

India Luxury Car - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

India Luxury Car Market Analysis

The India luxury car market size stands at USD 1.32 billion in 2025 and is forecast to reach USD 1.82 billion by 2030, expanding at a 6.60% CAGR. Robust growth stems from rising disposable income among upper-middle-class households, expanded credit availability, and differentiated state-level EV incentives that compress the total cost of ownership for premium automobiles. Intensifying competitive activity, particularly among German incumbents, continues to widen product choice and shorten model cycles, while accelerating infrastructure roll-outs ease range anxiety for high-performance battery electric vehicles. On the demand side, aspirational buyers from Tier-II cities increasingly favour premium brands, helped by localized assembly that trims import duties and keeps prices within the INR 50-80 lakh bracket. Although taxation complexity and skill shortages in ADAS servicing temper the growth curve, the long-term trajectory remains firmly positive as customer cohorts expand and OEMs embed digital retail journeys into the purchase process.

India Luxury Car Market Trends and Insights

Premiumization of Upper-middle-class Households

Affluent households earning over INR 20 lakh annually are forecast to increase from 10 million to 26 million by 2025, laying a broad foundation for the Indian luxury car market. Younger professionals and first-generation entrepreneurs increasingly view premium vehicles as status symbols, driving higher budget allocations per purchase. OEM finance programmes reinforce the

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trend; Mercedes-Benz notes that 80% of deliveries were financed in 2024 and that its Star Agility scheme grew 63% in penetration. Brand showrooms in Tier-II hubs such as Surat and Coimbatore are now seeing double the footfall, signaling diffusion beyond metropolitan areas. This demographic shift materially enlarges the addressable base, propelling consistent growth even amid macro volatility.

Rising Availability of Entry-level Models (CKD)

Localized assembly enables OEMs to bypass steep import duties on completely built units, positioning entry variants competitively without eroding luxury cachet. BMW has achieved 50% localization, while Mercedes-Benz has reached 60%, allowing strategic pricing in the INR 20-50 lakh gateway segment. Tailored long-wheelbase derivatives, enhanced rear-seat cooling, and India-specific suspension setups showcase how CKD operations adapt global models to local preferences. New 2024 Budget rules, however, require domestic assembly of critical powertrain components, raising breakeven thresholds and pushing some low-volume nameplates toward price hikes. Even so, OEMs regard CKD as indispensable for volume scale, supplier ecosystem development, and faster model refresh cycles, reinforcing its net positive contribution to market growth.

High GST & Cess Structure (up to 50%)

Combined GST and cess charges can lift ex-showroom prices by 50%, inflating acquisition costs and constricting total addressable demand despite rising affluence. While the 2024 Budget halved customs duty on premium imports above USD 40,000 to 70%, it introduced a 40% Agriculture Infrastructure and Development Cess, returning the effective levy to 110%. This volatility complicates OEM pricing strategies and nudges brands toward discounting, often up to INR 15 lakh, to clear inventory. The penalty is more acute for ultra-luxury CBUs, whereas locally assembled variants remain relatively sheltered, driving continuous expansion of CKD lines even for niche models.

Other drivers and restraints analyzed in the detailed report include:

EV Incentives by State Governments / Rapid Rollout of 150 kW+ Public DC Chargers on Inter-city Corridors / Slow Build-out of Certified Pre-owned Luxury Networks /

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

SUVs captured 48.10% of India's luxury car market share in 2024 on the back of perceived safety, commanding road presence, and superior ground clearance suited to mixed highway conditions. Larger cabin volume also supports chauffeur-driven use cases common among corporate principals. Mercedes-Benz GLE and BMW X5 remained volume anchors, while locally assembled Audi Q3 extended reach into aspirational cohorts. OEMs further amplified demand through 'off-road' experiential events that reassured first-time luxury buyers about product robustness.

Sedans are resurging with a forecast 9.80% CAGR as driving-enthusiast millennials and Gen-X consumers gravitate toward dynamic handling and sleek aesthetics. BMW M series deliveries soared 250% in 2024, and Mercedes-Maybach nearly doubled volumes, indicating a robust appetite for high-output powertrains and rear-seat luxury. Electrified limousines such as the BMW i7 and Mercedes EQS also reset segment perception by combining performance with sustainability, creating a differentiated value proposition against omnipresent SUVs. In volume terms, sedans are expected to lift their contribution from 27% in 2024 to 32% by 2030, boosting portfolio diversity for all major OEMs.

Internal combustion platforms still underpin 75.20% of deliveries, largely because petrol hybrids and diesel powertrains offer

proven reliability, quick refuelling, and extensive service support across 275+ authorized workshops. However, electrification momentum is unmistakable: luxury BEVs are expected to register a 21.35% CAGR. BMW's iX, i4, and i7 models are introducing first-time EV buyers to advanced driver-assist features that surpass many ICE counterparts.

Widening DC-fast-charge availability pushes affluent consumers over the last range-anxiety hurdle, while lower running costs and green-number-plate privileges add material convenience value. Hybrids occupy a transitory segment, absorbing customers keen on fuel efficiency but unconvinced about charging infrastructure in their city. Tesla's Mumbai showroom opening in 2025 is likely to intensify competition and elevate customer expectations for over-the-air updates, dynamic software features, and direct sales transparency.

The India Luxury Car Market Report is Segmented by Vehicle Type (SUV, Sedan and More), Drive Type (IC Engine, Hybrid and More), Price Range (INR 20 L- 50 L, INR 50 L - 80 L and More), Sales Channel (Company-Owned Showrooms, Authorized Dealerships/Franchise and More) and Region. The Market Sizes and Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Mercedes-Benz AG / BMW Group / Audi AG / Jaguar Land Rover Automotive PLC / Volvo Car AB / Lexus / Porsche AG / Rolls-Royce Motor Cars India / Bentley Motors Limited / Automobili Lamborghini S.p.A. / Ferrari India / Maserati S.p.A / Aston Martin Lagonda Global Holdings PLC / Jeep (Stellantis) /

Additional Benefits:

The market estimate (ME) sheet in Excel format /
3 months of analyst support /

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