INDIA AUTOMOTIVE INDUSTRY MARKET

Growth & Industry Forecast to 2035

Market Research Future | Last Updated 19 September 2026

Market Overview

Market Research Future projects the India automotive industry to grow from USD 611.35 billion in 2024 to USD 1,193.65 billion by 2035, at a CAGR of 6.27% during 2025-2035. The report describes the market as undergoing a shift toward electric mobility, smart technologies, localized production and increasingly sustainability-focused regulation.

Indicator	Details
2024 Market Size	USD 611.35 Billion
2025 Market Size	USD 653.65 Billion
2035 Market Size	USD 1,193.65 Billion
CAGR	6.27% (2025-2035)
Forecast Period	2025-2035
Report ID	MRFR/AT/11023-HCR

Key Market Trends & Highlights

- Passenger cars remain the largest vehicle-type segment, supported by demand for convenience, comfort and personal mobility.
- Two-wheelers are identified as the fastest-growing vehicle-type segment, reflecting demand for affordable and efficient transportation.
- Electric vehicles are identified as the fastest-growing fuel segment, supported by technology development, policy support and infrastructure expansion.
- Localization of production is becoming more prominent as manufacturers seek to reduce import dependence and strengthen domestic manufacturing.
- Smart technologies, connectivity, advanced safety systems and autonomous-driving capabilities are becoming more prevalent.

Market Trends

Rise of Electric Vehicles

The report states that the transition toward electric vehicles is gaining momentum, supported by government policies promoting sustainable transportation and consumer demand for eco-friendly options. Manufacturers are increasing investment in EV technology, potentially broadening the range of electric models available.

Localization of Production

Automotive companies are increasingly focusing on domestic manufacturing to reduce reliance on imports. The report connects this trend with government initiatives aimed at boosting domestic production, including the Make in India initiative, and with potential job creation and economic growth.

Integration of Smart Technologies

Advanced connectivity, autonomous-driving capabilities and enhanced safety systems are reshaping the market. The report expects these technologies to appeal particularly to tech-oriented consumers and to improve overall vehicle performance.

Market Drivers

Government Initiatives and Policies

The source identifies government initiatives as an important market driver. It specifically cites the Faster Adoption and Manufacturing of Electric Vehicles (FAME) scheme for EV subsidies and incentives, and the Production-Linked Incentive (PLI) scheme for strengthening domestic manufacturing. The report also states a government target for EVs to account for 30% of total vehicle sales by 2030.

Expansion of Electric Vehicle Infrastructure

Government and private-sector investment in charging stations and battery-swapping facilities is supporting the EV ecosystem. The report states that public charging infrastructure had increased substantially by early 2026 and cites projections for a potential doubling of infrastructure by 2027.

Growing Consumer Demand for Personal Mobility

Urbanization, rising disposable incomes and changing lifestyles are increasing demand for personal mobility. The report states that the passenger-vehicle segment is projected to grow at approximately 10% CAGR from 2025 to 2030, while consumers increasingly seek comfort, safety and advanced features.

Technological Advancements in Manufacturing

Industry 4.0 technologies, including automation, artificial intelligence and data analytics, are improving manufacturing efficiency and product quality. The report highlights robotics, advanced materials and manufacturing techniques as contributors to lower production costs, shorter lead times and more fuel-efficient vehicles.

Sustainability and Environmental Regulations

The report identifies sustainability and emissions regulation as major influences. It cites Bharat Stage VI emission standards, effective from 2020, as a factor requiring investment in advanced emission-control technologies.

Vehicle Type Insights

Passenger cars hold the largest share in the report's vehicle-type segmentation, while two-wheelers are identified as the fastest-growing segment. Commercial vehicles and three-wheelers remain important for business and logistics applications.

Fuel Type Insights

Internal combustion engines remain the largest fuel-type segment because of established infrastructure, affordability and consumer familiarity. Electric vehicles are the fastest-growing fuel segment, supported by government incentives, battery technology and environmental awareness. Hybrid and CNG vehicles also feature in the transition toward alternative powertrains.

Market Channel Insights

OEM is identified as the largest market channel, supported by established manufacturing capabilities and partnerships. The aftermarket is the fastest-growing channel, driven by increasing vehicle ownership, servicing, customization and digital platforms that improve access to parts and services.

Vehicle Size Insights

Compact vehicles dominate the vehicle-size segment because of affordability, fuel efficiency and practicality in congested urban environments. Luxury vehicles are identified as the fastest-growing segment, supported by rising disposable incomes, premium aspirations and demand for advanced features and performance.

Technology Insights

Connected vehicles hold the largest share within the technology segmentation, while electric powertrains are the fastest-growing. Autonomous vehicles and advanced driver-assistance systems are also emerging as the market becomes more technology-driven.

Competitive Landscape

The report describes the competitive landscape as dynamic and moderately fragmented. Tata Motors, Maruti Suzuki and Hyundai Motor India are highlighted for EV development, extensive distribution and affordability, and digital/smart-mobility strategies respectively. Localization, supply-chain optimization, innovation and sustainability are identified as important competitive tactics.

Company	Source Coverage
Tata Motors	Key player; focus on EV development and sustainable mobility
Mahindra & Mahindra	Key player; broad SUV and commercial-vehicle portfolio
Maruti Suzuki	Key player; distribution strength, affordability and fuel efficiency
Hindustan Motors	Named key company
Toyota Kirloskar Motor	Named key company
Honda Cars India	Named key company
Hyundai Motor India	Key player; digital transformation and smart mobility
Ford India	Named key company
Nissan Motor India	Named key company

Recent Industry Developments

- September 2026: Mahindra & Mahindra launched the XUV 3XO REVX EDGE and petrol-automatic REVX M(O), and separately expanded its Veero commercial-vehicle range with CNG and upgraded diesel variants.
- September 2026: Maruti Suzuki introduced a new Baleno with Level 2 ADAS, ventilated front seats and an updated Z12E powertrain; it also reported cumulative exports of the Jimny, FRONX and e VITARA to Japan exceeding 100,000 units.
- July 2026: Toyota Kirloskar Motor launched the ninth-generation Hilux in India with a 2.8-litre diesel engine, 4WD capability, advanced safety systems and connected features.
- January 2026: Toyota Kirloskar Motor launched the all-electric Urban Cruiser Ebella with 49 kWh and 61 kWh battery options, up to 543 km range and Level 2 ADAS.
- September 2026: Honda Cars India began a Rs. 450 crore Phase II expansion of its Bengaluru spare-parts warehouse, covering approximately 80,000 square metres.
- September 2026: Hyundai Motor India inaugurated 120 kW DC fast-charging stations in New Delhi and expanded charging access through the myHyundai app.
- August 2026: Hyundai Motor India partnered with Jio-bp to integrate more than 7,000 charging points across 300-plus cities.
- July 2026: Nissan Motor India launched the TEKTON premium C-SUV; in May 2026 it launched a government-approved twin-cylinder CNG retrofitment kit for the GRAVITE.

Future Outlook

The report projects 6.27% CAGR from 2025 to 2035 and identifies technological advancement, consumer demand and government initiatives as the principal forces shaping the outlook. It highlights EV charging infrastructure, connected-vehicle technologies and sustainable manufacturing as areas of opportunity. By 2035, the report expects the market to be shaped strongly by innovation and sustainability.

Market Segmentation

Category	Segments
Fuel Type	Internal Combustion Engine; Electric; Hybrid; Compressed Natural Gas
Technology	Connected Vehicles; Autonomous Vehicles; Advanced Driver Assistance Systems; Electric Powertrains
Vehicle Size	Compact; Midsize; Full-Size; Luxury
Vehicle Type	Passenger Car; Commercial Vehicle; Two-Wheeler; Three-Wheeler
Market Channel	OEM; Aftermarket; Online Sales; Dealerships

Report Scope

Indicator	Details
Market Size 2024	USD 611.35 Billion
Market Size 2025	USD 653.65 Billion
Market Size 2035	USD 1,193.65 Billion
CAGR	6.27%
Report Coverage	Revenue Forecast, Competitive Landscape, Growth Factors and Trends
Base Year	2024
Forecast Period	2025-2035
Historical Data	2019-2024
Forecast Units	USD Billion
Country Covered	India