India Automotive Powertrain Market Assessment, By Vehicle Type [Passenger Car, Commercial Vehicles], By Propulsion Type [Internal Combustion Engine, Electric], By Drive Type [Front-Wheel Drive, Rear-Wheel Drive], By Region, Opportunities and Forecast, FY2019-FY2033F

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Report description:

India automotive powertrain market is projected to witness a CAGR of 7.10% during the forecast period FY2026-FY2033, growing from USD 56.62 billion in FY2025 to USD 98 billion in FY2033F. The India automotive powertrain market is witnessing major growth owing to the growing need for fuel efficiency, and a rising adoption of hybrid and electric vehicles. The shift to BS-VI norms has led manufacturers to engineer cleaner, efficient internal combustion engines while spending on electric powertrains in parallel. It is also pushed by government initiatives such as FAME-II, which encourage the adoption of EVs through incentives and charging station development.

Some key technological developments are building modular platforms with multiple fuel options, ranging from traditional petrol/diesel to full electric powertrains. Lighter materials and efficient thermal management systems are driving greater efficiency in all types of powertrains. The industry is observing more R&D in power electronics, battery control systems, and energy recovery technologies.

Passenger cars remain the demand drivers, with sedans and compact SUVs embracing high-tech transmission systems and mild hybrid technologies. The commercial vehicle space is also changing, with an emphasis on alternative fuel powertrains for urban delivery logistics. South India remains the hub of manufacturing, with the advantage of mature automotive clusters and qualified engineering manpower.

With sustainable mobility becoming a reality in India, powertrain options are also becoming determinative differentiators in vehicles for the automakers. Market growth over the coming future will be affected by continued innovation, localization policies, and the ability to trade performance and sustainability across different segments and price categories of vehicles.

For instance, in 2025, Skoda Auto Volkswagen India Private Limited planned to reintroduce diesel powertrains, targeting premium

buyers with five CBU models like the Superb, Octavia RS, and Kodiaq. This strategic shift capitalizes on enthusiastic demand and aligns with a global revival of cleaner diesel technology.

Electric Vehicles' Growth Drives Demand for Powertrain

Increased demand for electric vehicles (EVs) is propelling innovation in dedicated components like integrated motor-reducer sets, which are valued for their small size and efficiency. Advanced thermal management systems are maximizing battery and motor performance, while regenerative braking technologies have become increasingly advanced. These EV-focused systems are redefining manufacturing requirements, pushing automakers to build new supplier networks and manufacturing capacities. To stay competitive, OEMs are localizing production to reduce costs and simplify supply chains-a move that is closing the traditional powertrain ecosystems and opening doors for new entrants. Moreover, specialized EV platforms, with their tailored power delivery, are becoming market differentiators. Beyond the cars themselves, attention is spreading to integrated charging solutions, guaranteeing smooth compatibility with next-gen powertrains. This shift reflects the quick transformation of industry to a future with increased efficiency, localism, and innovation.

For instance, in October 2024, TSUYO Manufacturing Pvt. Ltd. launched India's first high-wattage EV powertrain production line for trucks, e-buses, and construction equipment. Slated for Q3 2024, the facility will boost local manufacturing, cut costs, and improve supply chain reliability. This aligns with India's EV self-reliance goals and leverages the PLI scheme's benefits.

Innovation in Powertrain Bolsters the Demand

Powertrain technologies feature downsized electric drive units that integrate motor, inverter and transmission. Sophisticated energy management systems maximize power distribution in real-time. Hybrid structures easily switch between power sources and lightweight materials enhance efficiency without sacrificing strength. These technologies tackle range anxiety and performance issues while adhering to emission standards. OEMs are introducing scalable platforms for applications across various vehicle segments. These innovations are making sophisticated powertrains available across price classes. Advances in thermal systems and power electronics are allowing for higher-performance levels.

For instance, in December 2024, Honda Cars India Limited planned to introduce three new models in India by FY2027, targeting the fast-growing SUV segment. Currently, its Indian lineup includes only one SUV-the Elevate-alongside the Amaze and City sedans. The new models will feature hybrid and electric powertrains, strengthening Honda's foothold in the competitive SUV market.

Passenger Vehicles Lead the Market

Passenger vehicles lead powertrain demand due to volume sales. Sedans and compact SUVs are adopting high-tech automatic transmissions. Mild hybrid technology is becoming popular in mass-market vehicles. Advanced all-wheel-drive systems are available in premium segments. The growing mid-size SUV segment is driving demand for fuel-efficient, powerful powertrains. Manufacturers are presenting various engine-transmission combinations to cater to diverse tastes. This segment's evolution continues to shape powertrain development priorities across the industry. The emphasis remains on delivering advanced driving experiences while meeting aggressive efficiency targets. Continued evolution in newly developed vehicles, transmission technology and engine management systems characterize this dominant segment.

For instance, in January 2025, Hyundai Motor India announced the launch of the Hyundai Creta. The electric powertrain of Creta features two battery pack variants: 42 kWh and 51.4 kWh. The latter has an estimated range of up to 473 km and the former has a range of 390 km, both certified by the Automotive Research Association of India (ARAI).

South India Dominates the Market

South India leads powertrain manufacturing due to automotive clusters in Chennai, Bengaluru and Tamil Nadu. The region hosts global OEM plants and numerous component suppliers, coupled with skilled engineering talent, supports complex manufacturing processes. Established R&D centers increase proximity to ports, which facilitates exports and streamlines supply. This ecosystem supports and enables efficient just-in-time component supply. This sector of expertise and infrastructure guarantees South India's long-term dominance in powertrain manufacturing and innovation. It enjoys robust government support and academia-industry interfaces. Its locational advantages make it the location of choice for new powertrain investments, especially in electric vehicle technologies. The existing supplier base offers a competitive edge in scale-up production.

For instance, in October 2024, Renault Nissan Automotive India Pvt Ltd's Oragadam, Tamil Nadu, plant had achieved a landmark, producing over 4.5 million powertrain units from the start of production in 2010. Spread across an expansive 600-acre campus,

the plant produces powertrains and ships them to domestic and international markets for Renault and Nissan.
Impact of U.S. Tariffs on India Powertrain Market

U.S. tariffs could increase costs for imported powertrain components like control units and rare-earth magnets. Domestic manufacturers may benefit, but face technology gaps in advanced systems. Localization of critical components may accelerate and EV powertrains could be particularly affected due to import dependence. However, strong domestic demand will sustain market growth. Long-term effects could include greater R&D in indigenous technologies. Whereas, the essential nature of powertrain components ensures continued investment despite trade barriers. Manufacturers are likely to focus on value engineering to maintain competitiveness. The market may see increased collaboration between domestic and international players to overcome challenges.
Key Players Landscape and Outlook
The market features global players competing with Indian suppliers in terms of technology, product launches, and gaining a competitive edge. Technology leadership in vehicle electrification is a key differentiator and partnerships with OEMs drive innovation. Local manufacturers compete on cost and customization as startups are entering with specialized EV solutions. In addition, aftermarket networks provide additional revenue streams. Continuous innovation remains crucial for maintaining market position. Companies are investing heavily in R&D to develop next-generation solutions. The competition extends to securing long-term supply contracts with major automakers. In addition, companies in India automotive powertrain market are planning to adopt different market growth strategies including joint ventures, new product development and others.
For instance, in February 2025, Uno Minda Limited signed a Joint Venture Agreement (JVA) with Suzhou INOVANCE Automotive Co., Ltd. to the manufacture and sale of high-voltage electric vehicle (EV) products in India, including EV powertrain components. The joint venture will focus on catering to both passenger and commercial vehicles in the country's rapidly expanding EV market.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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