



# India Automotive Market Overview & Protocols

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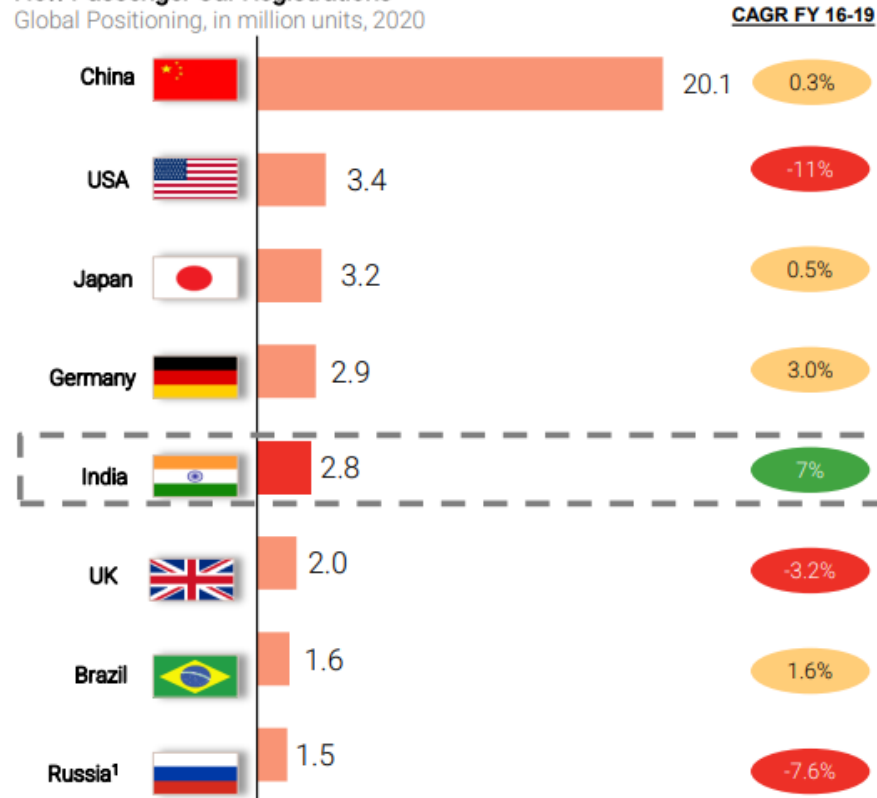
# India is the 5th largest car market in the world, which is expected to grow at ~11% CAGR for next 5 years

India is positioned well among other developed markets with ~2.8 Mn passenger car registrations in 2020...

...While FY20 and FY21 saw decline in new passenger car registrations due to COVID, the healthy growth at CAGR of ~11% is expected in future

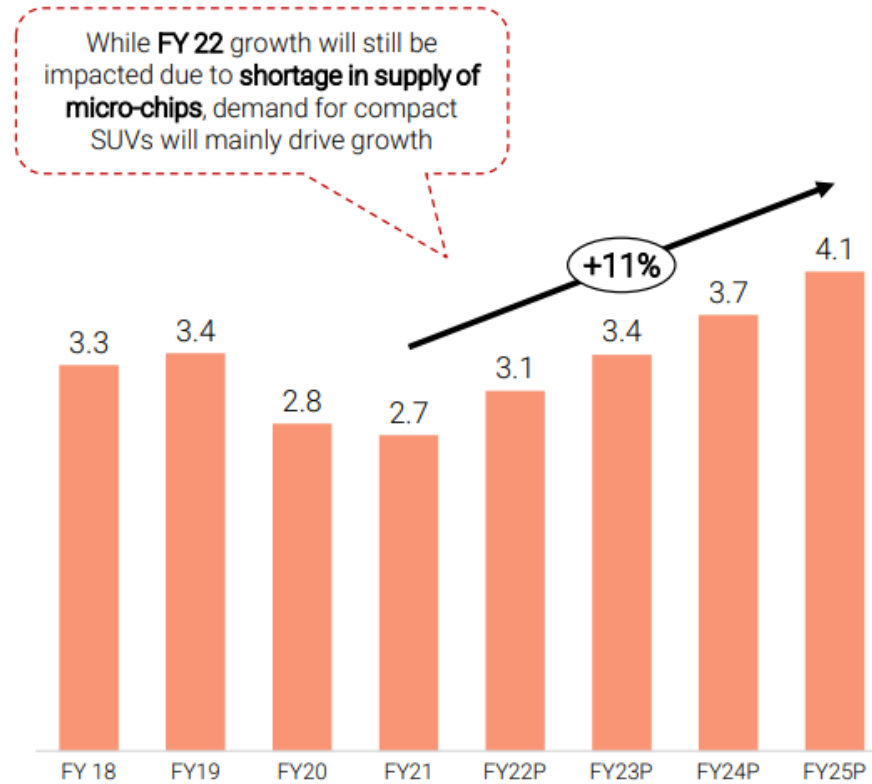
## New Passenger Car Registrations

Global Positioning, in million units, 2020



## Passenger Vehicle sales forecast India

In Mn units from FY18 to FY25



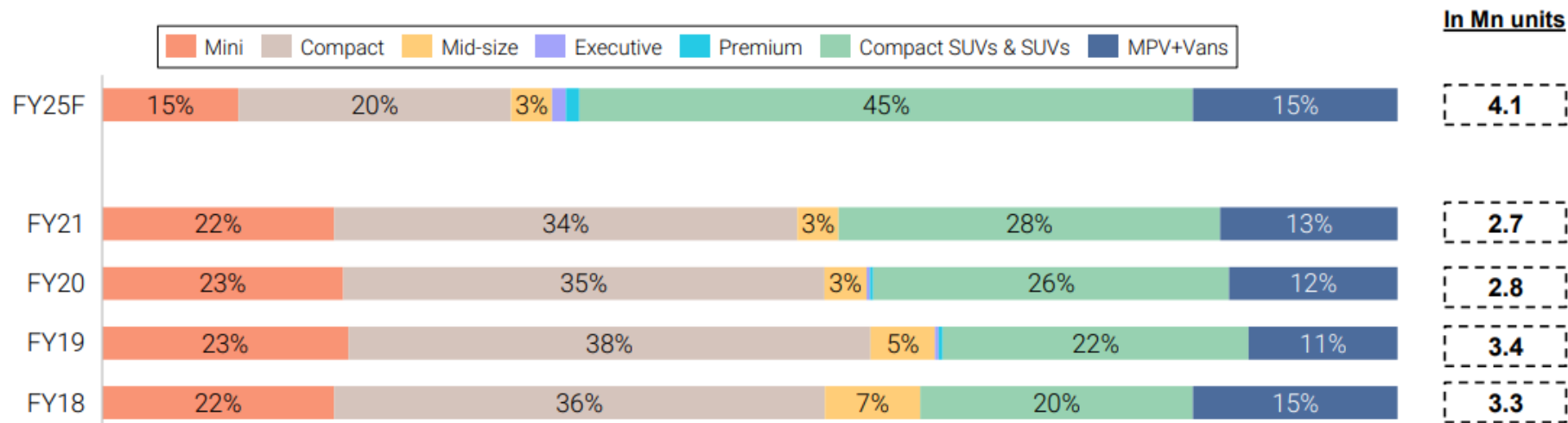
Note(s): 1). For Russia CAGR is for the period 2014 – 2019; 2). FY stands for the financial year and in India is accounted from April to March.

Source(s): International Organization of Motor Vehicle Manufacturers (OICA), Society of Indian Automobile Manufacturers (SIAM), RedSeer Analysis, Expert Interaction

# India has been a small car market which is currently witnessing a shift towards SUVs, a vehicle segment expected to account for ~45% of cars sold in by 2025

## Yearly car sales in India in Mn units

By segments, FY18 – FY20 & Forecast of FY25



**Mini Cars**  
E.g. Alto, Wagon R, Celerio, Tiago



**Compact Cars**  
E.g. Maruti Swift, Honda Amaze



**Mid size**  
E.g. Ciaz, City, Rapid



**Executive**  
E.g. Corolla, Octavia



**Premium**  
E.g. Superb, Passat, BMW, Audi



**Compact SUVs & SUVs**  
E.g. Renault Kiger, Kia, Creta, TATA Nexon



**MPV + Vans**  
E.g. Ertiga, Innova, Omni

**Definitions**

Entry hatchbacks with length of 3.5 - 3.7 m and a price of less than INR 4 Lakhs	Hatchbacks with length of >3.7 m priced at > INR 4 Lakhs and entry level sedans with length <4.5 m and priced at < INR 9 Lakhs	Sedans with a length > 4.5 m and a starting price > INR 9 Lakhs.	Sedans with a length > 4.5 m and a starting price INR 15 Lakhs.	Premium and Luxury Sedans with length of more than 4.5 m and a price greater than INR 25 Lakhs	All types of UVs which includes SUVs of length <4 m and >4 m, 5-seater, 7-seater and UVs of all price range.	All Vans, typically 5-8-seater and all MPVs which can seat 7 people and has a length of more than 4 m
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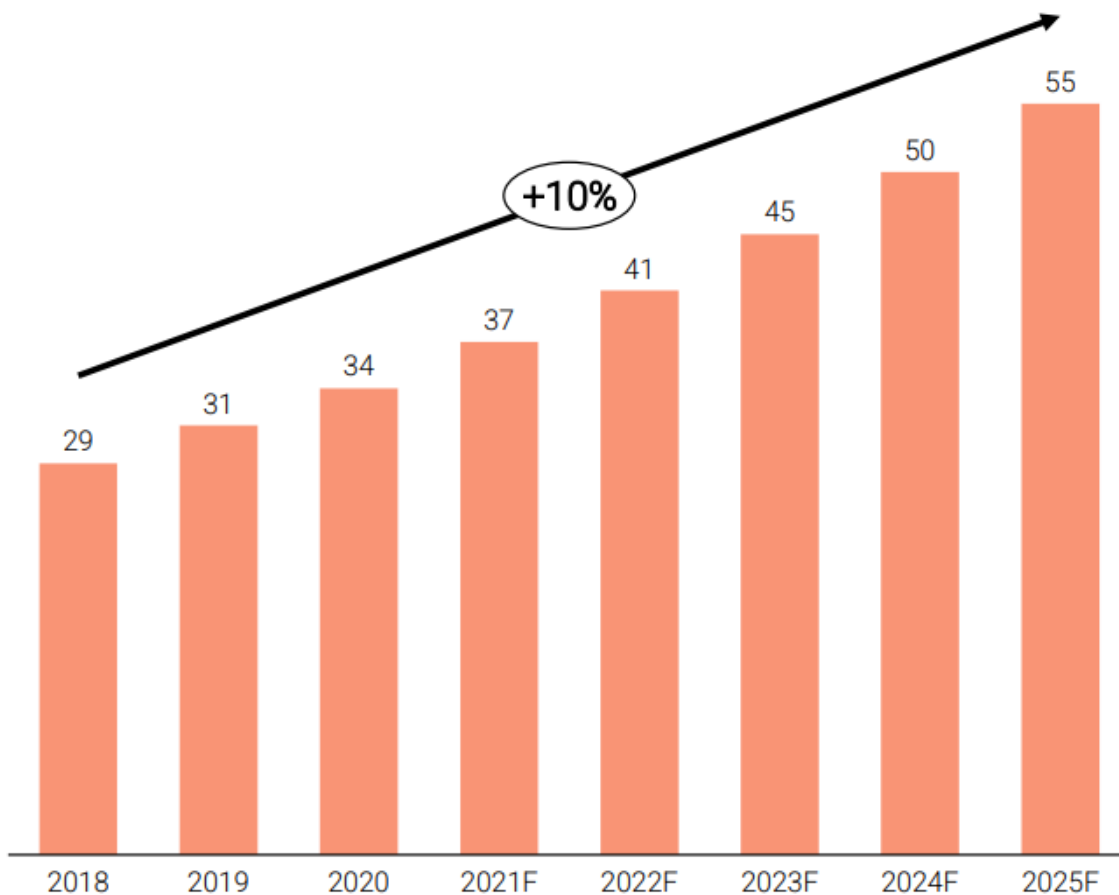
Note(s) : By 2025, UVs will have 50% of the market share consisting of Uvs +MPVs; Sedans will have 15% market share and the rest will be hatchbacks

Source(s): Secondary Research, RedSeer Analysis, Experts Inputs

~34 Mn passenger vehicles are on India roads currently, of which ~70% are 3+ years old (and out of OEM warranty), leading to massive opportunity for aftermarket spare parts

### Vehicle car parc in India

In Mn, 2018-2025



### Key Highlights

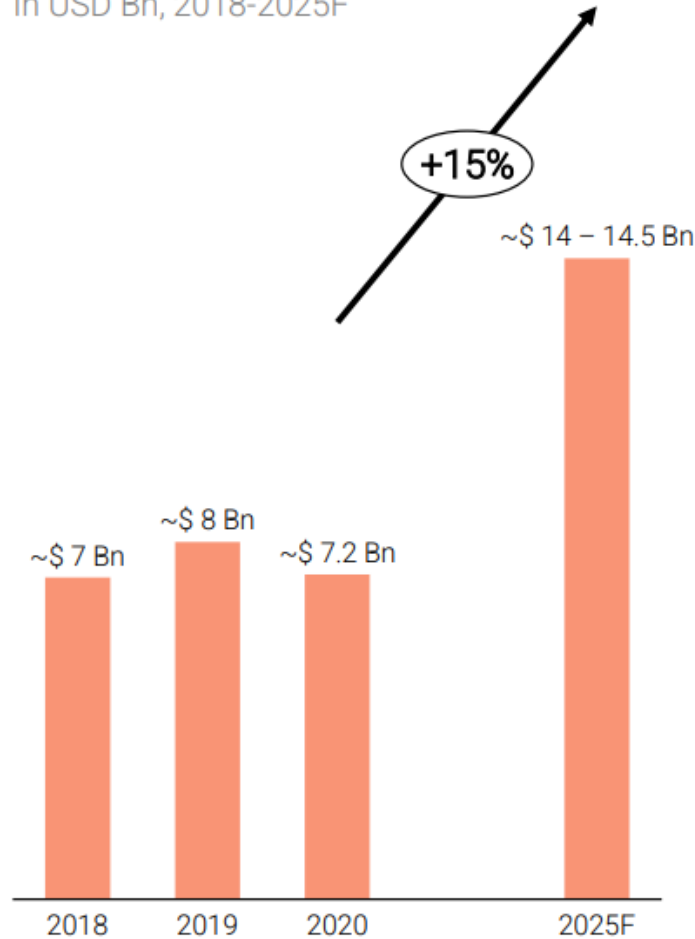
~70% of the vehicle on road (car parc) are more than 3 years old and out of warranty, driving growing opportunity for aftermarket spares

Cars greater than 3 years old, provide aftermarket opportunity for the replacement of spares with regards to wear and tear

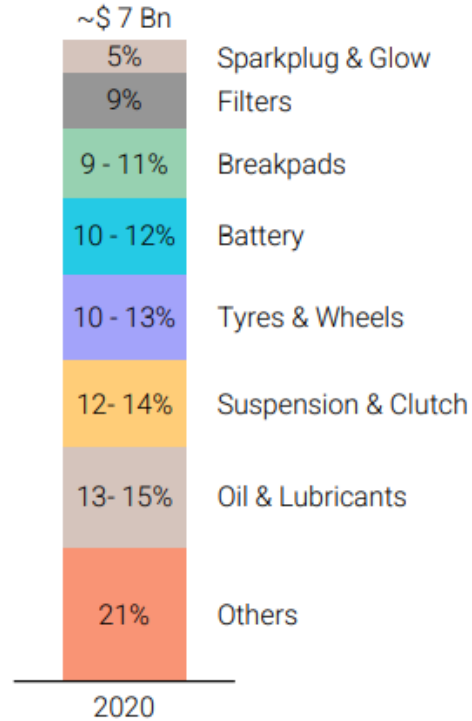
Compact SUVs are the fastest growing passenger vehicle segment in the market and aftermarket replacement of spares provide for a higher margin for compact SUVs

# India vehicle after-market spare parts market is large and is expected to double in next 5 years.

Aftermarket spare parts market in India  
In USD Bn, 2018-2025F



Aftermarket spare parts market – By type  
In 2020, By %



## Key Drivers of Growth

Large volume of on-road cars (~34 million) in 2020 and growing market for compact SUVs will lead to increase in spending on spare part

### Repair-led market, driving higher spend on spares

Average distance travelled by cars in India is increasing leading to increase in wear & tear and frequent spare part replacement

### Modern day vehicles increasingly require high quality and premium spare parts

High end models of passenger vehicles use advanced electronic spare parts. The replacement of the same requires technical know-how and are costlier along with a higher labor cost

# Protocols

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ENVIRONMENTAL	SAFETY	DIGITAL	CUSTOMS
FAME (Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India)	Updated safety standards to match those of international level	National Electric Mobility Mission	Custom Duties increased to protect local manufacturing
Pollution Approvals for setting up factories	BNVSAP (Bharat New Vehicle Safety Assessment Program: New Set of Ratings for Safety)	Industry 4.0	Custom clearance licenses.
BSES (Bharat Stage Emission Standards)	NCAP (New Car Assessment Program)	DST Technology Platform for Electric Mobility	
Vehicle Scrapping Policy Enforcement	AIS (Automotive Industry Standards). Local Homologation.		

# Environmental

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1. BSES (Bharat Stage Emission Standards)
2. FAME (Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India)
3. Pollution Approvals for Factory setting up
4. Vehicle Scrapping Policy

# Safety

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1. NCAP (New Car Assessment Program)
2. AIS (Automotive Industry Standards). Local Homologation.
3. BNVSAP (Bharat New Vehicle Safety Assessment Program: New Set of Ratings for Safety)
4. Labour Safety as per Labour Laws
5. Industry 4.0 for Factory safety procedures



# Digital

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1. Industry 4.0
2. National Electric Mobility Mission
3. DST ( Dept. Of science and technology )Technology Platform for Electric Mobility
4. Autonomous Vehicle Platform

# Customs

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1. Custom clearance licenses required to export parts to India
2. Customs Duties increased to protect local manufacturing.