INDIA AUTOMOTIVE MARKET

Growth Analysis, Size and Forecast, 2026-2030

Technavio | Source page accessed September 2026

Market Overview

Technavio estimates that the India automotive market will increase by USD 51.76 billion between 2025 and 2030, expanding at a CAGR of 6.5%. The source identifies SUV integration and the industrialization of premium lifestyle mobility solutions as primary growth drivers, alongside green mobility, regulatory modernization, infrastructure expansion and rising disposable incomes.

Indicator	Details
Market Opportunity / Incremental Growth	USD 51.76 Billion
CAGR, 2025-2030	6.5%
YoY Growth, 2025-2026	6.5%
Two-Wheelers Segment, 2024	USD 60.33 Billion
Market Opportunities	USD 86.18 Billion
Base Year	2025
Historic Period	2020-2024
Forecast Period	2026-2030
Market Structure	Fragmented

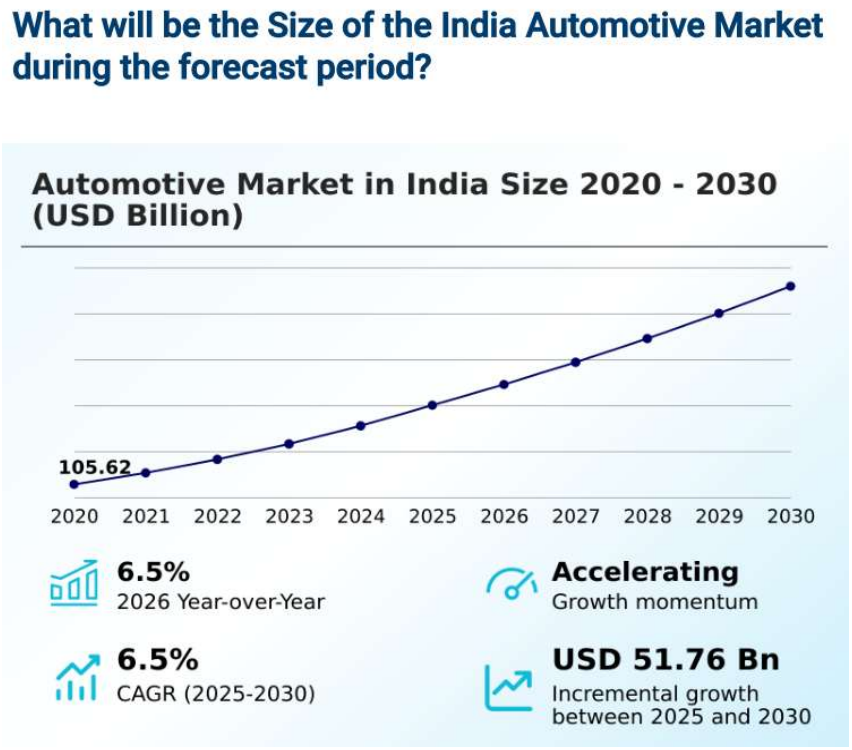


Figure 1. Technavio source forecast visual for the India automotive market through 2030.

Market Summary

- The market is undergoing structural and technological change driven by premiumization, green mobility and regulatory modernization.
- Consumers are shifting from basic utility toward feature-rich SUVs, ADAS and connected-car technologies.
- Domestic localization of electronics, powertrain components and battery cells is increasingly important for supply-chain resilience.
- Hybrid, CNG and electric powertrains are expanding alongside continued improvement of conventional powertrains.
- Manufacturing quality for export markets remains a strategic priority.

Market Segmentation

Category	Segments
By Type	Two-wheelers; Passenger cars; Commercial vehicles; Three-wheelers
By Fuel Type	Diesel; Petrol; CNG and LPG; Electric
By Distribution Channel	Offline; Online
Geography	APAC - India

Type Insights

Two-Wheelers

Technavio identifies two-wheelers as a foundational pillar of personal mobility and expects the segment to record significant growth during the forecast period. The segment is sensitive to rural income and credit availability, and the source links its rebound to improved rural liquidity and affordability. Electric variants accounted for 6.6% of the category, while advanced safety features and connected technologies are increasingly being integrated.

The two-wheelers segment was valued at USD 60.33 billion in 2024.

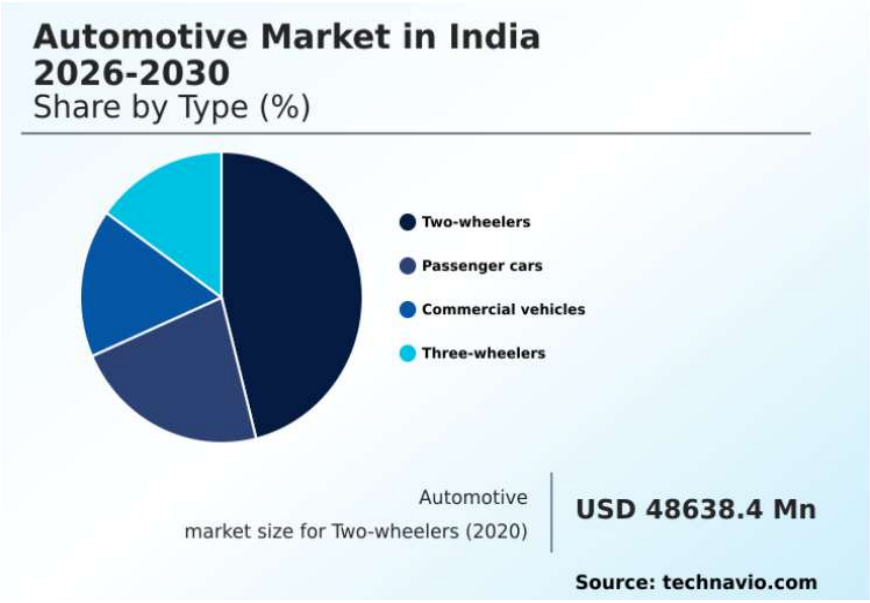


Figure 2. Source visual showing the type mix and the importance of two-wheelers in the India automotive market.

Market Dynamics

The report describes a market shaped by stronger two-wheeler retail demand, passenger-vehicle premiumization, commercial-vehicle emission compliance, EV charging constraints, battery-cell localization, GST-related affordability changes and sustained SUV demand. It states that retail performance improved by more than 25% year-on-year.

Key Drivers

- Integration of SUVs and industrialization of premium lifestyle mobility solutions.
- Evolution of domestic manufacturing incentives and demand for localized advanced automotive technology.
- Expansion of alternative powertrain ecosystems, including hybrid and CNG integration.
- Development of electric drivetrain components and high-power DC fast charging.
- Rising premium lifestyle mobility and changing consumer expectations.

Market Trends

Affordable Electrification and Software-Defined Vehicles

A key trend identified by Technavio is the institutionalization of affordable electrification. The market is shifting from traditional ICE platforms toward battery-electric vehicles and sophisticated hybrid powertrains. Software-defined vehicle architecture is enabling ADAS and other digital features to move toward mainstream adoption.

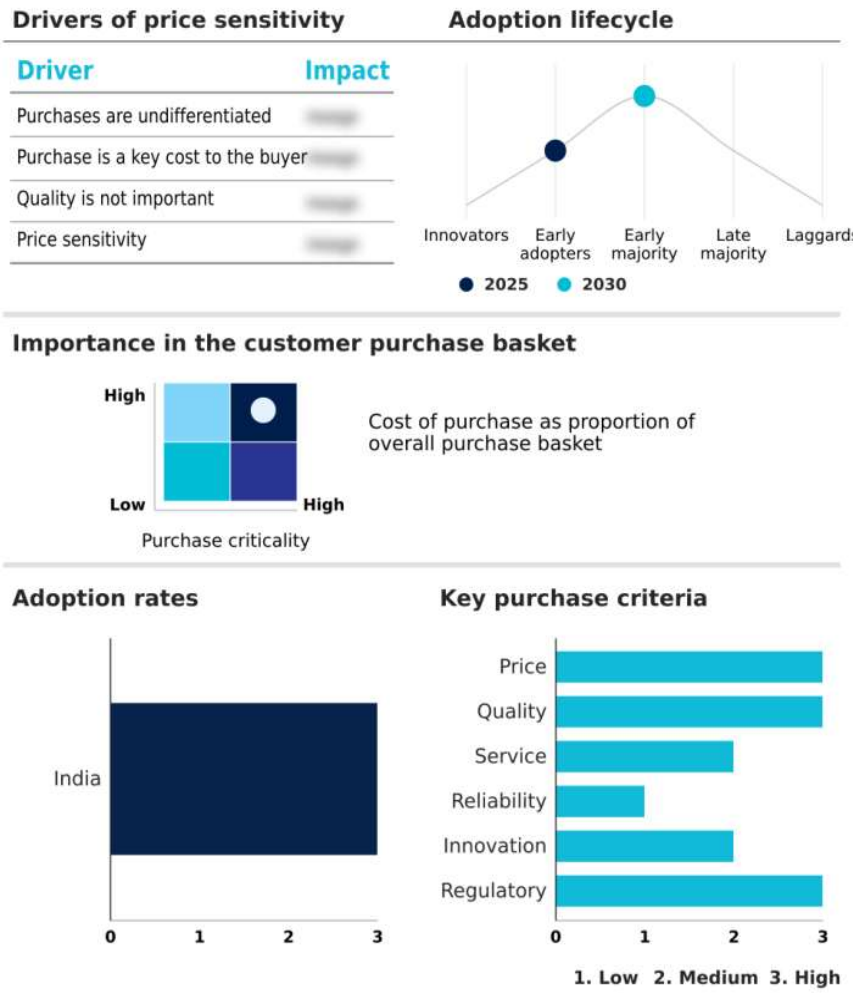
The source states that indigenous battery-pack assembly capacity has grown by more than 40%, supporting localization and reducing external dependence. Shared mobility is also influencing sales strategies, while new mobility frameworks have contributed to a reported 15% increase in vehicle utilization rates in urban centres.

Market Challenges

The report identifies urban grid readiness and the execution gap in high-power charging infrastructure as major constraints on electrification. OEMs and suppliers also face pressure from autonomous-vehicle technology requirements, regulatory compliance, input-cost volatility, trade protectionism and global supply-chain disruption.

Technavio notes that mass-market EV adoption and premiumization require substantial investment in technology, infrastructure and dealership capabilities. The source states that failure to adapt can raise operational risks by up to 25% for established players.

Customer Landscape



Customer Landscape of India Automotive Industry

Figure 4. Technavio customer-landscape visual covering adoption lifecycle, purchase criteria and price sensitivity.

The report evaluates the market's adoption lifecycle, purchase criteria and price sensitivity. Its customer-landscape framework highlights price, quality, service, reliability, innovation and regulatory considerations as purchase criteria, while also examining the cost of purchase within the overall buyer basket.

Competitive Landscape

Technavio describes the market structure as fragmented. Companies are using strategic alliances, partnerships, mergers and acquisitions, geographic expansion, and product or service launches to strengthen their market presence.

Company	Source Coverage
Ashok Leyland Ltd.	Named company; commercial and passenger vehicle engineering
Bajaj Auto Ltd.	Named key company
BMW AG	Named key company
Daimler Truck AG	Named key company
Eicher Motors Ltd.	Named key company
Force Motors Ltd.	Named key company
Honda Motor Co. Ltd.	Named key company
Hyundai Motor Co.	Named key company
Mahindra and Mahindra Ltd.	Named key company
Mercedes-Benz Group AG	Named key company
Tata Motors Ltd.	Named key company
Toyota Motor Corp.	Named key company
TVS Motor Co.	Named key company
Volkswagen AG	Named key company

Recent Developments

- January 2026: Maruti Suzuki launched the e Vitara commercially in the electric SUV segment, supported by its domestic service network.
- February 2026: Maruti Suzuki India reported record monthly sales, supported by mid-sized SUV performance and new manufacturing lines.
- March 2026: Ashok Leyland began construction of a battery-pack manufacturing facility aimed at localizing critical EV components and reducing import dependence.
- March 2026: Tata Motors recorded more than 100,000 bookings for the Sierra SUV, according to the source.

Research Analyst Overview

Technavio characterizes the market as undergoing a dual transition: continued upgrading of ICE technology alongside faster adoption of BEV platforms. The rise of software-defined vehicles is reshaping the value chain from component suppliers through organized retail dealerships. ADAS and hybrid powertrains are becoming increasingly important in response to consumer demand and regulatory pressure.

The source further states that vertically integrated electric-mobility ecosystems have reduced time-to-market by more than 20% for new electric models, illustrating the potential operational advantage of closer integration across vehicle, component and mobility systems.

Market Scope

Indicator	Details
Base Year	2025
Historic Period	2020-2024
Forecast Period	2026-2030
Growth Momentum & CAGR	Accelerating at a CAGR of 6.5%
Market Growth, 2026-2030	USD 51,759.6 million
YoY Growth, 2025-2026	6.5%
Key Country	India
Market Structure	Fragmented
Competitive Coverage	Leading companies, market positioning, competitive strategies and industry risks

Future Outlook

Technavio's outlook centers on premiumization, affordable electrification, alternative powertrains, localization and digital vehicle technologies. The report sees domestic manufacturing and indigenous battery-pack assembly as important to production efficiency and cost structures, while the expansion of electric SUVs and green powertrains supports a broader transition toward sustainable mobility.

The report also notes stronger rural demand, stating that retail sales in rural markets grew 34% year-on-year compared with 21% in urban areas, reflecting changing demand patterns and the impact of localized market strategies.