Indian used-car market valued at \$23 billion in FY'2021-2022; Expected to grow at a CAGR of 19.5% till FY2026-2027: IndianBlueBook report

Auto

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~ Shifting consumer preferences, rising disposable incomes, organised online-offline buying options and shorter time frames between the launch of new car models among top factors that will fuel this growth ~

Mumbai: September 12, 2022 — The Indian used-car market that is valued at \$23 billion in FY2021-2022 is projected to grow and expand at double the rate at a CAGR of 19.5% till FY'2026-2027, according to the Indian Bluebook (IBB) report that was unveiled at a grand event at Mahindra Towers, Mumbai. The 5th edition of the FY'2021-2022 Indian Bluebook used car report is presented by car&bike and Das WeltAuto.

India's used-vehicle industry is currently transitioning from an unorganised setup — where transactions happen via roadside garage mechanics, small brokers and between car owners — to an organised system with more players entering the market. As per the report, among the leading factors that will contribute to this growth of the used-car market in the next five years are a rising middle-class and younger population, rising disposable incomes, technology driven transparency, convenience, simplicity of transactions, availability of certified cars, decrease in the average tenure of ownership for cars and two-wheelers due to larger disposable incomes, the launch of new models within shorter time frames and dealer trade-in bonuses and buyback assurances.

The growth is also expected to be driven by the emergence of organised online and physical used car platforms amid a surge in the demand for personal mobility and because of favourable government support.

Mr Ashutosh Pandey, CEO & MD, Mahindra First Choice said "This edition of the IBB Report is special. With the changed business landscape following the pandemic, there is a clear preference for used cars among consumers across the country. Used cars, which were once considered a compromise, are now making their way into the consideration set of consumers when they think about purchasing a car. There is no reason our industry cannot achieve double-digit growth for many years to come."

The top five reasons why Indian consumers opt for a used vehicle are:

- Need for mobility for personal and business growth
- Budget constraints and macro-economic uncertainty
- Progressive industry players offering refurbished, certified, high-quality cars with warranties
- Digital & AI led transformation increase convenience, trust and transparency
- Value for money nature of used cars compared to new cars

Other relevant findings of FY'2021-2022 include:

- Used car to new car ratio is ~1.4
- The average price of used cars is ~4.5 Lakhs
- Organised vs Unorganised vs C2C used-car share is 20% vs 45% vs 35% respectively
- The average age of used cars is ~four years
- Fragmented Supply Demand market characteristics Supply (Metros: 65%, Non-Metros: 35%), Demand (Metros: 35%, Non-Metros: 65%)

Mr Ashish Gupta, Brand Director, Volkswagen Passenger Cars India said "The India Bluebook Report provides an in-depth study about the evolving dynamics of the used-car segment that will help us understand the customer mind-set, industry trends and developments. The used car market has accelerated since the pandemic. Customers are displaying a considerable preference towards used cars and the gap between new cars and used car sales is reducing phenomenally. As per the report, the organised used car market share is expected to increase from 20% in FY'2021-2022 to 45% in FY'2026-2027. Das WeltAuto, the used car business of Volkswagen India is proud to be one of the active contributors to the significant growth within the organised segment. We are working relentlessly towards setting newer benchmarks in customer experience for our used car buyers."

Indian Used Car Market insights from the report

- By FY'2026-2027, India's used-car market is expected to touch sales of up to 8 Mn units
- Indian used car market is projected to grow at double the rate in value, at a CAGR of 19.5% till FY'2026-2027
- Used car to new car ratio is expected to touch 1.9 by FY'2026-2027

- The pandemic, digitalisation, rapidly changing demographics and ambitions, first-time buyers, and the availability of different financing choices are among the significant growth factors
- An estimated 4.4 Mn used cars were sold in India in FY'2021-2022, while 80 Mn+ used cars were sold across USA, China, UK, Germany and France
- The demand in smaller towns is expected to grow at a 30% CAGR by FY'2026-2027 as compared to a 10% CAGR in the top 40 cities
- According to survey results, car buyers in non-metros (64 percent) are more likely to acquire a used car as their first car, than buyers in metros (55 percent). Non-metro cities account for 65% of used car demand and have a CAGR of 30% which is three times that of metros.
- The average car age has reduced by 33% from six years in FY'2010-2011 to four years in FY'2021-2022
- Car sellers get rid of their cars after covering a distance of 70,000 kms on average, with an average vehicle age of about four years in FY'2021-2022 compared to 4.4 years in FY'2020-2021
- According to the survey, 15% of used car buyers are women who are comfortable purchasing in a phygital mode, a sharp increase of up to 75% from FY'2020-2021
- 65% of the used car supply in FY'2021-2022 was concentrated in metropolitan centres such as Mumbai, Delhi NCR, Bangalore, Chennai, and Hyderabad

About car&bike

car&bike is a leading auto technology platform with a focus to build India's largest hyper-local integrated platform for content and commerce. The platform has been built on path-breaking auto programming & the most credible awards for the last 15 years. In a short span of time, it has clearly established itself as one of the top auto portals in the country and the fastest growing one by far. The business offers technology solutions to all the stakeholders of the automotive industry at various points of buy and sell value chain. car&bike is also flanked by a flagship auto show on NDTV since the last 15 years. car&bike is now part of Mahindra First Choice Wheels, the leading player in the used car vehicle ecosystem in India.

About Mahindra First Choice Wheels

Mahindra First Choice Wheels is a dominant player in the Indian used vehicle eco system providing products and services to cater to the needs of retail and wholesale customers utilizing its "on-the ground" and "in-the-cloud" capabilities. The company has raised funding from Silicon Valley based Hedge Fund, Valiant Capital and Cox Automotive, a \$17 Billion US based enterprise.

About Das WeltAuto (DWA), the pre-owned car platform by Volkswagen Passenger Cars India

Das WeltAuto is the certified pre-owned car business of Volkswagen Passenger Cars India. It's a one stop solution that facilitates buying, selling and exchange of multi-brand pre-owned cars. It offers a comprehensive 154 check point inspection on pre-owned cars and enables customers to utilize the expertise and extensive network of 105 DWA outlets in making informed decisions. The DWA platform also conducts the necessary due diligence and certifies the vehicle along with offering warranty, service value packages, accessories options, extended warranty and maintenance program for its customers.

Tags:

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