Indian Passenger Vehicle Pricing Strategy

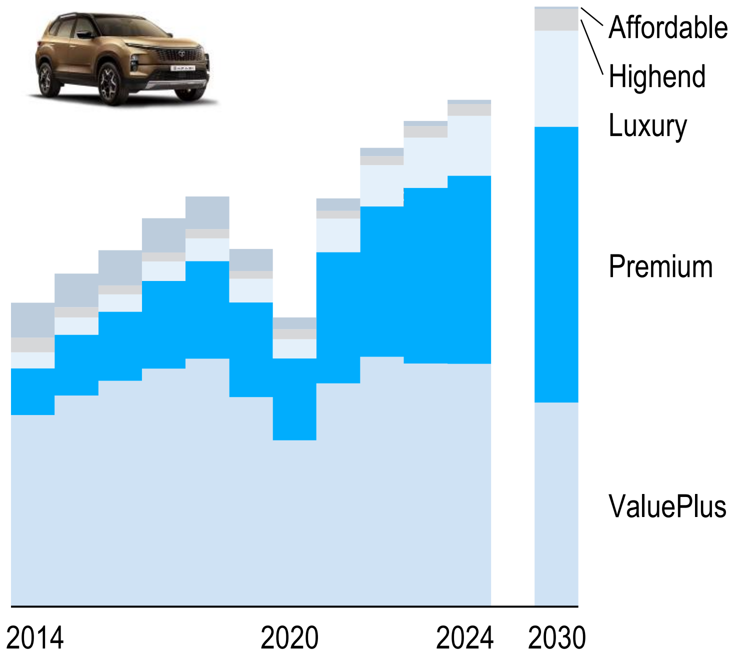
Short version of the Report

The INR 0.5–1M price band holds the largest market size despite having significantly fewer models available, indicating strong consumer demand with limited competition. In contrast, the INR >2.5M price segment is oversaturated with models but serves a smaller volume market.

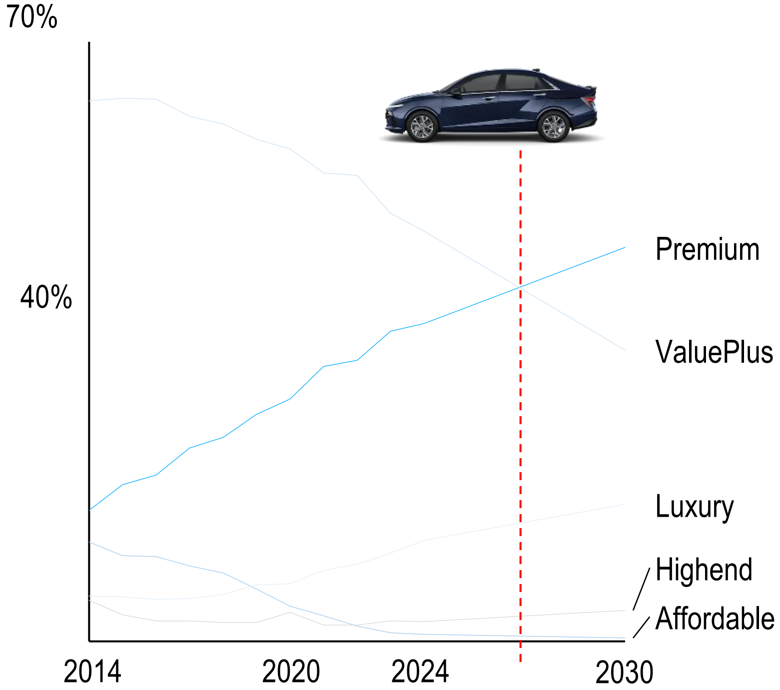
This imbalance suggests that the 0.5–1M segment offers a high-growth opportunity for OEMs to tap into a large, underserved customer base.

Premium Car and SUV Segment Set to Lead the Market by 2030

Sales Volume Trend and Forecast



Market Share Trend and Forecast

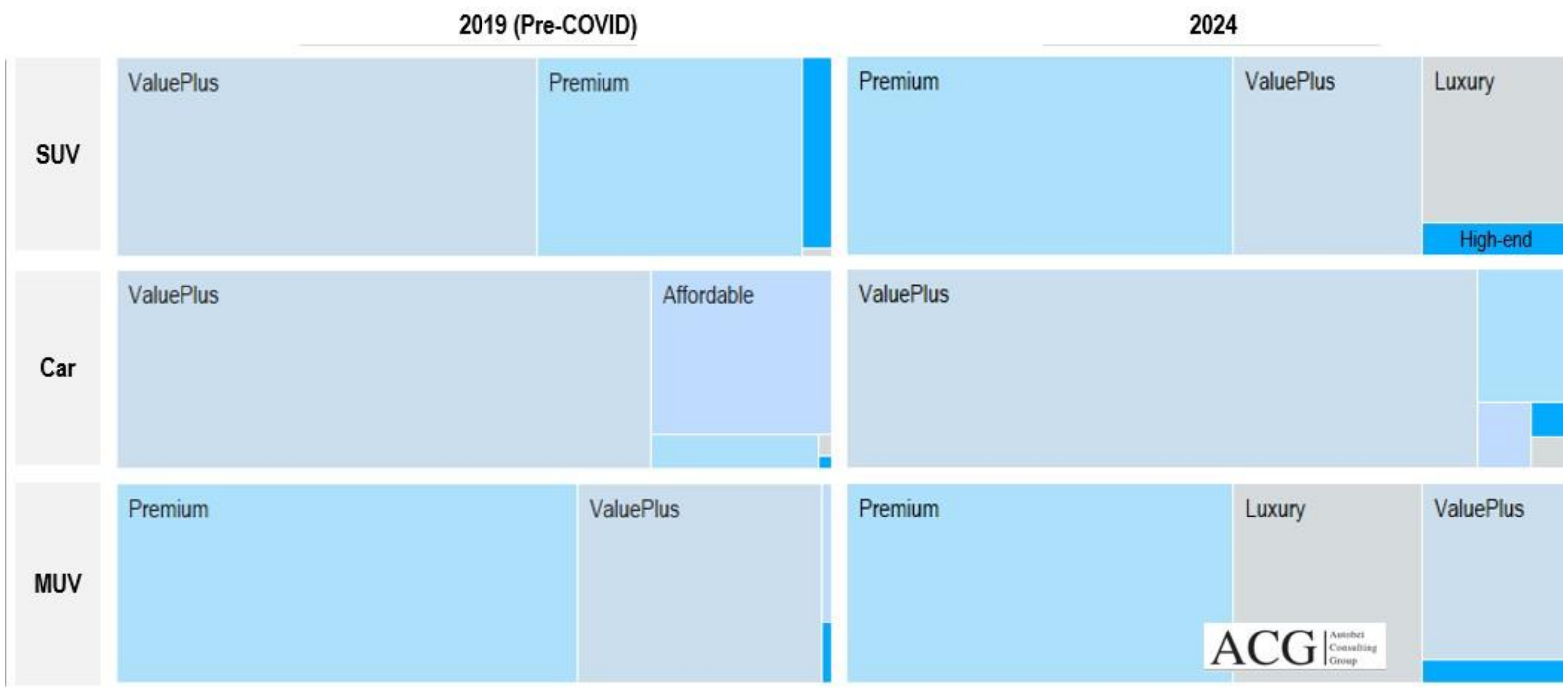


Source: ACG Databank

Key Insights

- India can no longer be classified strictly as a price-sensitive market in the passenger vehicle segment.
- Premium and Luxury cars and SUVs are witnessing strong demand, showing a clear shift in consumer preference.
- From 2025 to 2030, the **Affordable** segment is expected to decline at a **CAGR of -9%**, and **ValuePlus** at **-3% CAGR**.
- In contrast, the **Premium segment** is forecast to grow at **7% CAGR**, **Luxury at 8% CAGR**, and **Highend at 11% CAGR**.
- The Premium category is projected to surpass ValuePlus in market share by 2026, marking a turning point in India's auto landscape.

India Shifts Gear Towards Premium and Luxury Car and SUV segment



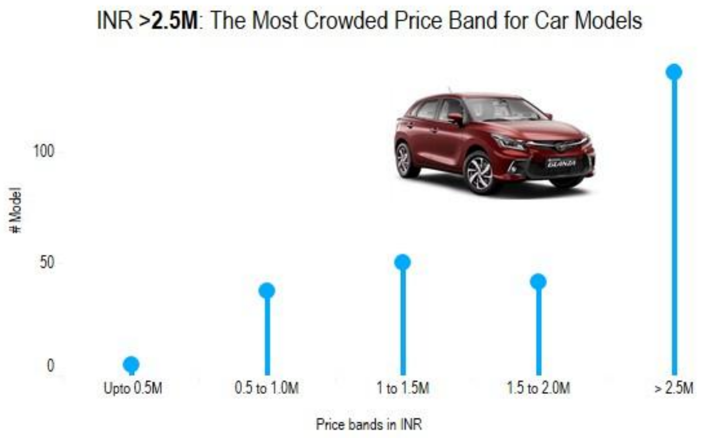
Vehicle price and buyers' spending power are considered in a respective year

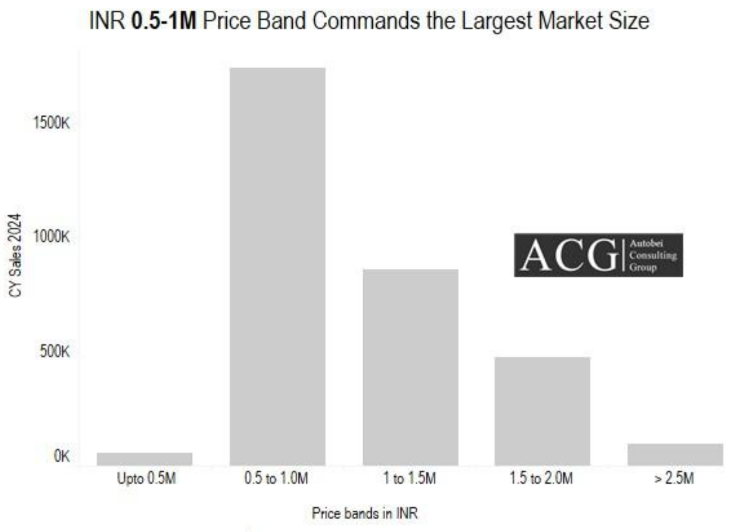
Source: ACG Analysis

Key Insights

- **In 2019**, the **ValuePlus SUV segment** was dominant as buyers sought better experience than cars while staying within their budget.
- **ValuePlus SUVs** offered a good balance of features, comfort, and affordability—making them a logical choice for mid-level income buyers.
- By **2024**, the **Premium SUV segment** surpassed ValuePlus, reflecting rising expectations for value, brand, and long-term investment.
- Buyers now prefer **Premium SUVs** for enhanced performance, safety, features, and long-term usability.
- The **Affordable car segment** is shrinking due to limited features and perception as a mere upgrade from two-wheelers.
- The **MUV segment** also shows a shift toward Premium and Luxury categories in 2024.
- The trend shows **Indian buyers are moving upmarket**, becoming less price-sensitive and more value-focused.
- **Overall**, there's a strong migration toward **Premium, Luxury, and High-End segments** across body types.

1 to 2M is expected to be a growing segment by 2030





Key Insights

- **INR 0.5–1M price band** has the **largest market size** in terms of car sales (CY 2024), showing **strong buyer demand** in this segment.
- Despite this demand, **model availability in the 0.5–1M range is limited**, indicating **low competition and high growth potential** for OEMs.
- The **INR >2.5M price band** is the **most crowded** with the highest number of models available, suggesting **intense competition** but catering to a **smaller market size**.
- The market is **underserved in the INR 1–2M band**, which presents a **strategic opportunity for new product introductions**.
- Brands focusing only on higher segments are missing out on volume potential in this high-demand, low-saturation market.
- The **volume-to-competition ratio** favors the **INR 0.5–1M** price band for **mass market penetration**.

Source: ACG Databank

For more information contact:

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Atul Singh Chandel is a member of the Automotive practice and an expert in the firm's Electric Vehicle practice.

He has over 19 years of experience in the Automotive Industry, Component Suppliers Industry, and Consulting, with a focus on the Global automotive sector. He also has a firm grasp of data analytics, utilizing advanced software.

Atul has extensive experience advising Global car, Truck, Bus, Two-Wheeler, Three-Wheeler, Financial institutions, OEMs, as well as Automotive suppliers. He possesses in-depth expertise in topics related to Market, Product Management, branding, technology strategies, EV architecture, Powertrain strategies, and innovation.

Atul completed an Electric Vehicle Engineering and Technology course at the Indian Institute of Technology (IIT) Madras. MBA from Heilbronn University – Germany, PGDCA from Heidelberg University, Germany, and a Bachelor's in Industrial Engineering from India.

OEMs, Consulting, Venture Capital, Auto Components Manufactures, Service provider and Others

Goverment Of India

(East Africa)

...and many more

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Thank you

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