

INDIAN AUTOMOBILE INDUSTRY – TWO-WHEELERS

Volumes remain moderate
compared to pre-Covid period

MARCH 2023



What's Inside...

1 Trend In Domestic 2W Sales



2 Monthly Trend in Domestic and Export Sales



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Wholesale volumes declined by ~5% on a sequential basis on account of lower working days in February 2023; volumes remain materially lower than pre-Covid levels.



Retail offtake remains steady – Retail volumes had increased by 15% YoY in January, even as it remained lower than pre-Covid levels. Retails remained at stable levels in February, with the marriage season and the upcoming BSVI 2.0/OBD norms (which go into effect in April) aiding sales.



Domestic 2W wholesale volumes decline on a sequential basis – At 1.1 million units, wholesale volumes reported sequential decline of 5% in February 2023 due to lower number of days in February 2023.



High-speed e2W sales remain healthy – The retail sales of high-speed (>25km/hr) e2Ws ramped up to ~77,000 units in October 2022 from a low of ~51,600 units in September, aided by a festive season push; the volumes sustained at these levels even in November and were at healthy levels of ~66,000 units in February 2023; OLA Electric maintained its position as the highest-selling e2w OEM.



Exports outlook continues to be weak – Export volumes saw an eighth consecutive month of YoY decline in February 2023; shortage of forex and inflationary pressures in key African markets have impacted 2W affordability; the OEMs expect export demand to remain impacted for at least one to two quarters.



Sustenance of improved demand during festive season remains key – ICRA is cautiously optimistic of demand recovery in FY2023, amid multiple headwinds (elevated ownership cost, persisting inflationary pressures and increase in financing rates). As erratic monsoons and floods in many regions impacted kharif yields, rural demand is likely to remain dampened; healthy rabi acreage, however, remains a positive. Dealer check indicates that sentiments have started improving at the rural level; the sustenance of the same remains key for the industry. A low base is expected to aid a modest growth for the industry (9-12% YoY in FY2023 and 6-9% YoY in FY2024).



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