Analysis of India's Auto Retail Performance: June 2025 vs May 2026 vs June 2026

All India Vehicle Retail Comparison: Jun'25, May'26 and Jun'26

India's automobile retail market recorded its best-ever June performance in FY'27, with Two-Wheelers, Three-Wheelers, Commercial Vehicles, Passenger Vehicles and overall registrations each posting their highest-ever June figures. Overall retail stood at 25.57 lakh units in June 2026, up 21.83% YoY from 20.99 lakh units in June 2025, and 1.03% higher sequentially over May 2026's 25.31 lakh units. Passenger Vehicle retail was the standout performer, rising 28.63% YoY and 2.05% MoM to 4.10 lakh units, while Tractors grew a sharp 25.31% YoY and 21.33% MoM to 1 lakh units on pre-Kharif buying, recording their second-best June ever.

Two-Wheeler retail rose 21.22% YoY to 18.28 lakh units, the best June on record, though it eased 0.89% over May 2026 on account of a rural slowdown amid the late onset of the south-west monsoon; Rural 2W retail fell 4.55% MoM even as Urban 2W grew 4.25%. Three-Wheeler and Commercial Vehicle retail grew 16.20% and 16.88% YoY respectively, both logging their best-ever June, supported by steady goods-movement and freight activity. Wheeled Construction Equipment was the only segment in decline, down 40.94% YoY to 5,244 units, largely on a high base a year earlier.

The defining milestone of the month was on the powertrain front: Passenger Vehicle alternative-fuel share (CNG, Hybrid and EV combined) crossed the 40% mark for the first time, at 40.35% in June 2026, up from 33.59% a year earlier and 38.02% in May 2026, with PV EV retail of 31,823 units an all-time high. Two-Wheeler EV share entered double digits for the first time at 10.60%, against 7.34% a year ago. Total EV retail across all categories touched 3.06 lakh units in June 2026, the highest ever for any month, taking overall EV penetration to about 12.5%.

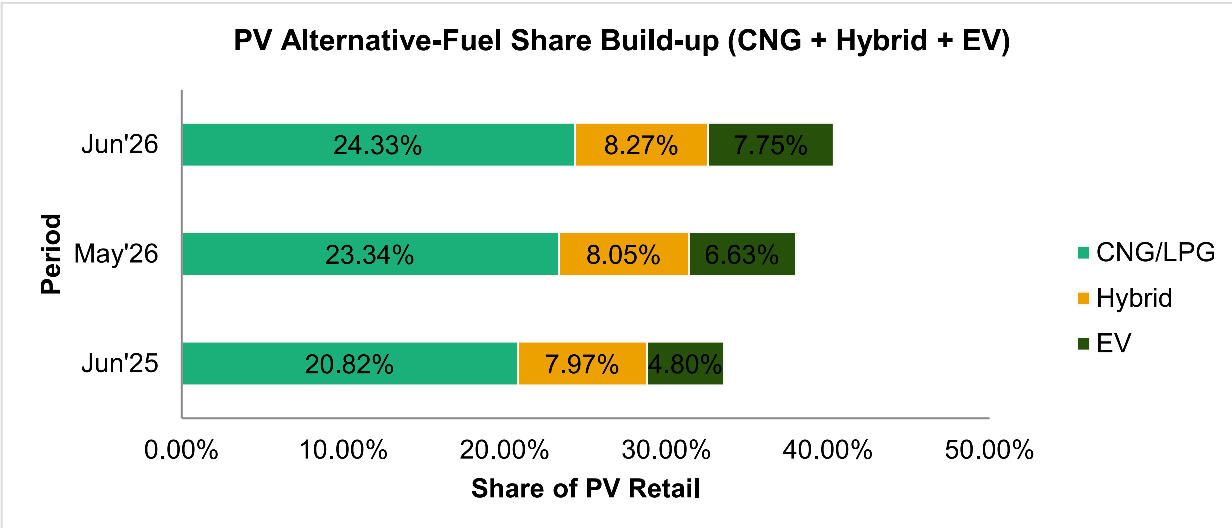
On the demand outlook, 51.24% of FADA member-dealers expect growth in July 2026, 41.79% expect a flat market and only 6.97% foresee de-growth, with the overall near-term sentiment gauged as Cautiously Optimistic. Looking further ahead to the July-September 2026 quarter, 66.17% of dealers expect growth - the firmest medium-term reading in recent surveys - ahead of the festive build-up around Ganesh Chaturthi and Onam, though a monsoon shortfall / El Nino impact on rural demand remains the single biggest risk flagged by dealers.

Table: India's Domestic Auto Retail - Jun'25, May'26 and Jun'26 (Units)

Category	Jun'25	May'26	Jun'26	MoM %	YoY %
Two-Wheelers (2W)	15,08,378	18,44,947	18,28,458	-0.89%	21.22%
Three-Wheelers (3W)	1,04,035	1,11,526	1,20,889	8.40%	16.20%
Passenger Vehicles (PV)	3,19,412	4,02,591	4,10,853	2.05%	28.63%
Commercial Vehicles (CV)	77,836	83,823	90,972	8.53%	16.88%
Tractors (TRAC)	80,456	83,092	1,00,818	21.33%	25.31%

Category	Jun'25	May'26	Jun'26	MoM %	YoY %
Wheeled - CE	8,879	5,088	5,244	3.07%	-40.94%
Total Retail	**20,98,996**	**25,31,067**	**25,57,234**	**1.03%**	**21.83%**

(Source: FADA)



(Source: FADA)

ASSOCHAM Perspective

June 2026 was the best-ever June for every vehicle category, showing that India's consumption growth remains strong in monsoon-transition month. Crossing 40% alternative-fuel share in Passenger Vehicles, and 2W EVs entering double digits, shows India's shift to EV and CNG/Hybrid vehicles is now well established, backed by strong OEM investment and rising consumer acceptance. However, rural Two-Wheeler and Passenger Vehicle demand slowed slightly due to the delayed monsoon, showing that a good and well-spread Kharif season remains important for rural-led growth. Maintaining discipline in vehicle dispatches (PV inventory is still above the recommended 21-day level), along with continued support for EV adoption, easier financing, and rural income growth, will be key to keeping up this momentum into the festive season of FY'27.

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