalisation, revised income-tax (I-T) slabs, and four rate cuts by the Reserve Bank of India, which boosted disposable incomes of customers.

“Until September 22, when the GST reforms kicked in, it was a dull year for the industry with low

Back in fast lane

Overall auto sales (mn)



*Until December 28 Source: Vahan

single-digit growth,” said Sai Giridhar, vice-president of the Federation of Automobile Dealers Associations (Fada). Turn to Page 6 ▶

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"The turnaround began with the GST reforms and the rate cuts ensured the availability of funds at lower interest rates. I-T reforms provided major relief to the middle class. All this resulted in surplus resources with customers, leading to the best year for the sector," he added.

The industry registered record sales of 4 million units in October, followed by 3.3 million units in November. Until Sunday in December, sales stood at 1.79 million units. According to Fada data, cumulative industry sales across two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles until August stood at 10.5 million units, up just 2.9 per cent Y-o-Y. Sales in February and March were negative. Reports indicate that the GST reforms led to average price cuts of 5-13 per cent across segments. "In the past three

decades, I have not seen such drastic price cuts. OEMs are continuing with discounts lined up until August, despite the demand uptick," Giridhar said.

In passenger vehicles, entry-level models are outperforming SUVs, he said, adding that rural demand has started picking up. The industry highlighted that good monsoons and firm crop prices were key drivers of the revival. "The festival season reinforced the country's strong consumption base, supported by favourable rural sentiments following good monsoons and firm crop prices, the positive impact of the GST overhaul, and interest rate cuts," said Srikumar Krishnamurthy, senior vice-president and co-group head, corporate ratings, Icra. He said demand sentiments are expected to remain stable amid steady economic activity.