

02 Key Indicators

06 Export Scenario

18 Key Initiatives by Major Players

Rubix Industry Insights

PASSENGER AND COMMERCIAL VEHICLES

India's passenger and Commercial Vehicle industry is being driven by supportive government initiatives, rising purchasing power, robust economic growth, expanding infrastructure, and accelerating electric vehicle adoption.

Executive Summary

Globally, India ranks 2nd, 3rd, and 4th in production of buses and coaches, passenger cars, and commercial vehicles, respectively.

Globally, India ranks 3rd in the sales of passenger cars and commercial vehicles as well as production of heavy trucks.

Sales of passenger vehicles increased at 11% CAGR from 2.71 million units in FY2021 to 4.64 million units in FY2026.

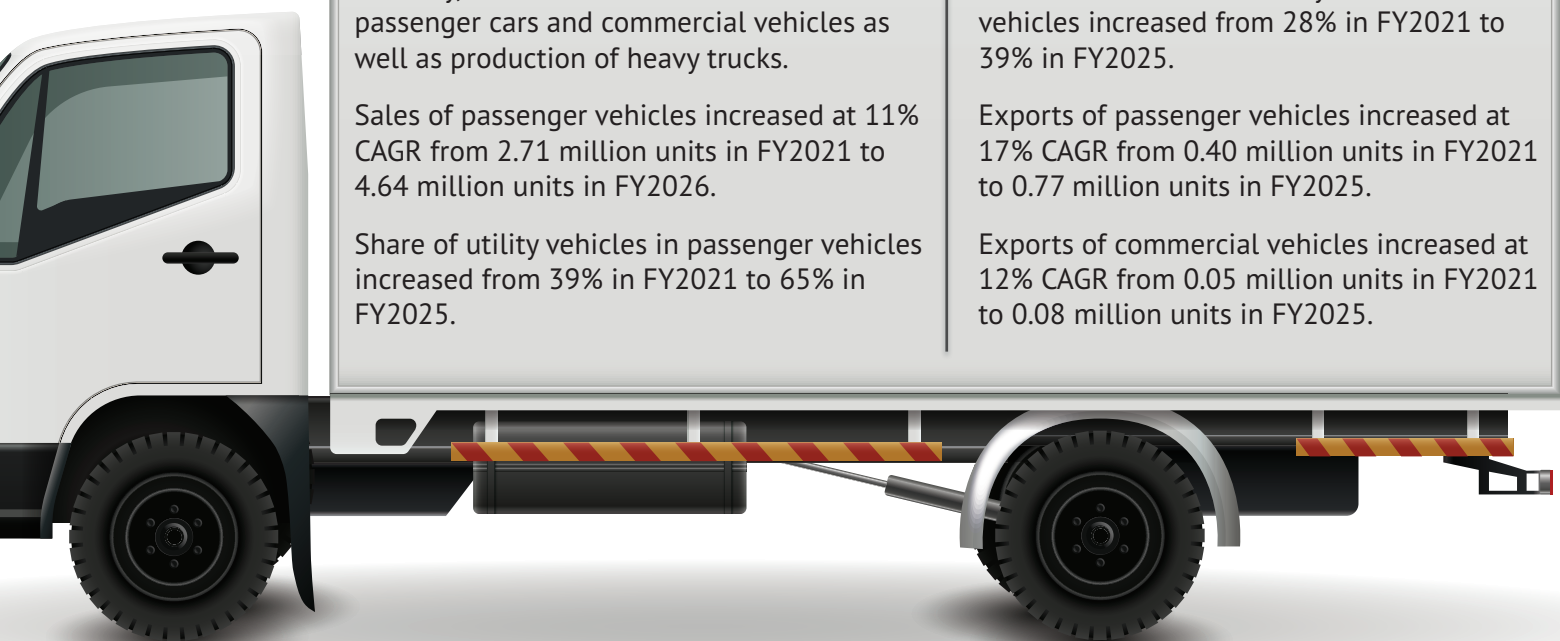
Share of utility vehicles in passenger vehicles increased from 39% in FY2021 to 65% in FY2025.

Sales of commercial vehicles increased at 14% CAGR from 0.57 million units in FY2021 to 1.08 million units in FY2026.

Share of medium and heavy commercial vehicles increased from 28% in FY2021 to 39% in FY2025.

Exports of passenger vehicles increased at 17% CAGR from 0.40 million units in FY2021 to 0.77 million units in FY2025.

Exports of commercial vehicles increased at 12% CAGR from 0.05 million units in FY2021 to 0.08 million units in FY2025.



Key Indicators

Passenger Vehicles (PV)		
Key Metrics	Volume (Million Units)	CAGR
Production	3.06 (FY2021)	13%
	5.54 (FY2026)	
Sales	2.71 (FY2021)	11%
	4.64 (FY2026)	
Exports	0.40 (FY2021)	17%
	0.77 (FY2025)	

Commercial Vehicles (CV)		
Key Metrics	Volume (Million Units)	CAGR
Production	0.62 (FY2021)	13%
	1.17 (FY2026)	
Sales	0.57 (FY2021)	14%
	1.08 (FY2026)	
Exports	0.05 (FY2021)	12%
	0.08 (FY2025)	

Introduction: India is among the global leaders in passenger and commercial vehicles

India has emerged as one of the world's largest and fastest-growing automotive markets, supported by a strong manufacturing ecosystem, rising domestic demand, favourable government policies and increasing integration into global supply chains. The industry comprises two-wheelers, three-wheelers, Passenger Vehicles (PVs) and Commercial Vehicles (CVs), with the entire automotive sector (including vehicle and auto component manufacturing) contributing approximately 7.1% to the country's GDP¹. In 2025, India surpassed Japan to become the world's third-largest automobile market, reinforcing its position as a key global automotive manufacturing hub².

The industry has been evolving with decades of sustained industrial development, from the establishment of Hindustan Motors in 1942 to the formation of Maruti Udyog Limited in 1981, and the launch of the iconic Maruti 800, which transformed personal mobility in India. Continued investments by domestic and global OEMs, increasing localisation, technological advancements, and the transition towards cleaner and smarter mobility are expected to further strengthen India's competitiveness and drive long-term growth across the PV and CV segments.

INDIA'S GLOBAL RANKING FOR PV AND CV 2025



Source: International Organization of Motor Vehicle Manufacturers

Note: Heavy trucks equal to or above 16-ton GVW include trucks designed for long-haul, construction, and mining applications.

¹ NITI Aayog

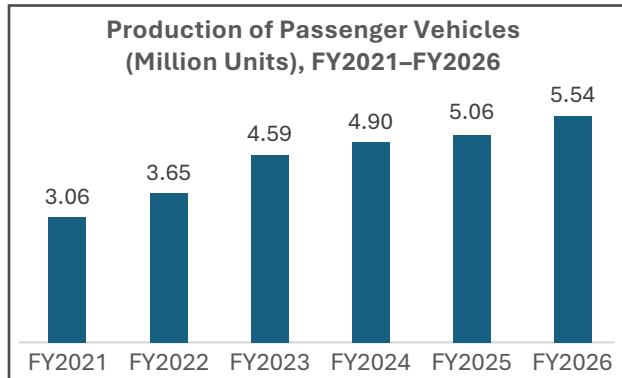
² News on Air, September 2025

PVs and CVs form the backbone of India's four-wheeler (4W) industry, supporting domestic mobility, freight transportation and exports. Government initiatives, such as the Automotive Mission Plan (2016–26), the Production Linked Incentive (PLI) Scheme for automobiles and auto components, and policies promoting localisation,

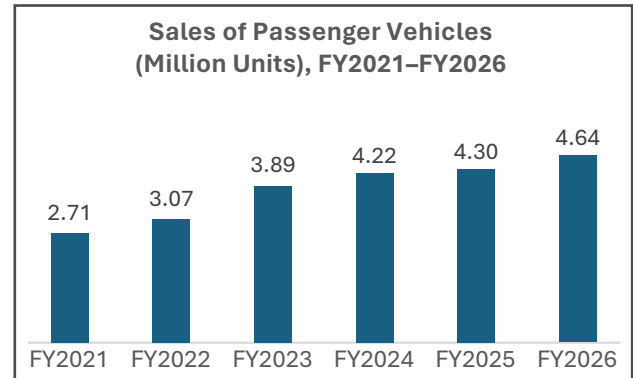
electrification and advanced manufacturing, have accelerated the growth of these segments. As illustrated above, India's sustained policy support, manufacturing capabilities and expanding domestic demand have enabled it to attain leading global rankings in PV and CV production and sales.

Passenger Vehicles Landscape

Demand–supply dynamics: PV production outpaces sales amid resilient market growth



Source: Society of Indian Automotive Manufacturers (SIAM)



LEADING PASSENGER VEHICLE COMPANIES IN INDIA

Popular Models.

 Maruti Suzuki India Limited    Swift Brezza Grand Vitara	 Hyundai Motor India Limited    Venue Creta Verna	 Tata Motors Limited    Punch Nexon Safari
 Mahindra & Mahindra Limited    Scorpio-N Thar XUV 3XO	 Toyota Kirloskar Motor Pvt. Ltd.    Glanza Hyryder Innova HyCross	 Kia India Pvt. Ltd.    Sonet Seltos Carens
 Honda Cars India Ltd.   City Elevate	 Renault India Pvt. Ltd.   Kiger Kwid	 Nissan Motor India Pvt. Ltd.   Magneite X-Trail
 Volkswagen India Pvt. Ltd.   Virtus Taigun	 Škoda Auto Volkswagen India Pvt. Ltd. (Škoda)    Kylaq Kushaq Slavia	 JSW MG Motor India Pvt. Ltd.    Comet EV Astor Hector

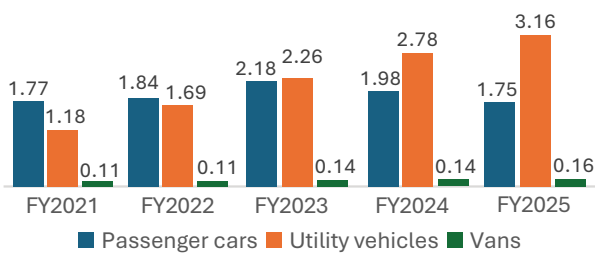
Note: The selected companies and corresponding vehicle models are included solely for representational purposes. The accompanying AI-generated images are indicative only and may not accurately reflect actual vehicle models.

PV production increased from 3.06 million units in FY2021 to 5.54 million units in FY2026, registering a 13% CAGR, while domestic sales grew from 2.71 million to 4.64 million units at an 11% CAGR. The

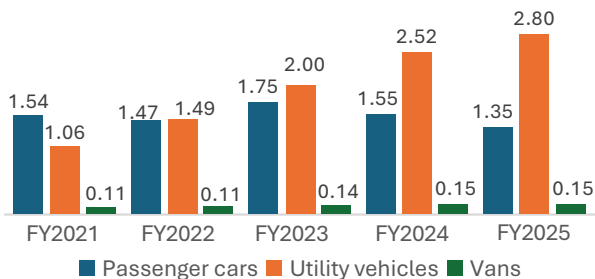
strong recovery after FY2021 was supported by easing semiconductor shortages, rising disposable incomes, improved vehicle financing, and sustained preference for personal mobility after the pandemic. Production

consistently exceeded domestic sales, as OEMs expanded capacity to cater to the domestic market as well as rising export opportunities and anticipated future demand. Although domestic sales moderated in FY2025 after record volumes in FY2024, production continued to rise, with inventory build-up, new model launches, and continued investments by manufacturers such as Maruti Suzuki, Hyundai, Tata Motors, and Mahindra & Mahindra to expand manufacturing capacity and strengthen their product portfolios.

Passenger Vehicles Production Mix by Segment (Million Units), FY2021–FY2025



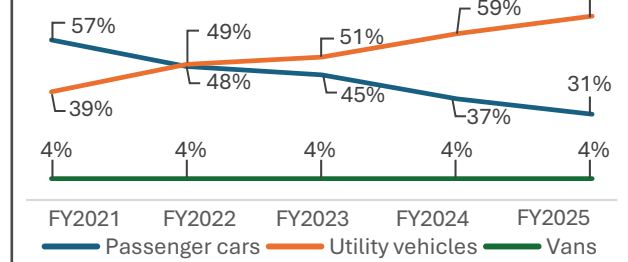
Passenger Vehicles Sales Mix by Segment (Million Units), FY2021–FY2025



Source: Society of Indian Automotive Manufacturers (SIAM) as per the latest available data.

There has been a significant structural shift towards Utility Vehicles (UVs) in the PV segment. UV production increased at a 28% CAGR between FY2021 and FY2025, compared to a marginal decline in passenger car production (-0.3% CAGR), while UV sales grew at 27% CAGR against a 3.2% decline in passenger cars. Consequently, the share of UVs in total PV sales increased sharply from 39% in FY2021 to 65% in FY2025, due to consumers' growing preference for SUVs and crossovers that offer higher ground clearance, larger cabins, enhanced safety features, and premium positioning. Manufacturers have responded by reallocating production capacity and prioritising SUV launches across price segments, with companies such as Mahindra & Mahindra (Scorpio-N, XUV700), Tata Motors (Nexon, Punch, Curvv), Maruti Suzuki (Brezza, Grand Vitara, Fronx), and Hyundai (Creta, Venue, Exter) expanding their SUV portfolios. This demand-led shift has fundamentally reshaped both production planning and sales composition, with OEMs increasingly focusing investments and new product development on the UV segment.

Passenger Vehicles Sales Mix by Segment FY2021–FY2025



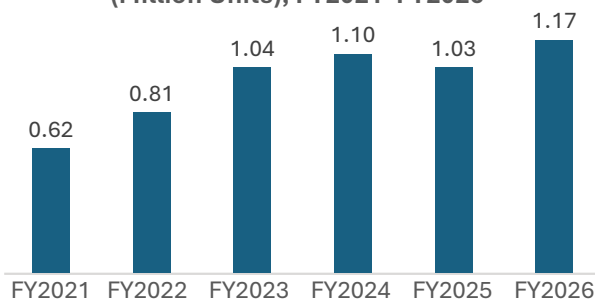
Source: Society of Indian Automotive Manufacturers (SIAM), as per the latest available data.



Commercial Vehicles Landscape

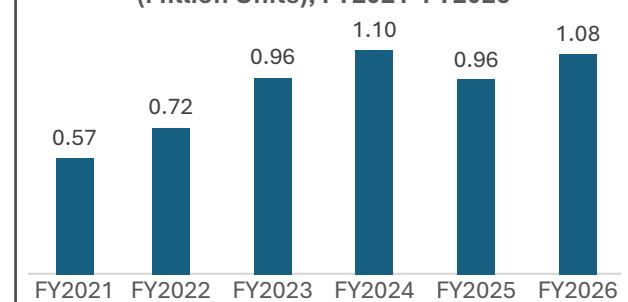
Demand–supply dynamics: CV production rebounds on infrastructure and freight demand

Production of Commercial Vehicles (Million Units), FY2021–FY2026



Source: Society of Indian Automotive Manufacturers (SIAM)

Sales of Commercial Vehicles (Million Units), FY2021–FY2026



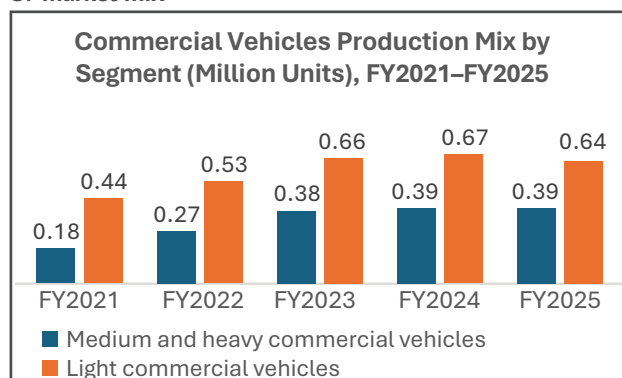
LEADING COMMERCIAL VEHICLE COMPANIES IN INDIA

Popular Models.

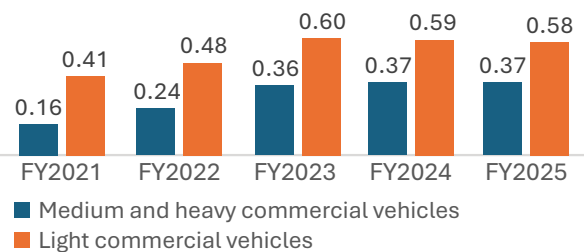


CV production increased from 0.62 million units in FY2021 to 1.17 million units in FY2026, registering a 13% CAGR, while domestic sales grew from 0.57 million to 1.08 million units over the same period at 14% CAGR. The recovery was driven by improving economic activity, strong infrastructure development, expansion in construction and mining, increasing freight movement, and growth in e-commerce and logistics. Production consistently remained ahead of domestic sales as OEMs aligned manufacturing with replacement demand, export opportunities, and anticipated growth in freight transportation. Although production and sales moderated slightly in FY2025, due to temporary softness in freight demand and fleet utilisation, both rebounded in FY2026, supported by higher government capital expenditure, replacement of ageing fleets and improving industrial activity.

Product mix shift: growing MHCV demand reshapes India's CV market mix



Commercial Vehicles Sales Mix by Segment (Million Units), FY2021-FY2025

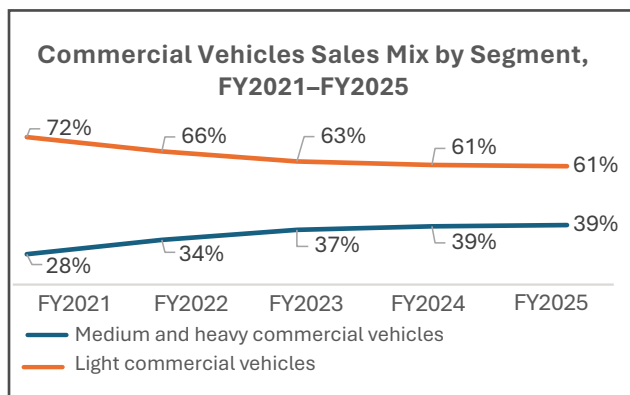


Source: Society of Indian Automotive Manufacturers (SIAM), as per the latest available data.

The CV market has gradually shifted towards Medium and Heavy Commercial Vehicles (MHCVs), with rising demand from infrastructure, mining, manufacturing, and long-haul freight transportation. MHCV production grew at a 21% CAGR between FY2021 and FY2025, significantly higher than the 10% CAGR recorded for Light Commercial Vehicles (LCVs), while MHCV sales expanded at a 24% CAGR compared to the 9% CAGR for LCVs. Consequently, the share of MHCVs in total CV sales increased from 28% in FY2021 to 39% in FY2025, indicating a structural shift towards higher-capacity vehicles. Manufacturers such as Tata Motors, Ashok Leyland, VE Commercial Vehicles (Volvo-Eicher JV), and Daimler India Commercial Vehicles have strengthened their

heavy-truck portfolios with improved fuel efficiency, higher payload capacity, connected-vehicle technologies, and advanced safety features to capitalise on this demand. Meanwhile, LCV demand

remained supported by urban distribution and last-mile logistics, although its share of the overall CV market declined, as freight movement increasingly shifted towards larger vehicles.



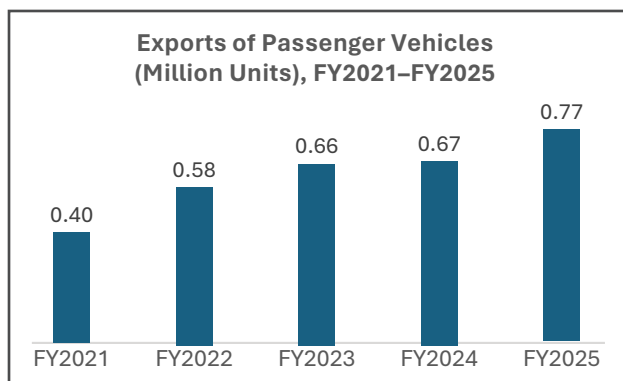
Source: Society of Indian Automotive Manufacturers (SIAM), as per the latest available data.



Export Scenario

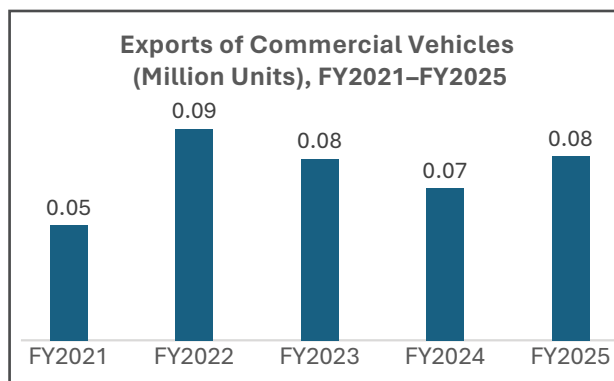
India's PV and CV industry remains predominantly domestic market-oriented, with exports accounting for a relatively small share of total vehicle production. Imports are also limited, as domestic demand is largely met through local manufacturing by both Indian and global OEMs, supported by a mature automotive ecosystem, extensive localisation, and significant manufacturing capacity. In addition, high customs duties (typically ranging from 70% to 100% on completely built units,

except under specified EV manufacturing schemes) further discourage large-scale imports and encourage local vehicle manufacturing. Vehicle imports are, therefore, largely limited to niche segments, including premium and luxury passenger cars, imported EVs such as those offered by Tesla, specialised CVs such as high-capacity mining trucks, premium coaches, airport buses, and other purpose-built vehicles that are not manufactured or assembled domestically at scale.



Source: Society of Indian Automotive Manufacturers (SIAM), as per the latest available data.

PV exports recorded a strong and sustained growth of 17% CAGR between FY2021 and FY2025 to reach a record 0.77 million units in FY2025. This growth has been driven by rising global demand, expanding manufacturing capacity, increasing localisation, and India's cost-competitive production base. India's PV exports are primarily led by compact cars and UVs manufactured by OEMs such as Maruti Suzuki (Baleno, Fronx, and Jimny), Hyundai Motor India (Verna and Exter), Nissan (Magneite), and Volkswagen India (Virtus and Taigun). For example, Maruti Suzuki's exports surged over 34% to reach an all-time high of

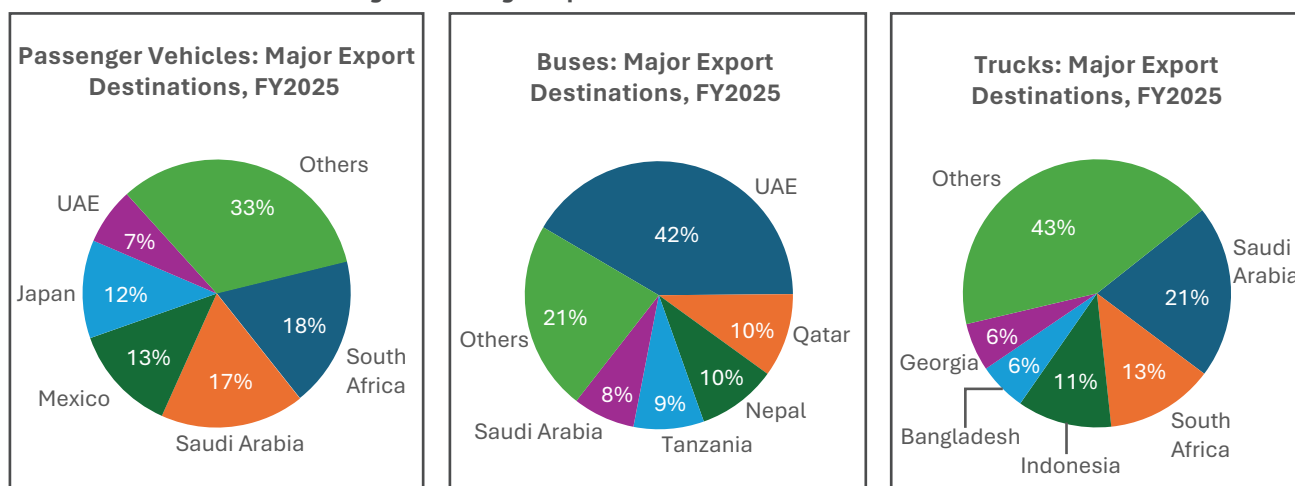


4.47 lakh (0.447 million) vehicles in FY 2025-26³.

In contrast, CV exports have remained relatively volatile, growing at a 12% CAGR between FY2021 and FY2025 but remaining below their FY2022 peak, due to fluctuations in demand across key export markets. CV exports continue to be driven by trucks, buses and light CVs manufactured by Tata Motors, Ashok Leyland, VE Commercial Vehicles (Volvo–Eicher JV), and Mahindra & Mahindra, catering to the transportation, logistics, construction, and mining sectors across emerging markets.

³ Maruti Suzuki Limited Press Release, April 2026

The UAE and Saudi Arabia emerge as strategic export markets



Source: Society of Indian Automotive Manufacturers (SIAM), as per the latest available data.

Export demand is concentrated across Africa, the Middle East, Latin America, and parts of Asia, which shows India's growing role as a preferred supplier of competitively priced vehicles to emerging economies. In FY2025, South Africa (18%), Saudi Arabia (17%), Mexico (13%), Japan (12%), and the UAE (7%) were the largest destinations for PV exports. Saudi Arabia is becoming strategically important for India's automotive exports across multiple

vehicle segments, ranking as the second-largest destination for PVs (17%), the largest market for truck exports (21%), and among the top five destinations for bus exports (8%). Meanwhile, the UAE accounted for the largest share of bus exports (42%), while South Africa and Indonesia were other major markets for trucks, indicating a strong demand for Indian CVs across the Middle East, Africa and Southeast Asia.

Drivers

Key Developments	Impact		
	1–2 years	3–5 years	6–10 years
Government Initiatives driving electrification in the PV and CV industry			
● PLI Scheme driving investments in zero-emission PV and CV manufacturing	High	-	-
● Faster Adoption and Manufacturing of Electric Vehicles (FAME) I and II	-	-	-
● PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme	-	-	-
● PM-eBus Sewa Scheme	High	High	High
Stronger purchasing power and financing accelerate vehicle ownership growth	High	High	High
Pre-owned vehicle market as a key automotive growth driver	High	High	High
Ageing fleet and freight growth accelerating CV replacement	High	High	High
Vehicle Scrappage Policy driving replacement demand for PVs and CVs	High	High	High
Economic growth and industrial expansion driving CV demand	High	High	High
Growing BEV adoption accelerating India's PV market transformation	High	High	High
Global automakers deepening investments, reinforcing India's PV growth	High	High	High
Euro 7-aligned BS-VII norms to drive automotive technology transformation	High	High	Medium
Safety regulations accelerating ADAS adoption across vehicle segments	High	High	Medium
Ethanol blending driving cleaner fuels and automotive transformation	High	Medium	Medium

Note: Certain drivers have hyphens against specific impact periods to indicate that these timeframes have elapsed; however, they should be viewed as foundational drivers that have shaped the industry, rather than as future-oriented drivers.

Government Initiatives Driving Electrification in the PV and CV Industry

Scheme	Period	Outlay	Key Impact	Relevance
 (PLI) Scheme (Production Linked Incentive Scheme – Automobile & Auto Components)	FY2022–23 to FY2027–28 (5 years)	₹ INR 259.38 billion	 Drives investments, localisation and technology development; incentivises production and sale of zero-emission vehicles across segments.	 Passenger Vehicles: High  Commercial Vehicles: High
 FAME I & II (Faster Adoption and Manufacturing of Electric Vehicles)	FAME I: Apr 2015 – Mar 2019 FAME II: Apr 2019 – Mar 2024 (FAME II extended till Mar 2024)	FAME I: ₹ INR 8.95 billion FAME II: ₹ INR 115 billion	 Accelerated EV adoption and charging infrastructure development; key demand-side driver for EVs, especially in public transport.	 Passenger Vehicles: Low to Moderate  Commercial Vehicles: High
 PM E-DRIVE Scheme (PM Electric Drive Revolution in Innovative Vehicle Enhancement)	FY2024–25 to FY2025–26 (2 years)	₹ INR 109 billion	 Promotes electric mobility across 2W, 3W, buses, trucks and ambulances; supports EV charging infrastructure and testing ecosystem.	 Passenger Vehicles: Low  Commercial Vehicles: High
 PM-eBus Sewa Scheme	Aug 2023 – Ongoing	₹ INR 576 billion (INR 200 billion central support)	 Deploys 10,000 electric buses in cities lacking organised bus services; boosts clean urban public transportation.	 Commercial Vehicles: Very High

● PLI Scheme Driving Investments in Zero-emission PV and CV Manufacturing

The Production Linked Incentive (PLI) Scheme for the Automobile and Auto Component Industry, approved by the Union Cabinet in September 2021, is a key policy driver supporting investment, localisation, and technology development in India's PV and CV industry. With a budgetary outlay of INR 259.38 billion, the scheme aims to promote the domestic manufacturing of Advanced Automotive Technology (AAT) products, attract investments, enhance supply chain localisation, and strengthen India's position in global automotive value chains⁴. Initially implemented for the period FY2022–23 to FY2026–27, it was extended by one year, allowing eligible companies to avail incentives for five consecutive financial years up to FY2027–28⁵.

For the vehicle industry, the key growth driver is the

Champion OEM Incentive Scheme (a part of the PLI scheme), a sales value-linked incentive applicable to Battery Electric Vehicles (BEVs) and Hydrogen Fuel Cell Vehicles (FCEVs) across all vehicle segments, including PVs, CVs, two-wheelers (2W), three-wheelers (3W), tractors, military vehicles, and other advanced automotive technology vehicles notified by the Ministry of Heavy Industries (MHI)⁶. By incentivising the production and sale of zero-emission vehicles, the scheme is accelerating EV adoption, encouraging OEM investments in new product development and manufacturing capacity, and supporting India's transition to sustainable mobility. Several models across both PV and CV segments have already been approved under the scheme, with leading automotive players introducing electric PVs, electric buses, and other zero-emission vehicles. Clearly, the adoption of advanced automotive technologies is growing and the impact of the PLI scheme is visible in the strengthening of India's EV ecosystem.

Segment	Vehicle Manufacturer	AAT Product	Model	Variant
PV (Electric SUV)	Tata Passenger Electric Mobility Limited	Battery Electric Four Wheeler (e-4W)	Tata Harrier EV	Tata Harrier EV Empowered AWD ST 75
CV (Electric Heavy Truck)	Tata Motors Limited	Battery Electric Four Wheeler (e-4W)	Tata Prima EV	Tata Prima EV E55.S 4X2 LR
CV (Electric Bus)	VE Commercial Vehicles Limited	Battery Electric Four Wheeler (e-Buses)	Eicher Skyline Pro E 3012 AC	Eicher Skyline Pro E 3012 H AC MWD WC PMS
CV (Electric Bus)	Pinnacle Mobility Solutions Private Limited	Battery Electric Four Wheeler (e-Buses)	EKA9 T2 900 35+D HB AC	EKA9 T2 900 35+D HB AC

Source: IFCI Limited and Ministry of Heavy Industries

Note: Selected examples are mentioned as of 20 July 2026.

⁴ Ministry of Heavy Industries

⁵ Ministry of Heavy Industries, January 2024

⁶ IFCI Limited and Ministry of Heavy Industries

● Faster Adoption and Manufacturing of Electric Vehicles (FAME) I and II⁷

The FAME scheme was introduced by the Government of India to accelerate EV adoption and develop the EV ecosystem. FAME I, launched in April 2015 with an outlay of INR 8.95 billion, supported the adoption of hybrid and electric vehicles across multiple segments, including electric 2Ws, 3Ws, PVs, and buses, along with the development of charging infrastructure. FAME II, launched in April 2019 with an initial outlay of INR 100 billion (subsequently increased to INR 115 billion), shifted focus towards high-impact electrification segments, particularly electric 2Ws, 3Ws, and buses, with greater emphasis on public transport electrification and charging infrastructure. The scheme was highly relevant for the CV segment, especially electric buses, and for the broader EV ecosystem, while its direct impact on PVs was relatively limited. FAME II was extended until March 2024 and served as the primary demand-side driver for EV adoption before the introduction of newer schemes.

● PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme⁸

Launched in September 2024, the PM E-DRIVE Scheme aims to accelerate electric mobility adoption and strengthen India's EV manufacturing and charging ecosystem. With an approved outlay of INR 109 billion for two years (FY2024–25 and FY2025–26), the scheme provides support for electric 2Ws, electric 3Ws, electric buses, electric ambulances, and electric trucks, along with incentives for EV charging infrastructure and testing agencies. Its direct impact on PVs is limited, with the primary focus being on segments with higher public mobility and commercial use cases.

● PM-eBus Sewa Scheme⁹

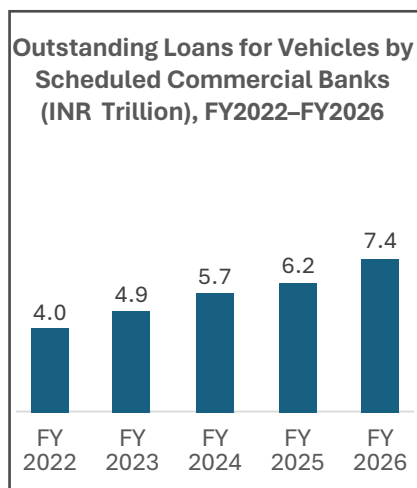
The PM-eBus Sewa Scheme, approved in August 2023,

aims to deploy 10,000 electric buses in cities lacking organised bus services through a Public Private Partnership (PPP) model. With a total outlay of INR 576 billion, including INR 200 billion in Central Government support, the scheme focuses on expanding sustainable urban public transportation. The initiative is directly relevant to the CV segment, particularly electric bus manufacturers, fleet operators, and charging infrastructure providers, by creating a demand for electric buses and supporting the transition towards clean urban mobility.

Stronger Purchasing Power and Financing Accelerate Vehicle Ownership Growth

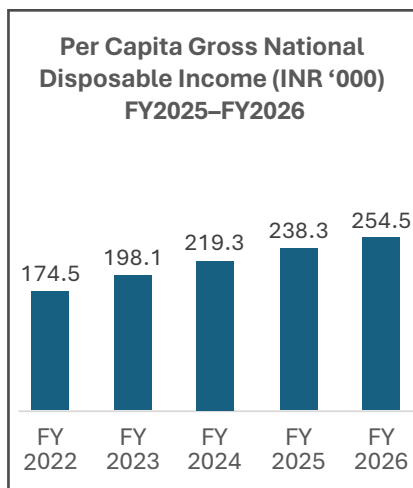
Improving affordability, easier access to financing, and rising household incomes are creating a favourable demand environment for both passenger PVs and commercial CVs in India. The implementation of Goods and Services Tax (GST) 2.0 in September 2025, which eliminated the Compensation Cess on all domestically manufactured PVs (except luxury imported cars), reduced the overall tax burden and lowered on-road vehicle prices. During the same period, the RBI further eased monetary policy by reducing the repo rate by 25 basis points, from 5.50% in October 2025 to 5.25% in December 2025, lowering borrowing costs and vehicle financing EMIs.

Together, these measures seem to have improved vehicle affordability by reducing acquisition and financing costs, while also lowering related ownership expenses such as insurance and maintenance. GST 2.0 also appears to have supported domestic CV demand by stimulating consumption-led freight movement and encouraging fleet expansion by transport operators. These policy measures, coupled with improving economic conditions, are likely to have had a positive impact in FY2026, with PV sales increasing by approximately 8% and CV sales by around 13%.

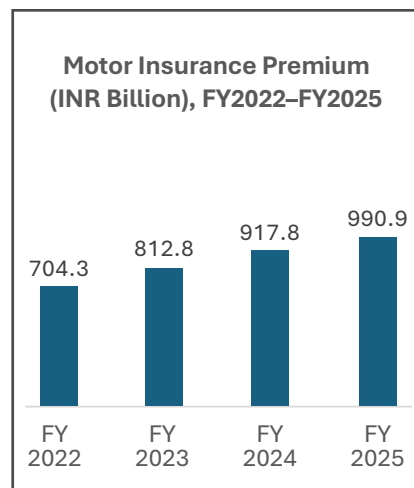


Source: Reserve Bank of India

* Includes all types of vehicles



Source: Ministry of Statistics and Programme Implementation (MOSPI)



Source: Ministry of Statistics and Programme Implementation (MOSPI)

⁷ Ministry of Heavy Industries, March 2026

⁸ Press Information Bureau of India, October 2024

⁹ Ministry of Housing and Urban Affairs, August 2023

The strengthening financial ecosystem continues to reinforce vehicle demand. Outstanding vehicle loans (comprising all types of vehicles) by Scheduled Commercial Banks (SCBs) increased from INR 4.0 trillion in FY2022 to INR 7.4 trillion in FY2026, registering a 16% CAGR, resulting in improved access to vehicle financing¹⁰. In addition, more than 50% of NBFC vehicle financing exposure is concentrated in passenger cars or UVs and CVs, making them important segments for the lending market¹¹. Rising purchasing power is also supporting demand, with per capita Gross National Disposable Income (GNDI) increasing from INR 174.5 thousand in FY2022 to INR 254.5 thousand in FY2026 (10% CAGR)¹².

Vehicle parc, or the total number of vehicles in active use, is a key indicator of the installed vehicle base and a fundamental driver of the PV and CV industry. A growing vehicle parc not only supports replacement demand as vehicles reach the end of their lifecycle but also expands opportunities in vehicle financing, insurance, maintenance, and aftermarket services. As of 23rd July 2026, India's active registered vehicle population exceeded 246 million vehicles, underscoring the strong long-term demand potential across both PV and CV segments¹³.

Total motor insurance premiums increased from INR 704.3 billion in FY2022 to INR 990.9 billion in FY2025, registering a CAGR of 12%¹⁴. Assuming a similar growth rate is maintained, motor insurance premiums are estimated to exceed INR 1 trillion in FY2026, with continued expansion and formalisation of vehicle ownership. Together, these trends are enhancing affordability, strengthening the vehicle ownership ecosystem, and supporting sustained growth across India's PV and CV markets.

Pre-owned Vehicle Market as a Key Automotive Growth Driver

Consumers are increasingly opting for pre-owned cars due to their lower acquisition costs, wider availability of premium models at affordable prices, and growing trust in organised used-car platforms that now offer certified vehicles, financing, warranties, and aftersales support. Unlike earlier, when the pre-owned car market was largely dominated by vehicles that were 8–10 years old, buyers today have access to well-maintained cars that are typically just 2–5 years old, often with complete service histories and remaining manufacturer warranties. Increased Internet and smartphone penetration, coupled with the rapid growth of digital automotive marketplaces, has improved price transparency, vehicle discovery, online transactions, and access to vehicle history reports, making used-car purchases more convenient and reliable.

As a result, according to Crisil Ratings, India's used-car market crossed 6 million units in FY2025–26, with annual sales growing by 8%–10% and the market value reaching around INR 4 trillion, nearly matching the value of the new-car market. For every 10 new PVs sold in India, around 14 pre-owned cars are transacted, a testament to the rapid expansion of the used-car market. The average age of cars entering the used market is expected to decline to 3.7 years, due to faster vehicle replacement cycles¹⁵.

Looking ahead, Redseer Strategy Consultants projects annual used-car transactions to reach 9–10 million by FY2031, positioning India as the world's third-largest pre-owned car market¹⁶. Similarly, the 7th Indian Blue Book, by car&bike (Mahindra First Choice Wheels) and Volkswagen Pre-owned Certified, estimates the market will grow from 5.9 million units in FY2024–25 to 9.5 million units by 2030, registering a 10% CAGR¹⁷. The report also highlights a clear shift towards premiumisation, with SUVs and compact SUVs accounting for over 50% of used-car sales, while average selling prices have increased by 36% over the past four years, supported by strong demand from non-metro markets.

Digital platforms such as Cars24, Spinny, CarTrade, CarDekho, and OLX are transforming the pre-owned vehicle ecosystem. According to a 2023 OLX Mobility Report, OLX's share in the pre-owned car market is projected to increase from 3%–4% in FY2023 to over 12% by FY2028, highlighting the rapid adoption of digital channels and the growing role of organised platforms in used-car sales¹⁸.

Ageing Fleet and Freight Growth Accelerating CV Replacement

Replacement demand is expected to emerge as a key long-term growth driver for India's CV market. According to a report by Yes Securities, around 42% of the MHCV fleet or nearly 2 million vehicles, is currently 8.5–10 years old and is expected to enter the replacement cycle over the coming years¹⁹. Under the Vehicle Scrappage Policy, CVs are required to undergo annual fitness tests after completing 8 years, while vehicles that fail to obtain a fitness certificate after 15 years are de-registered. This encourages the retirement of older and less-efficient vehicles. Rising freight demand will further reinforce replacement needs, with NITI Aayog projecting road freight movement to increase from around 3 trillion tonne-kilometres in 2022 to 9.6 trillion tonne-kilometres by 2050, requiring India's truck fleet to expand from around 4 million to nearly 17 million vehicles²⁰. As fleet operators modernise their fleets, the demand for both new and used CVs is expected to remain strong. Access to finance is expected to further support this transition, with more than 50% of NBFC vehicle financing exposure concentrated in CVs

¹⁰ Reserve Bank of India (RBI)

¹¹ CareEdge

¹² Ministry of Statistics and Programme Implementation (MOSPI)

¹³ Ministry of Road Transport & Highways (MoRTH), Parivahan Analytics and Reporting

¹⁴ Insurance Regulatory and Development Authority

¹⁵ Crisil Ratings, July 2025

¹⁶ AutoPunditz

¹⁷ ET Auto, November 2025

¹⁸ OLX, January 2024

¹⁹ ET Auto, April 2026

²⁰ PRS Legislative Research ("PRS") - Demand for Grants 2026-27 Analysis : Road Transport and Highways

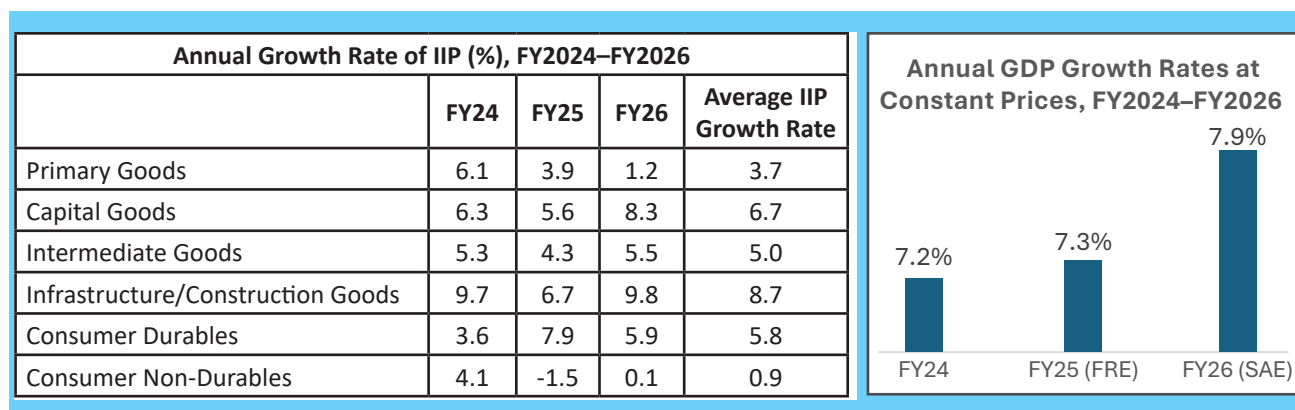
and passenger cars/UVs, facilitating fleet replacement and expansion by transport operators and SMEs.

Vehicle Scrappage Policy Driving Replacement Demand for PVs and CVs

Introduced in March 2021, the Vehicle Scrappage Policy is a long-term initiative aimed at phasing out old, polluting vehicles and promoting cleaner, safer, and more fuel-efficient mobility. Under the policy, CVs are de-registered after 15 years if they fail to obtain a fitness certificate, while private vehicles are de-registered after 20 years if found unfit or if their registration certificate is not renewed²¹. By encouraging the replacement of end-of-life vehicles, the policy is driving demand across both the PV and CV segments. As of December 2025, around 0.394 million vehicles had been scrapped, including 0.165 million government-owned vehicles and 0.239 million private vehicles, providing a significant boost to replacement demand while strengthening India's circular economy through increased recycling and recovery of automotive materials²².

Economic Growth and Industrial Expansion Driving CV Demand

India's robust economic and industrial growth continues to be a key demand driver for the CV segment. The sector has historically exhibited a strong correlation with the country's GDP growth and, more significantly, the Index of Industrial Production (IIP), as higher economic activity translates into greater freight movement and logistics demand. India's real GDP expanded by 7.2% in FY2024, 7.3% in FY2025 and is estimated to grow by 7.9% in FY2026, while infrastructure/construction goods (8.7%) and capital goods (6.7%) recorded the highest average IIP growth during FY2024–FY2026. Large-scale initiatives such as PM Gati Shakti, Bharatmala Pariyojana, and industrial corridor development continue to drive investments in roads, logistics, and manufacturing, increasing the transportation of construction materials, machinery, and finished goods. These trends are expected to sustain the demand for light, medium, and heavy CVs across the logistics and infrastructure value chain.



Source: Ministry of Statistics and Programme Implementation
Note: FRE stands for First Revised Estimates, SAE stands for Second Advanced Estimates

Further, India's manufacturing sector is projected to nearly triple in size to USD 1.5 trillion by 2035, increasing its contribution to GDP from 15% to nearly 20%, according to a Morgan Stanley report²³. The expansion of manufacturing capacity is expected to drive higher movement of raw materials, intermediate goods, and

finished products across industrial and consumption centres. This will boost the demand for CVs, particularly medium and heavy trucks, as logistics, warehousing, and freight transportation requirements increase alongside industrial growth.

“All major global automobile brands are now present in India. Their focus has shifted from merely assembling to exporting vehicles from India to the world.”

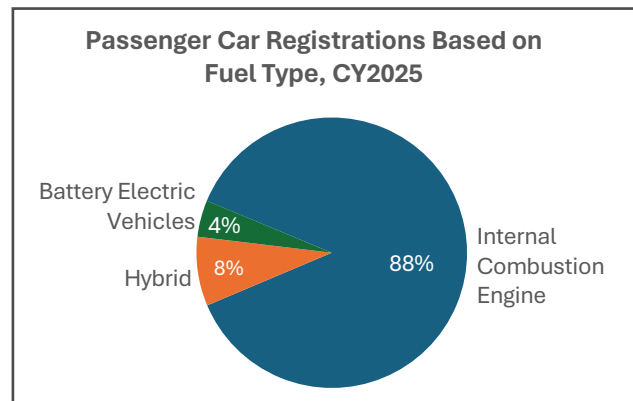
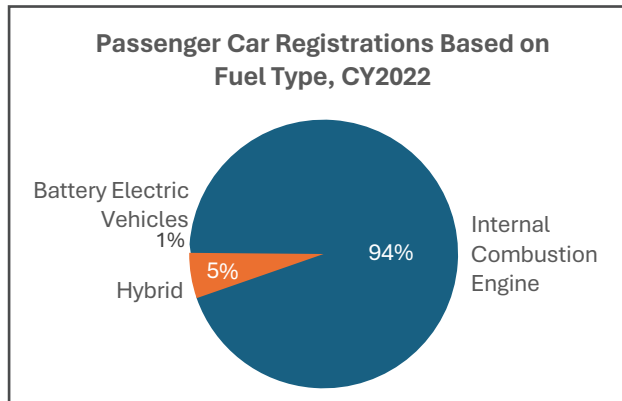
Shri Nitin Gadkari,
Hon'ble Union Minister for Road Transport and Highways

²¹ Ministry of Road Transport & Highways, March 2021

²² Hindustan Times, January 2026

²³ Business Standard, July 2026

Growing BEV Adoption is Accelerating India's PV Market Transformation

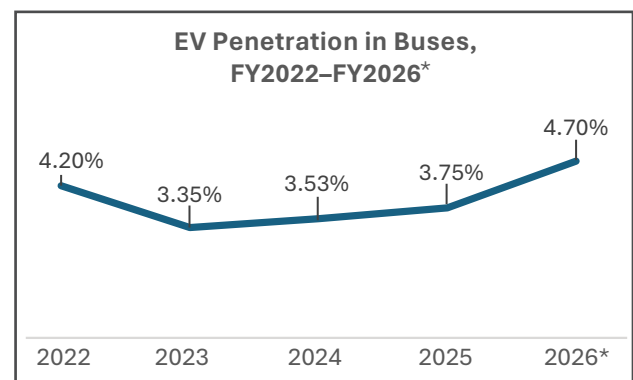
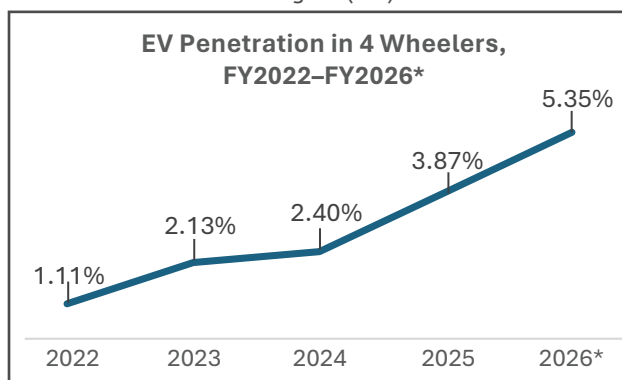


Source: VAHAN Dashboard as on 27 July 2026

Note: Battery Electric Vehicles (BEVs) comprise only vehicles classified as Electric (BOV) and Pure EV, while the Hybrid category includes vehicles such as Diesel/Hybrid, Petrol(E20)/Hybrid, Plug-in Hybrid EV, and Strong Hybrid EV, among other hybrid powertrain variants. This analysis is based on VAHAN registration data published by the Ministry of Road Transport & Highways (MoRTH). VAHAN reflects retail vehicle registrations and may differ from SIAM wholesale sales figures, which represent manufacturer dispatches to dealers.

There is a gradual diversification in powertrain technologies in India's PV market, with BEV and hybrid vehicles steadily gaining share in new registrations. Analysis of VAHAN PV registration data indicates that the share of BEVs increased from 1% in 2022 to 4% in 2025, while that of hybrid vehicles grew from 5% to 8%, reducing the share of Internal Combustion Engine (ICE) vehicles from 94% to

88% over the same period. This trend is corroborated by the Clean Mobility Shift EV Dashboard (based on VAHAN data), which shows that 4W EV penetration (measured as EV registrations as a share of total new vehicle registrations) increased from 1.11% in 2022 to 5.35% in 2026, a nearly fivefold increase, indicating the growing acceptance of electric PVs in India.



Source: Clean Mobility Shift EV Dashboard
*As of 27 July 2026

The increasing adoption of electric PVs has been supported by expanding charging infrastructure, favourable government policies, and a robust pipeline of new product launches. New launches such as the Tata Harrier.ev, Mahindra BE 6, Mahindra XEV 9e, MG Windsor EV, and Hyundai Creta Electric, along with strong hybrid models, including the Maruti Suzuki Grand Vitara, Toyota Urban Cruiser Hyryder,

Toyota Innova HyCross, and Honda City e, have broadened consumer choice across alternative powertrains. Further supporting this transition, the Government of India has set an ambitious target of achieving 30% EV penetration by 2030 across all vehicle segments, encompassing PVs, CVs, 2Ws, and 3Ws, creating a favourable policy environment for continued growth in electric mobility²⁴.

“In the last six years, the share of small cars has been declining. Now, with new GST rates, it is inevitable that what was lost will gradually come back.”

Shri RC Bhargava,
Chairman, Maruti Suzuki India Limited

²⁴ Office of the Principal Scientific Adviser to the Government of India

Global Automakers Deepen Investments, Reinforcing India's PV Growth

Key Initiatives by Leading Global Automakers



Growing investments and product commitments from global automakers are reinforcing India's position as a strategic growth market for PVs. In recent years, several international manufacturers have accelerated their India plans through new investments, production expansion, and product launches. Some initiatives include:

- Vietnam-based VinFast commenced production at its USD 500 million EV plant in Tamil Nadu in 2025 as part of a planned USD 2 billion investment in India²⁵.
- US-based Tesla entered the Indian market in 2025 through imported EVs and retail operations.
- After discontinuing the Duster in 2022, France-based Renault reintroduced the all-new, third-generation model in India in 2026 to strengthen its position in the highly competitive mid-size SUV segment²⁶.
- China-based BYD announced plans to develop an India-specific model to support its global EV and hybrid expansion.
- Germany-based Škoda Auto Volkswagen India expanded domestic manufacturing with the updated Volkswagen Taigun, while announcing four new models for launch over the next year²⁷.
- Germany-based BMW Group is also preparing an expanded product and manufacturing roadmap for India, with plans to introduce 10 new vehicles in 2026 alongside 17 product upgrades.
- Japan-based Nissan is pursuing an aggressive turnaround strategy by expanding its portfolio from one to four models within a year²⁸.

These strategic investments, capacity expansions, and product introductions are a result of the growing confidence among global automakers in India's long-term PV growth potential, supported by rising consumer demand, increasing premiumisation, expanding EV adoption, and India's role as a manufacturing and export hub.

Euro 7-aligned BS-VII Norms to Drive Automotive Technology Transformation

The proposed transition to Bharat Stage VII (BS-VII) emission norms, expected to be notified during FY2026–27 and targeted for nationwide implementation by FY2030–31, is anticipated to be a key growth driver for both the PV and CV segments. The framework is expected to be broadly aligned with Euro 7 standards while being adapted to Indian road conditions and fuel quality. Stricter emission requirements will require OEMs to introduce upgraded vehicle platforms, advanced exhaust after-treatment systems, and enhanced onboard diagnostics, driving the demand for new vehicles and higher-value automotive components. In the CV segment, the transition is expected to coincide with the replacement of ageing fleets, particularly as older vehicles face higher compliance costs and more stringent fitness requirements. For PVs, BS-VII is likely to accelerate the adoption of cleaner and more fuel-efficient technologies while supporting India's long-term decarbonisation and air quality objectives. Industry estimates suggest that BS-VII compliance could increase vehicle manufacturing costs by INR 30,000 to INR 1 lakh per vehicle, depending on the segment and the extent of technological upgrades required²⁹. Higher compliance costs may prompt automakers to discontinue models that are uneconomical to upgrade while accelerating the shift towards cleaner technologies such as strong hybrids and EVs.

²⁵ The Associated Press, August 2025

²⁶ Reuters, January 2026

²⁷ ET Auto, February 2026 and CarLelo, June 2026

²⁸ Manufacturing Today, January 2026 and ET Auto, May 2026

²⁹ Network18 Media & Investments Limited, Moneycontrol, June 2026

Bharat Stage (Implementation)	Key Highlights	Impact on PV Segment	Impact on CV Segment
BS-I (2000)	First nationwide emission norms based on Euro I standards; introduced limits on CO, HC, and NOx emissions	Adoption of catalytic converters and basic engine modifications	Initial emission controls on diesel engines and improved fuel quality
BS-II (2001–2005, phased)	Tighter emission limits and improved fuel quality; introduced first in major cities before nationwide rollout	Wider adoption of electronic fuel injection and improved engine calibration	Better combustion efficiency and lower particulate emissions
BS-III (2005–2010, phased; nationwide by 2010)	Stricter emission standards with lower sulphur fuel (350 ppm)	Advanced engine management systems and improved catalytic converters	Greater use of electronically controlled engines and improved diesel technologies
BS-IV (2010–2017, phased; nationwide from April 2017)	Further reduction in NOx and PM emissions; nationwide availability of 50 ppm sulphur fuel	Enhanced catalytic converters, engine optimisation, and improved fuel efficiency	Increased deployment of Exhaust Gas Recirculation (EGR) and advanced exhaust after-treatment technologies
BS-VI (April 2020)	India skipped BS-V and transitioned directly to BS-VI; introduced 10 ppm sulphur fuel, DPF, SCR, OBD, and advanced emission control technologies	Significant technology upgrades, lower emissions, improved fuel efficiency, and increased use of turbocharging and Gasoline Particulate Filters (GPF)	Major shift to Diesel Particulate Filter (DPF), Selective Catalytic Reduction (SCR), and AdBlue systems, resulting in cleaner and more technologically advanced vehicles
BS-VI Phase II (April 2023)	Introduction of Real Driving Emissions (RDE) and On-board Diagnostics-II (OBD-II) norms, requiring compliance under real-world driving conditions	Engine recalibration, enhanced emission monitoring, and increased hybrid adoption	Improved real-world emission performance, durability, and engine calibration
BS-VII (Proposed; notification expected in FY2026–27, rollout targeted by FY2030-31)	Expected to be broadly aligned with Euro 7 standards, introducing stricter emission limits, enhanced OBD and durability requirements; metro cities may adopt the norms ahead of nationwide implementation	Expected to accelerate adoption of cleaner ICEs, hybrids, and advanced emission technologies, while stimulating vehicle replacement and innovation	Expected to drive replacement of ageing fleets, adoption of next-generation after-treatment systems, and lower lifecycle emissions, particularly in the MHCV segment

Safety Regulations Accelerating ADAS Adoption Across Vehicle Segments

The increasing adoption of Advanced Driver Assistance Systems (ADAS) is emerging as a key technology and safety driver for both India's PV and CV markets. According to JATO Dynamics, ADAS penetration in PVs increased from 6.2% in H1 2024 to 8.3% in H1 2025, reflecting the growing adoption of Level 2 ADAS, which enables vehicles to simultaneously assist with steering, acceleration, and braking under certain driving conditions while requiring the driver to remain attentive and ready to take control at all times³⁰.

³⁰ JATO Dynamics

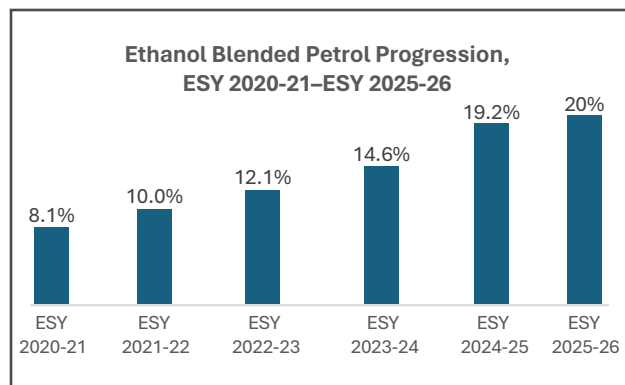
On the regulatory front, ADAS adoption is expected to grow with the proposed mandatory implementation of Automatic Emergency Braking (AEB), Lane Departure Warning Systems (LDWS), and Driver Drowsiness Warning (DDW) for:

- M2 and M3 passenger buses (vehicles with more than eight seats)
- N2 and N3 commercial goods vehicles (medium- and heavy-duty trucks)
- M1 PVs (cars and SUVs with up to eight seats)

The rollout of the Bharat New Car Assessment Program (NCAP) 2.0 is expected to further encourage OEMs to equip vehicles with advanced safety technologies³¹. In addition, the removal of spectrum licensing requirements for automotive radar and Vehicle-to-everything (V2X) communication systems is expected to reduce deployment

costs and facilitate faster adoption of globally developed ADAS technologies in India³². Collectively, these technological and regulatory developments are expected to improve vehicle safety, support premiumisation in PVs, and accelerate the adoption of advanced safety systems across CV fleets.

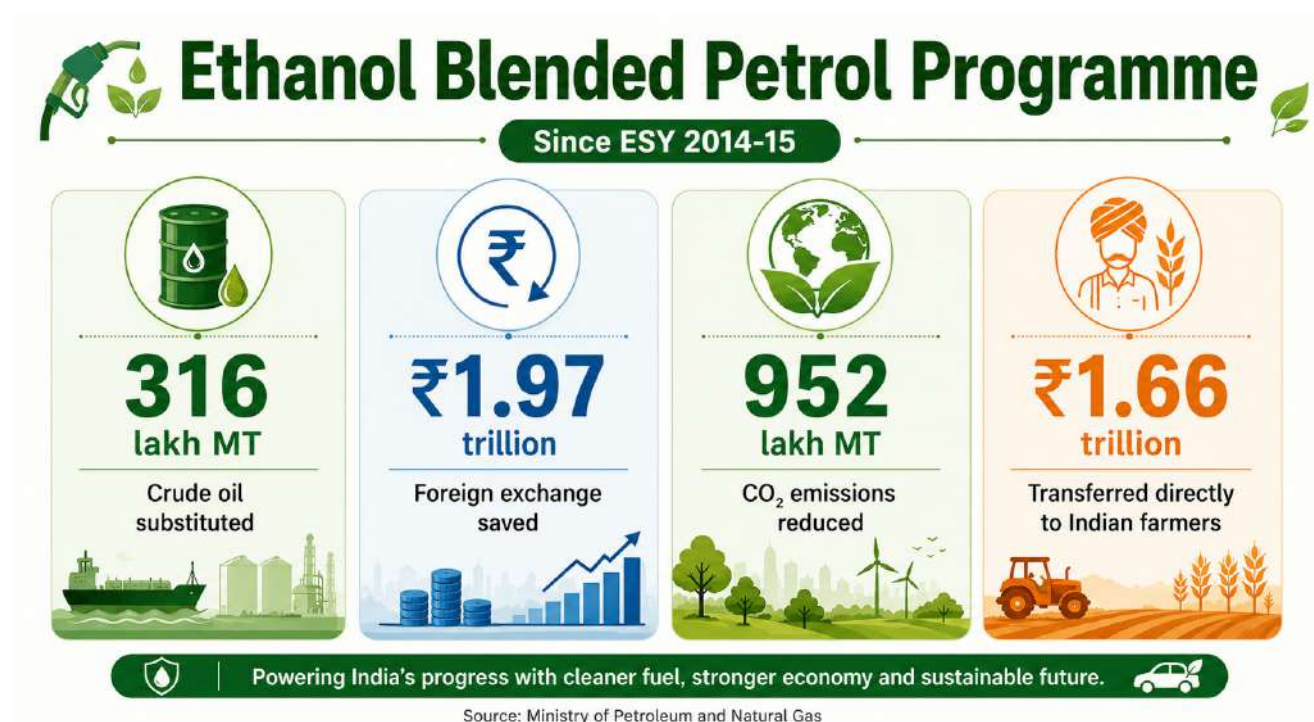
Ethanol Blending Driving Cleaner Fuels and Automotive Transformation



Source: Ministry of Petroleum & Natural Gas
Note: ESY period stands for 1 December to 30 November of respective years.

India launched the Ethanol Blended Petrol (EBP) Programme in 2003 to reduce dependence on imported crude oil, strengthen energy security, and support the domestic agricultural economy. The programme has emerged as an important policy and technology driver for the automotive industry, with its impact expected to be significantly higher for the PV segment than for the CV segment, given the higher penetration of petrol-powered vehicles. It has accelerated the development and adoption

of E20-compatible vehicles while supporting investments across the automotive value chain. India achieved its 20% ethanol blending (E20) target in 2025, five years ahead of the original 2030 target, helping reduce crude oil imports and foreign exchange outflows, providing an additional source of income for sugarcane and maize farmers, enhancing fuel price stability by insulating a portion of petrol from international crude oil price volatility, and strengthening national energy security.



³¹ Acko Drive 2026

³² Greynium Information Technologies Pvt. Ltd, Drive Spark, June 2026

At the same time, certain challenges remain, including a 3%–5% reduction in fuel economy in vehicles designed only for E10 fuel and concerns regarding the compatibility of some older vehicles with E20³³. Recently, Road Transport Minister Shri Nitin Gadkari admitted that the BS-III vehicles manufactured between 2005 and 2016 may require replacement of some rubber parts and gaskets when run on E20 petrol, while adding that studies have found no major impact of the blended fuel on overall vehicle performance³⁴.

While the Bureau of Indian Standards (BIS) has notified fuel specifications for E22, E25, E27, and E30 to enable higher ethanol blends in the future, these standards do not mandate a nationwide rollout³⁵. Furthermore, the Government clarified in July 2026 that no decision has been taken to increase ethanol blending beyond 20%, and any future increase in ethanol blending will be considered only after detailed scientific and technical studies and

consultations with all relevant stakeholders³⁶.

Although ethanol currently costs more to procure than petrol when crude oil prices are around USD 70 per barrel, its value lies in reducing India's dependence on imported crude rather than lowering fuel prices³⁷. Nearly 20% of every litre of petrol sold in India now comprises domestically produced ethanol, procured at relatively stable prices that are insulated from global crude oil volatility³⁸. This has helped cushion consumers from fluctuations caused by geopolitical events, supply disruptions, and international oil price spikes. As global crude prices rise, ethanol also becomes increasingly cost-competitive, further strengthening its economic rationale. As a result, India has witnessed one of the lowest increases in retail fuel prices among major economies and neighbouring countries since the onset of the West Asia crisis, bringing to the fore the role of ethanol blending in enhancing energy security and price stability.

Petrol (INR per Litre)			
Country	Mar-2026	Jun-2026	(% change)
Pakistan	86.85	130.61	50.39
Sri-Lanka	86.79	125.81	44.96
Nepal	99.28	136.89	37.88
Bangladesh	87.08	109.62	25.88
India (Delhi)	94.77	102.12	7.76

Source: Ministry of Petroleum & Natural Gas



Challenges

Major Challenges	Impact		
	1–2 years	3–5 years	6–10 years
West Asia conflict impact			
● Export dependence on West Asia varies across automakers	High	Medium	Medium
● Disruption in automotive supply chains and rising costs	High	Medium	Medium
Stricter emission norms accelerate automotive decarbonisation challenges	High	High	High
Increasing vehicle technology complexity raises engineering and compliance challenges	High	High	High
Raw material volatility acts as a major disrupter for automotive supply chain stability	High	High	High

West Asia Conflict Impact

- Export Dependence on West Asia Varies Across Automakers

West Asia is a key export destination for India's PV industry, accounting for around 25% of the country's

USD 8.8 billion vehicle exports in 2025. Saudi Arabia remains the largest market in the region, making it strategically important for Indian OEMs. However, the degree of exposure varies significantly across manufacturers, resulting in differing levels of concentration risk arising from geopolitical or economic disruptions in the region.

³³ Cable News Network LP, LLLP, News18, July 2026

³⁴ Times of India, July 2026

³⁵ DD News, May 2026

³⁶ News on Air, July 2026

³⁷ Ministry of Petroleum & Natural Gas, July 2026

³⁸ PIB <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2283118®=3&lang=1>

OEM / Description	Risk Level
Hyundai Motor India: Approximately 50% (around USD 0.9 billion) of Hyundai Motor India's USD 1.8 billion vehicle exports from India in 2025 were destined for Gulf countries, making it the most exposed OEM to the region.	High
Toyota Kirloskar Motor: A high concentration of around 66% of exports from India (over USD 300 million of USD 470 million) was destined for the Middle East.	High
Nissan Motor India: Around 38% of exports from India (USD 318 million) was shipped to the Gulf/Middle East in 2025, making it a meaningful but more diversified export base.	Moderate
Maruti Suzuki India: Less than 15% of exports by value (USD 457 million of USD 3.2 billion) was destined for the Gulf region, resulting in a relatively limited dependence on West Asia.	Low

Source: Reuters

● Disruption in Automotive Supply Chains and Rising Costs

Geopolitical tensions in West Asia have emerged as a significant risk to the automotive industry by disrupting supply chains and increasing input and logistics costs. In March 2026, India's automotive industry faced the risk of production slowdowns as the Iran conflict disrupted industrial gas supplies used by automotive component manufacturers. The situation intensified in July 2026, when war-risk insurance premiums surged by up to 1,000% amid disruptions across the Strait of Hormuz and the Red Sea, significantly increasing shipping costs³⁹. At the same time, renewed escalation in the conflict drove global crude oil prices up by more than 25% in July 2026, increasing the cost of fuel, petrochemical-based raw materials, and transportation⁴⁰. As a result, PV prices are expected to rise by up to 6%–8% if geopolitical tensions persist, highlighting the sector's vulnerability to global supply chain disruptions and rising input costs⁴¹. For example, in July 2026, Maruti Suzuki India announced PV price increases of up to INR 30,000 from August 2026, marking its second price hike in two months, with the exact increase varying across models⁴².

Stricter Emission Norms Accelerate Automotive Decarbonisation Challenges

Decarbonisation has emerged as a significant challenge for the automotive industry as manufacturers try to balance the need to reduce vehicle lifecycle emissions with increasingly stringent environmental regulations. A typical passenger car in India emits 0.13–0.20 kg of CO₂ per kilometre, translating to approximately 1.3–2.0 tonnes of tailpipe CO₂ emissions annually for a vehicle driven 10,000 km, while manufacturing a conventional passenger car itself generates around 5.6–7.0 tonnes of CO₂ equivalent⁴³. Although EVs eliminate tailpipe emissions, battery production carries a higher upfront carbon footprint and requires significant investments in new technologies and supply chains. India regulates vehicle emissions through Bharat Stage (BS) emission norms, which prescribe pollutant limits for individual vehicles, and Corporate Average Fuel Efficiency (CAFE) standards,

which establish fleet-level fuel efficiency and CO₂ targets for manufacturers. As emission standards continue to tighten, OEMs face mounting pressure to invest in cleaner powertrains, improve fuel efficiency, and reduce lifecycle emissions while ensuring compliance without significantly increasing vehicle costs or compromising affordability.

Increasing Vehicle Technology Complexity Raises Engineering and Compliance Challenges

Rapid advancements in vehicle technology are significantly increasing product development complexity and engineering requirements across both PVs and CVs. Manufacturers are integrating advanced safety systems, connected vehicle technologies, software-defined architectures, and electrified powertrains to meet evolving consumer expectations and regulatory requirements. Reflecting this trend, ADAS penetration in India increased from 6.2% in H1 2024 to 8.3% in H1 2025, driven by rising adoption of advanced driver assistance features and upcoming safety regulations⁴⁴. The growing use of electronics, sensors, software, and intelligent vehicle systems is increasing R&D expenditure, validation and testing requirements, cybersecurity risks, and bill-of-materials costs. Further, the implementation of BS-VI Phase II and CAFE Phase II norms has increased investments in advanced emission-control systems, lightweight materials, and fuel-efficient technologies, while the proposed BS-VII standards are expected to raise vehicle manufacturing costs by an estimated INR 30,000–INR 1 lakh per vehicle, depending on the vehicle category⁴⁵.

Raw Material Volatility Acts as a Major Disrupter for Automotive Supply Chain Stability

Raw material price volatility and supply chain disruptions continue to pose significant challenges for automotive manufacturers, affecting production costs, profitability and delivery schedules. Steel, which accounts for approximately 55%–60% of a vehicle's weight, is one of the largest cost components in vehicle manufacturing, making OEMs highly sensitive to fluctuations in steel prices⁴⁶. For example, India's average domestic Hot Rolled

³⁹ Economic Times, July 2026

⁴⁰ Reuters, July 2026

⁴¹ Economic Times, July 2026

⁴² The Hindu, July 2026

⁴³ Meta Materials Circular Markets, May 2026

⁴⁴ JATO Dynamics

⁴⁵ Network18 Media & Investments Limited, Moneycontrol, June 2026

⁴⁶ POSCO Holdings Inc, POSCO Group Newsroom

Coil (HRC) prices increased by nearly 69% between FY2020 and FY2022 before declining by around 16% between FY2023 and FY2025. Such significant volatility in steel prices leaves the automotive industry exposed to raw material cost fluctuations⁴⁷. Another example is China's 2025 export restrictions on critical minerals and rare earth materials, which are essential for electric motors, batteries, and other automotive components.

According to the International Energy Agency (IEA), the full implementation of these restrictions could put an estimated USD 6.5 trillion of annual downstream production outside China at risk across the automotive, high-tech, defence, and energy sectors⁴⁸. These challenges are prompting OEMs to strengthen localisation, diversify supplier networks and improve supply chain resilience.

Key Initiatives by Major Players

Company	Brief Description
Passenger Vehicles	
BMW India Private Limited	Product expansion and upgrades: In 2026, the parent company, BMW Group, announced an expanded product and manufacturing roadmap for India, with plans to introduce 10 new vehicles alongside 17 product upgrades.
Honda Cars India Limited	Entering the highly competitive sub-4 metre SUV segment: The company plans to launch six new models in FY2027, while also preparing to enter the highly competitive sub-4 metre SUV segment by 2028 to strengthen its market position.
Hyundai Motor India Limited	INR 75 billion capex: In May 2026, it announced a capital expenditure of INR 75 billion for FY2027, with investments directed towards capacity expansion at its Chennai and Pune manufacturing facilities, while also confirming the launch of two new models, including a mass-market electric SUV, during the year.
JSW MG Motor India Private Limited	Capex of INR 14 billion for FY2027: In July 2026, it announced an investment of INR 14 billion in FY2027 as part of its INR 40 billion near-term capital expenditure plan to increase localisation, launch four new vehicles, and complete the first phase of its Halol plant expansion, increasing annual production capacity from 120,000 to 160,000 units by March 2027.
Kia India Private Limited	Roadmap for end of this decade: By 2030, the company aims to achieve annual sales of 410,000 units by expanding its portfolio to 10 models, including eight EVs, such as the Syros EV, Sorento Hybrid, and Carnival Hybrid, while increasing its retail network to 800 outlets across India.
Mahindra & Mahindra Limited	Greenfield expansion of integrated automobile and tractor manufacturing: In February 2026 it announced an investment of INR 150 billion over the next decade to establish its largest integrated automobile and tractor manufacturing facility near Nagpur, Maharashtra, with production expected to commence in 2028 and an annual capacity of over 500,000 vehicles and 100,000 tractors.
Maruti Suzuki India Limited	Highest ever capex of INR 140 billion: In April 2026, it announced its highest-ever annual capital expenditure of INR 140 billion for FY2027, to be invested in new plants, capacity expansion, future product development, continued investments at its Kharkhoda facility in Haryana, and the establishment of a new manufacturing plant in Gujarat.
Nissan Motor India Private Limited	Product expansion: In May 2026, Nissan announced an aggressive expansion strategy for India, with plans to grow its portfolio from one to four models within a year to strengthen its presence in the PV market.
Renault India Private Limited	Unveiling the new Renault Duster: In January 2026, Renault India unveiled the new Renault Duster, marking the return of one of the country's pioneering midsize SUVs to strengthen its presence in the Indian PV market.
Škoda Auto Volkswagen India Private Limited	Production of compact SUVs: In April 2026, it started producing the updated Volkswagen Taigun at its Pune manufacturing facility, to serve both the domestic and export markets.

⁴⁷ Ministry of Steel, December 2025

⁴⁸ International Energy Agency, Global Critical Minerals Outlook 2026

Tata Motors Passenger Vehicles Limited	Aggressive Strategies for FY2031: By FY2031, it plans to invest up to INR 400 billion to expand production capacity, aims to nearly double annual vehicle sales, increase its portfolio from nine to fifteen nameplates through the launch of six new models, and achieve 30% EV penetration with a portfolio of 10 EVs.
Toyota Kirloskar Motor Private Limited	Greenfield expansion in Maharashtra: In May 2026, it announced it will set up a new manufacturing plant in Maharashtra at an investment of around USD 1.9 billion. Production will start in the first half of 2029 with a production capacity of 100,000 vehicles per year.
VinFast Auto India Private Limited	USD 2 billion investment: In 2025, Vietnam-based VinFast commenced production at its USD 500 million EV manufacturing facility in Tamil Nadu, as part of its planned USD 2 billion investment to establish a strong manufacturing presence in India and support its expansion across Asia.
Commercial Vehicles	
Ashok Leyland Limited	Sales and service expansion in Western India: In February 2026, Ashok Leyland announced plans to expand its Western India network by adding 30 new touchpoints over the next year, strengthening its light CV sales and service presence and improving service accessibility from every 35 km to every 25 km. Export focus: The company aims to increase its exports from around 18,000 units in FY2026 to 25,000 units in the medium term, supported by organic expansion, local assembly operations in key international markets, and selective strategic partnerships.
Daimler India Commercial Vehicles Private Limited	New product launches: In 2025, Daimler India Commercial Vehicles (BharatBenz) expanded its CV portfolio by launching the all-new BharatBenz HX and Torqshift heavy-duty construction and mining truck range. It introduced the BB1924 19.5-tonne intercity bus chassis, designed to offer higher capacity, improved efficiency, and enhanced safety for the long-distance passenger transport market.
Force Motors Limited	INR 20 billion investment: In November 2025, the company announced a INR 20 billion investment plan over the next three years to expand production capacity, strengthen its global presence and defence portfolio, enhance its value chain, accelerate digitalisation, upgrade sales infrastructure, and support its EV strategy.
Mahindra & Mahindra Limited – Truck and Bus Division	Acquisition of a controlling stake in SML Isuzu: In April 2025, Mahindra & Mahindra announced the acquisition of a 58.96% controlling stake in SML Isuzu Ltd. for INR 5.5 billion to strengthen its presence in the over 3.5-tonne CV segment; the transaction was completed in August 2025, following which SML Isuzu Ltd was renamed SML Mahindra Limited.
Tata Motors Limited – Commercial Vehicles Business	Acquisition of Italy-based Iveco Group's CV business: In July 2025, Tata Motors announced the EUR 3.8 billion acquisition of Italy-based Iveco Group's CV business (excluding its defence business), with the transaction expected to be completed in Q2 FY2027, subject to the remaining regulatory approvals; upon completion, the combined entity is expected to become the world's fourth-largest manufacturer in the over 6-tonne CV segment, with an initial annual volume of around 600,000 vehicles and the potential to exceed 1 million vehicles in the coming years. EV focus for growth: In June 2026, the company announced that it had secured over 3,400 electric CV (eCV) orders for around 2,000 SCVs and pick-ups, 900 trucks, and 500 buses, highlighting the growing adoption of electric mobility in India's freight and passenger transport sectors.
VE Commercial Vehicles Limited	Component Strategy Over Trucks: In October 2025, VE Commercial Vehicles (VECV), a joint venture between the Volvo Group and Eicher Motors, announced INR 5.4 billion investment to localise production of Volvo Group's 12-speed Automated Manual Transmission (AMT) under a technology licensing arrangement, strengthening India's role as a global drivetrain manufacturing hub rather than expanding truck assembly capacity.

Note: Selected latest initiatives available in the public domain have been considered for selected major players. The initiatives are arranged in company-wise alphabetical order.

Source: Company press releases, news sources

Outlook

Policy support and investments drive sustained automotive industry growth

India's PV and CV industry is poised for sustained long-term growth, supported by rising domestic demand, expanding manufacturing capabilities, favourable government policies, and increasing export opportunities. Having become the world's third-largest automobile market in 2025, India is targeting the top position within the next five years while strengthening its position as a global automotive manufacturing hub⁴⁹. The upcoming Automotive Mission Plan 2047 (AMP 2047) envisages increasing total vehicle production from approximately 34.71 million units in FY2026 (comprising two-wheelers, three-wheelers, PVs, CVs, and quadricycles) to 50 million by 2030 and 200 million by 2047, creating significant opportunities across the automotive value chain⁵⁰. Product innovation is expected to remain robust, with around 46 new PV launches planned in 2026 according to the online car portal CarDekho. Separately, the government's

roadmap to double PV exports by 2030 is expected to increase exports to nearly 30% of domestic PV production, with the share projected to rise further to around 40% by 2047⁵¹.

As per Rubix's research, leading players, namely Maruti Suzuki India Limited, Hyundai Motor India Limited, Mahindra & Mahindra Limited, Tata Motors Passenger Vehicles Limited, Toyota Kirloskar Motor Private Limited, JSW MG Motor India Private Limited, and Force Motors, have collectively announced investments of approximately INR 987 billion over the near-to-medium term to expand manufacturing capacity, introduce new products, and accelerate technology adoption. Electrification is expected to be a defining thread henceforth. Backed by domestic demand, sustained investments, localisation, technological advancements, and a supportive policy framework, India's PV and CV industry is well positioned to emerge as one of the world's most competitive, innovative, and export-oriented automotive ecosystems.

⁴⁹ News on Air, September 2025

⁵⁰ India Brand Equity Foundation

⁵¹ India Brand Equity Foundation

ABOUT RUBIX

Rubix Data Sciences Pvt. Ltd. helps you to take prudent credit risks, build a robust supply chain and monitor compliance for your business partners in India and around the world. Rubix helps you collect payments in time from your debtors, helping generate predictable cash flows.

Set up by highly experienced Risk Professionals, the company has been recognised at the IMC Digital Technology Awards in 2020 for the Rubix ARMS™ platform, and in 2021 for the Rubix Early Warning System (EWS). Rubix has also received the prestigious ET BFSI Exceller Award three times in a row: in 2023 for its ground-breaking analytics initiative, 'SME Income Range Estimation and Financial Ratio Benchmarking'; in 2024 for the Rubix Risk Scoring Model, and in 2025 for Rubix Nexus Check.

Rubix has been appointed as India's first Validation Agent for the Legal Entity Identifier (LEI) by Legal Entity Identifier India Ltd, the Local Operating Unit accredited by the Global Legal Entity Identifier Foundation (GLEIF), Switzerland.

The Rubix ARMS™ and Early Warning System (EWS) platforms and their suite of reports, products and services are based on Rubix's extensive database of structured and unstructured data aggregated from over 120+ sources, customised predictive analytics and proprietary technology.

Corporate Office:

D - 424, Neelkanth Business Park, Vidyavihar (West), Mumbai - 400086, India

Ahmedabad | Bengaluru | Bhopal | Bhubaneswar | Chandigarh | Chennai | Delhi NCR | Hyderabad | Indore | Jaipur | Kanpur | Kolkata | Lucknow | Nagpur | Patna | Pune | Raipur | Rajkot | Ranchi | Surat | Thiruvananthapuram | Vadodara | Visakhapatnam

follow us



© 2026 Rubix Data Sciences Private Limited. All rights reserved.

[Privacy Policy](#) | [Disclaimer](#)

The Rubix Industry Insights Team

INDUSTRY DATA & ANALYTICS

Rubix Data Sciences

RESEARCH

Yogesh Jambhale

EDITOR

Lakshmi Subramanian

DESIGN

Chandan Naik

BUSINESS DEVELOPMENT

Tushar Bhaskar

tushar.bhaskar@rubixds.com

+91-9999064524

CUSTOMER SERVICE

info@rubixds.com

+91-22-49744274

MARKETING & MEDIA QUERIES

Rahul Chopadekar

rahul.chopadekar@rubixds.com

+91-9819735111

If you'd like to learn more about Rubix's Solutions, please visit www.rubixds.com or contact us via info@rubixds.com