

Two-wheeler Volumes to Grow by up to 9% in FY26, says ICRA

Press Trust of India

New Delhi: The domestic two-wheeler segment is expected to register a 6-9% year-on-year volume growth in the current fiscal, rating firm ICRA said on Monday.

The growth is likely to be supported by steady replacement demand, recovery in urban consumption, healthy rural incomes aided by a normal monsoon, and a possible reduction in GST rates, which could provide an additional boost, it noted.

The industry outlook for FY2026 remains positive, aided by favourable demand drivers



and an anticipated GST cut could provide additional stimulus to accelerate growth, Icra stated.

In July 2025, domestic wholesale volumes grew by 9% year-on-year to 15 lakh units, with Original Equipment Manufacturers (OEMs) maintaining healthy dispatches ahead of the festive season, it said. However, retail volu-

mes contracted by 6.5% year-on-year last month, as tepid urban demand and heavy rainfall affected rural footfalls, which weighed on sales, ICRA stated.

The rating agency expects retail demand to improve significantly during the upcoming festive season. It noted that exports continued to gain momentum, reporting a healthy 32% year-on-year growth in July.

Meanwhile, electric two-wheeler (e2W) sales moderated on a sequential basis, with volumes at 1,02,900 units in July, representing a 2 per cent decline, it said, adding e2W penetration in the overall two-wheeler segment remained steady in the range of 6-7%.