

## **India Luxury Car Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 60 pages | Mordor Intelligence

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### **Report description:**

The Indian luxury car market studied was valued at USD 1.06 billion in 2021. It is expected to reach a value of over USD 1.54 billion by 2027, registering a CAGR of more than 6.4% during the forecast period 2022-2027.

With the spread of COVID-19, the sales of luxury cars were affected due to lower footfalls in the showrooms. Various automobile manufacturers were forced to temporarily shut their production as the supply chain was disrupted by the country-wide lockdown imposed by the government, which restrained the market growth.

Over the long term, as luxury car manufacturers are launching multiple models with various price ranges and user-friendly financing schemes, the demand for luxury cars is expected to rise in the country. Moreover, the demand for luxury SUVs has been growing rapidly in the country and is expected to continue during the forecast period, as they offer extra space and comfort. Major luxury car manufacturers like Audi, BMW, and Mercedes are planning to launch new luxury models in the country at a competitive price.

Besides these factors, the growing popularity of electric cars supported by active launches and future strategies of key players in the market are expected to further support demand in the market during the forecast period. The market is also supported by new entrants into this electric luxury space in India. For example, Jaguar ventured into the Indian EV space with its first all-electric car, I-PACE. Audi made its EV debut in India with the launch of the Audi e-tron and e-tron Sportback. Both the cars are available in the 55 Quattro variant, while the standard e-tron gets a lower-spec 50 Quattro trim too.

India Luxury Car Market Trends

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## Luxury SUVs are Witnessing Rapid Growth in the Country

Shifting consumer preference from luxury sedans and luxury hatchbacks to luxury SUVs across the country is likely to witness major growth in the market. To meet the growing demand, international companies like BMW, Mercedes Benz, Volvo, and Audi, are launching new models every year. For Instance,

In June 2021, Mercedes-Benz launched Mercedes-Maybach GLS 600 became the first SUV ever to hold the Maybach brand name. In June 2021, Range Rover launched the Range Rover Sport SVR, which is the high-performance iteration of Range Rover Sport. The SUV gets features such as heated front and rear seats, driver condition monitor aid, 360-degree parking aid, and many other features.

However, the sales of luxury cars were affected by the COVID-19 pandemic in 2019 - 2020. Automobile manufacturers across the country were forced to temporarily stop their production, as the supply chain was widely disturbed, and customers were forced to stay indoors due to the nationwide lockdown imposed by the government. However, to prevent economic collapse, various state governments have started to lift the restriction allowing various manufacturers to resume the production of vehicles.

Volvo had the biggest growth among the luxury car manufacturers. The company's new line-up of SUVs is more successful. In December 2019, Volvo Cars launched BS-VI compliant XC40 T4 R-Design petrol variant in India at a price of INR 39.9 lakh. According to the company, the XC40 is the only vehicle in the segment to have radar-based Active Safety features, like City Safety with Steering Assist, which activates at speeds above 50 kmph and helps in collision avoidance. Jaguar Land Rover (JLR) SUVs also witnessed significant growth in sales and accounted for over 50% of the total sales in the country. In February 2020, JLR launched a new BS-VI compliant Discovery Sport in India at a starting price of INR 57.06 lakh for the S model and INR 60.89 lakh for the R-Dynamic SE model.

The aforementioned developments and instances indicate a favorable environment in the Indian Luxury car market; hence, such advancements are likely to support market growth over the forecast period.

## Electric segment Expected to Dominate the Market

The luxury electric vehicle market in India is getting popular, with the likes of Mercedes-Benz, Audi, BMW, and Volvo lining up many launches and state governments making a beeline to support Tesla's entry into the country. Mercedes-Benz, the leader in India's luxury-vehicle market, has announced plans to introduce the EQS saloon later in the year. The car is likely to be priced closer to its petrol equivalent.

Attractive incentives for manufacturing electric vehicles in India, promoting manufacturers to build electric vehicles in the country. The GST rate of just 5% for electric vehicles and as high as 50%, including cess, for premium diesel or petrol-powered passenger vehicles, is a key enticement for automakers to bring in electric vehicles.

Major luxury car makers launching their new models across the country will likely witness major market growth. For instance,

In January 2022, Mercedes-Benz announced that it was bringing its flagship luxury sedan, the Mercedes-Benz EQS, to India. Additionally, Mercedes-Benz has also announced that the Mercedes-Benz EQS will be locally produced in India, making it the first

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locally produced luxury electric vehicle in India. Interestingly, Mercedes-Benz was also the first automaker to launch a luxury electric car in the Indian market in the form of the Mercedes-Benz EQC.

In July 2021, Audi, the German luxury car manufacturer, is set to start its electric journey in India with the launch of the Audi e-Tron. Audi India will offer the Audi e-tron in two body styles - Audi e-tron and Audi e-tron Sportback to give customers the broadest range within the luxury EV segment. Audi e-tron buyers will further have the choice of the Audi e-tron 50 and Audi e-tron 55. The Audi e-tron Sportback will be available in the e-tron 55 variant.

With growing environmental concerns due to rising exhaust emissions, governments and environmental associations are tightening emission norms across the country. As a result, the demand for sustainable and eco-friendly transportation, such as EVs, is increasing, with governments offering higher incentives and subsidies to these vehicle owners.

Automakers are launching EVs even in developing markets. In January 2022, Mercedes Benz launched the first luxury electric vehicle in India, the EQC SUV. The vehicle is powered by two asynchronous motors, one on each axle, producing a combined 408hp and 765Nm of torque. A floor-mounted 85kWh lithium-ion battery pack can deliver a WLTP-certified range of 400km on a single charge.

Additionally, luxury car component manufacturers are focusing on developing next-generation intelligent mobility technologies, such as autonomous driving, personal voice assistance, and retina recognition, which are expected to boost the sales of luxury EVs over the forecast period.

#### India Luxury Car Market Competitor Analysis

Some of the prominent players in the market are Mercedes-Benz, BMW, Audi, Jaguar Land Rover, Lexus, and Volvo, among others. Mercedes-Benz, BMW, and Audi are the top luxury car manufacturers. These car manufacturers have collectively reported sales of around 22,500 units through 2021. Major Luxury car brands are expanding their network across the country. For instance,

In March 2022, Audi planned to develop the market in India by bringing in more brands and expanding the network across the country. Internationally, the electric SUV is available with two battery options - 52 kWh and 77 kWh - in multiple variants. Like the e-Tron, the Q4 e-Tron is offered in both SUV and coupe-SUV body styles.

In October 2021, Mercedes Benz unveiled a new business model that helped boost car sales in India. As part of the new strategy, the luxury car manufacturer intends to offer benefits of 1-2 lakh INR on the selling price to its customers.

#### Additional Benefits:

The market estimate (ME) sheet in Excel format  
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