

# INDIA AUTOMOTIVE AFTERMARKET INDUSTRY



## Table of Contents

<b>1. India Automotive Industry Overview</b>	<b>05</b>
<b>2. India Automotive Aftermarket Outlook</b>	<b>11</b>
a. Market Size and Forecast (USD Billion)	
b. Market Share (By Vehicle Type, By Component Type, By Product Type, By Sales Channel)	
<b>3. India Automotive Vehicle Parc/Fleet Outlook</b>	<b>16</b>
<b>4. Import &amp; Export Analysis</b>	<b>20</b>
<b>5. Automotive Aftermarket Component Industry Characteristics</b>	<b>25</b>
<b>6. Market Dynamics, Trends &amp; Developments</b>	<b>29</b>







## Indian automotive aftermarket expected to reach USD ~14 billion by 2028; global aftermarket presents over USD 35 billion exports opportunity: ACMA-EY Study

- Covering 39 countries across 6 continents, the study gives unique insights on harnessing domestic and international aftermarket opportunities.
- In the backdrop of growing market opportunities, ACMA Automechanika New Delhi at Bharat Mobility Global Expo 2024 registers record participation

New Delhi, January 29th, 2024; Ahead of the 5th ACMA Automechanika New Delhi, at the Bharat Mobility Global Expo 2024, ACMA, the apex body of the Indian auto component industry shared insights from its Global Automotive Aftermarket Research Report, conducted in partnership with leading advisory firm Ernst & Young.

According to the study, that focuses on seven product categories namely engine parts, suspension & braking parts, transmission parts, braking parts, rubber components, cooling systems and filters, the size of the Indian automotive aftermarket was USD 10 Billion in 2023 and is expected to grow by close to 1.4 times to an estimated USD 14 Billion by 2028. Tyres and consumables such as batteries, coolants, lubricants are however not covered in the study.

The growth of aftermarket in India is fuelled by a steady increase in the vehicle parc, which currently stands at 340 million and is expected to grow at a CAGR of over 8% for the next five years. The Two-Wheelers and Passenger Vehicles parcs are projected to show robust growth from 257 to 365 million units and from around 47 to over 72 million units respectively by 2028. The pre-owned cars sales are projected to grow at 19.5% until FY 27, fuelled by organised businesses and online platforms. The commercial vehicle parc is expected to grow from 13 million units to 19 million units in 2028. The tractor segment currently contributes close to USD 1 billion to the Indian aftermarket and the parc is expected to grow from 14 million units to over 19 million units during the 2023-28 period.

On the international front, the study covers 39 countries and narrows down its focus to 10 major export markets, identifying over USD 35 billion worth of export opportunities. Five of these markets namely Indonesia, LATAM, Poland, Brazil, Columbia and Bangladesh have matured aftermarket with a substantial number of ageing vehicles while another five markets, i.e., North Africa, South Africa, East Africa, West Africa and UAE are fast developing and offer high growth opportunities. The combined export potential to these ten markets is expected to grow to over USD 35 billion by 2028.

Speaking about the aftermarket potential for the Indian aftermarket industry, Shradha Suri Marwah, President ACMA, Chairperson and Managing Director, Subros Ltd, said, "The insights from the Global Automotive Aftermarket Research highlight unique opportunities for the Indian



auto component aftermarket players. The Indian domestic aftermarket, valued at USD 10 billion in 2023, is poised to surge almost 1.4 times over the next 5 years on the back of growing vehicle demand and promising capabilities of the Indian aftermarket players. Likewise, key ten international markets offer export opportunities of over USD 35 billion. The Indian components suppliers need to focus on building partnerships with international buying groups to gain market access, invest in marketing and branding, increase digital presence, and build collaboration amongst the industry players to provide their joint offerings to tap the global market opportunities.”

Expressing satisfaction on the tremendous response to the exhibition, Vinnie Mehta, Director General of ACMA, said, “The Indian auto component makers witnessed a promising 7.5% growth in the first half of FY24 due to increased demand for pre-owned vehicles, preferential shift towards larger vehicles and the increasing formalization of the repair and maintenance market. On the back of fast-growing aftermarket opportunities, we are thrilled with the response for participation, from both domestic and international players, at the ACMA Automechanika New Delhi 2024. The event gives auto component manufacturers from across the world a platform to connect and demonstrate capabilities in the aftermarket. The exhibition has been seamlessly integrated into Bharat Mobility Global Expo 2024.”

The 5th edition of ACMA Automechanika New Delhi from February 01 to 03, 2024, in Bharat Mandapam, Pragati Maidan, New Delhi will witness 500+ exhibitors from more than twelve nations, with dedicated country pavilions from Japan, Germany, Korea, Taiwan and Thailand, showcasing their aftermarket product innovations, technological advancements, and sustainable mobility solutions.

In addition, another close to 100 exhibitors will be participating in two exclusive Auto Components Pavilions showcasing products and solutions for OEMs.

### About ACMA:

The Automotive Component Manufacturers Association of India (ACMA) is the apex body representing the interest of the Indian Auto Component Industry. Its membership of over 850 manufacturers contributes more than 90% of the auto component industry’s turnover in the organized sector. ACMA is an ISO 9001:2015 Certified Association.

### For further details:

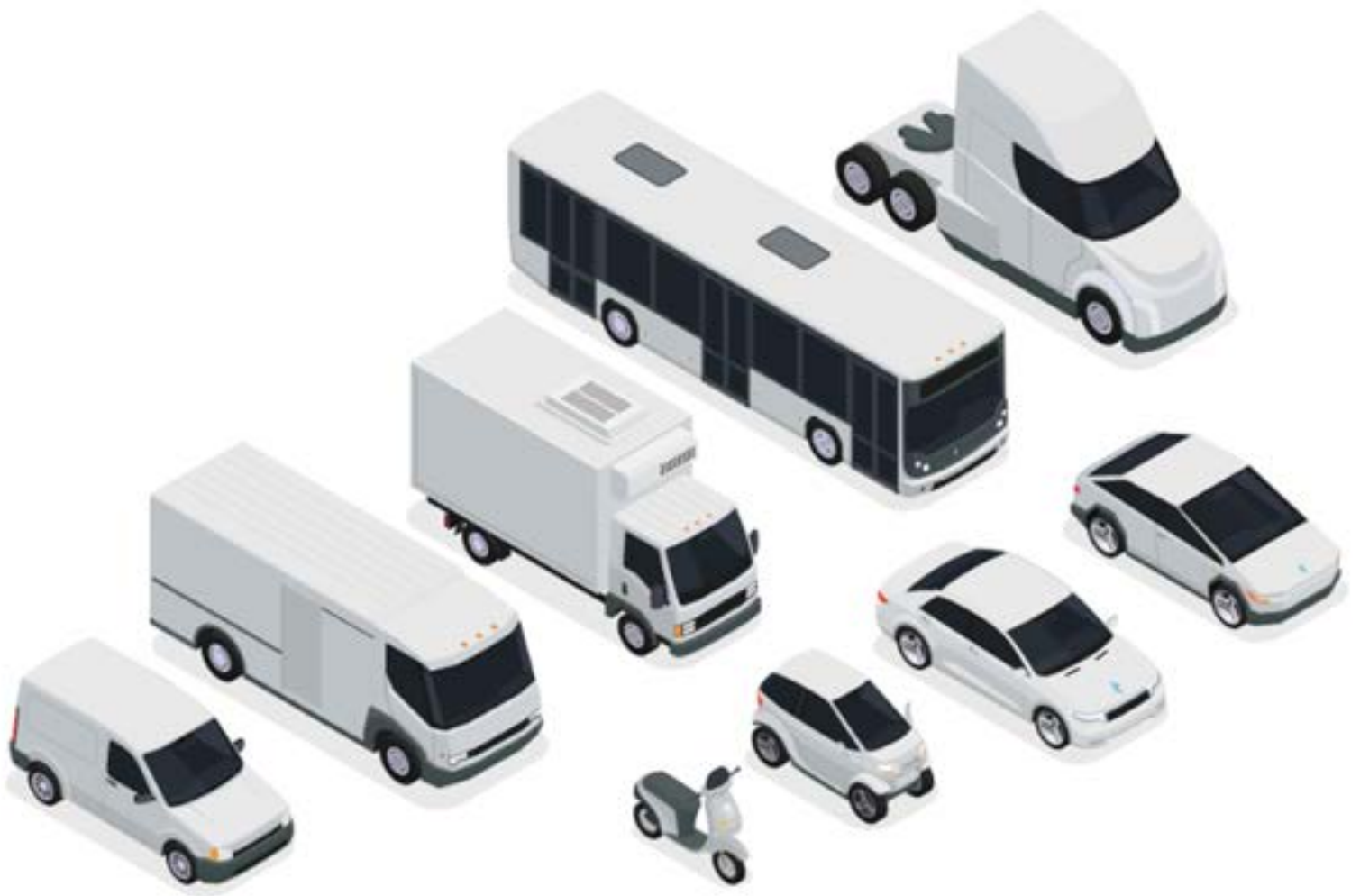
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# INDIA AUTOMOTIVE INDUSTRY OVERVIEW





The Indian automobile industry plays a vital role in driving the country's economic growth. As of FY2023, the automobile sector contributed around 3% to the GDP of India and auto parts industry of India accounted for around 2% to the country's GDP.

The India Automotive aftermarket size reached USD 10.6 Billion in FY2023 growing at a CAGR of 5.6% and forecast to reach USD 14.7 Billion by FY2029. The automotive aftermarket in India is experiencing growth due to rising vehicle fleet, growing need for periodical vehicle's maintenance, due to which the demand has been increased for replacement parts, accessories, and maintenance services. A growing awareness of vehicle customization, a surge in e-commerce platforms offering aftermarket products, and a preference for cost-effective repairs contribute to the industry's expansion, are also some of the leading factors which have resulted in the growth of the India automotive aftermarket industry.

With robust backward and forward linkages, the Indian automotive sector stands as a cornerstone of the economy, acting as a catalyst for economic growth. Recent years have seen significant growth in the industry, driven by deliberate policy interventions such as the FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India) Scheme and Union Budget, which have transformed it into a vibrant and competitive market, attracting new players and expanding capacity. This growth has also resulted in the creation of substantial employment opportunities.

The market landscape of the Indian automotive industry is characterized by a diverse range of players, including domestic manufacturers, multinational corporations, and emerging startups. These entities operate across various segments of vehicle types. The entry of new players has intensified the industry's competitive dynamics, fostered innovation and driven overall market expansion. The Indian automobile industry is segmented into various vehicle types, including passenger vehicles, two-wheelers, commercial vehicles and tractors.

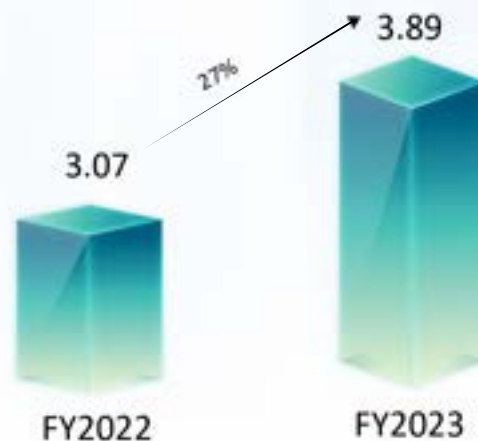






# Passenger Vehicles

## India Passenger Vehicles Domestic Sales, By Volume (Million Units), FY2022 and FY2023



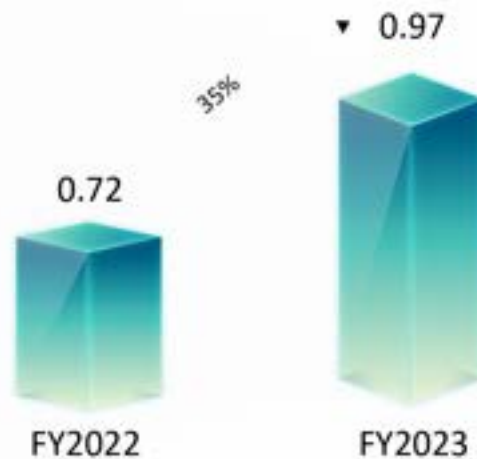
In India, the total number of passenger vehicles sold in FY2023 was around 3.89 million units, up from 3.07 million units from FY2022. This is due to the rising disposable incomes, a growing middle-class population, easy financing options, and a preference for personal mobility due to concerns over public transportation safety. Additionally, continuous model launches, technological advancements, and competitive pricing by automakers contribute to the upward trend in passenger vehicles sales, making them more accessible and appealing to a broader segment of the population.

Passenger vehicles, encompassing hatchbacks, sedans, SUVs (Sports Utility Vehicles), and luxury cars, constitute a substantial portion of the Indian automotive market. The SUV segment has witnessed remarkable growth, driven by the popularity of vehicles like the Hyundai Creta, Kia Seltos, MG Hector, etc. The demand for SUVs is fueled by factors such as a higher driving position, spacious interiors, and a rugged, off-road-inspired aesthetic. Maruti Suzuki, Hyundai, Tata Motors are some of the prominent players in the automotive industry across the country, which have consistently maintained a dominant position with their popular models such as Alto, Swift, Vitara Brezza, Creta, Venue, Nexon, Tiago, etc. which resonate with a broad spectrum of consumers.



# Commercial Vehicles

## India Commercial Vehicles Domestic Sales, By Volume (Million Units), FY2022 and FY2023



The total number of commercial vehicles sold in FY2023 was around 0.97 million units, an increase of 35% from last year i.e., FY2022 which was around 0.72 million units. This surge is due to the expanding e-commerce and logistics sectors, infrastructure development projects, and the government's focus on improving transportation and connectivity. Growing demand for the movement of goods, increased industrial activities, and the need for efficient freight transportation contribute to the rising sales of commercial vehicles. The commercial vehicle segment encompasses a diverse range of vehicles, including trucks, buses, and others.

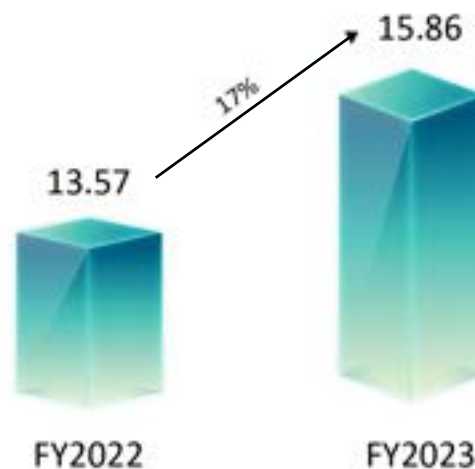
Trucks dominate the India commercial vehicle market due to the country's heavy reliance on road transportation for goods movement. With a vast and diverse geography, trucks provide a flexible and cost-effective solution for transporting goods across different terrains. The growth of the logistics and e-commerce sectors and the government's focus on infrastructure development and the expansion of the road network has further fueled the demand for trucks.

Some of the prominent players in the commercial vehicle industry in India are Tata Motors, Mahindra & Mahindra, Ashok Leyland, etc. They produce a variety of trucks catering to different payload capacities and logistical requirements. The commercial vehicle industry is likely to witness continued innovation, with electric and connected commercial vehicles gaining traction.



# Two-Wheelers

## India Two-Wheelers Domestic Sales, By Volume (Million Units), FY2022 and FY2023



The domestic sales of two-wheelers in India grew from 13.57 million units in FY2022 to 15.86 million units in FY2023, a year-on-year growth of 17%. Due to the affordability and fuel efficiency, two-wheelers remain a prominent choice in the Indian market. Two-wheelers are well-suited for congested urban environments and offer a cost-effective mode of transportation. Additionally, the demand for motorcycles and scooters has surged in response to rising incomes, easy financing options, and the need for efficient last-mile connectivity.

Major players in two-wheelers space are Hero MotoCorp, Honda Motorcycle & Scooter India, Bajaj Auto, TVS Motor. The two-wheeler market in India can be segmented into motorcycles and scooters/mopeds. Among which, the motorcycles constitute a substantial portion of the two-wheeler market, appealing to a wide consumer base. Scooters, known for their ease of use and convenience, have witnessed a surge in demand, especially among urban commuters and young riders. Honda Activa, TVS Jupiter, and Suzuki Access are among the top players in the scooter segment.



## Tractors

The growth of tractors in the Indian automobile market is fueled by the country's predominantly agrarian economy. With a large population dependent on agriculture, there is a rising demand for mechanized solutions to enhance farm productivity. Tractors offer efficiency and speed in various farming operations. Government initiatives, subsidies, and increased awareness among farmers about the benefits of mechanization is further driving the adoption of tractors. As farming practices modernize, the tractors segment continues to experience substantial growth in India automobile industry.

Tractors are used for plowing, tilling, seeding, and transportation, significantly increasing agricultural efficiency. As India undergoes agricultural mechanization, tractors provide a cost-effective solution for small and large farms alike. Government initiatives, subsidies, and easy financing options further promote tractor adoption. Domestic manufacturers such as Mahindra & Mahindra and Escorts, along with global players like John Deere, have established a significant presence, offering a wide range of tractors tailored to different farm sizes and requirements. Additionally, the introduction of technologically advanced tractors with features like increased horsepower and precision farming capabilities enhance their appeal.





# INDIA AUTOMOTIVE AFTERMARKET OUTLOOK



## India Automotive Aftermarket Size, By Value (USD Billion), FY2019, FY2023 & FY2029F

**CAGR FY2023-FY2029F  
BY VALUE: 5.6%**

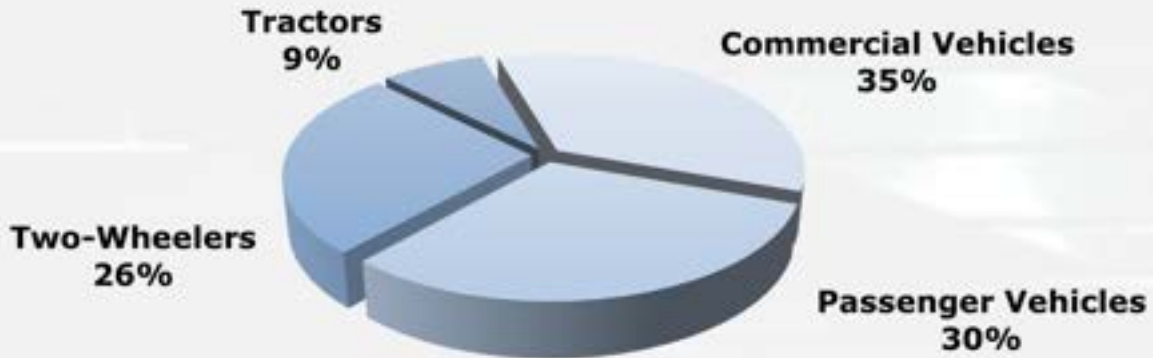


**VALUE (USD BILLION)**

The Indian automotive aftermarket stood around USD 10.6 billion in the year FY2023 with a CAGR of around 5.6% during the forecast period to reach a market size of around USD 14.7 billion. The expanding vehicle population in the country is driving a significant increase in demand for aftermarket products and services. As more vehicles age, there is a surge in the need for replacement parts, accessories, and maintenance services, fostering growth in the aftermarket sector. A growing awareness of vehicle maintenance and customization among consumers is fueling the demand for aftermarket products. As car owners seek to enhance performance, appearance, and comfort, they turn to the aftermarket for a wide range of solutions. The rise of e-commerce platforms has made aftermarket products more accessible to consumers across India, contributing to the sector's growth. Online marketplaces facilitate easy product discovery, price comparison, and convenient purchasing, expanding the reach of aftermarket businesses. The emphasis on government initiatives promoting road safety and emissions control has led to increased adoption of aftermarket products that comply with regulatory standards. This has further stimulated the aftermarket industry as consumers prioritize upgrades to meet evolving regulations.

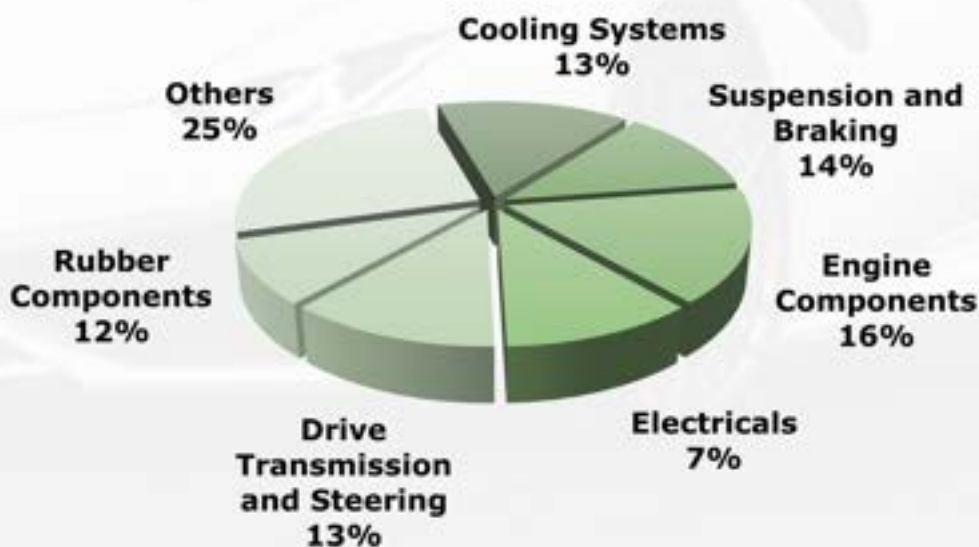


### India Automotive Aftermarket Share, By Vehicle Type, FY2023



The demand for commercial vehicles in India is rising due to various factors such as development of road infrastructure, economic growth, e-commerce expansion, government initiatives such as 'Make in India', etc. Rising vehicle ownership and a growing middle class propel the demand for passenger vehicles in the Indian automotive aftermarket. Increased car purchases create a surge in the need for aftermarket products like replacement parts and accessories, driven by consumer desires for customization. The online expansion of aftermarket suppliers facilitates easy access to a diverse product range, further fostering the growth of the passenger vehicles aftermarket in India.

### India Automotive Aftermarket Share, By Component Type, FY2023



Others include non-electronic interior items, body components, filters, etc.

The demand for cooling systems in the Indian automotive aftermarket is surging primarily due to the country's harsh climatic conditions. Rising temperatures and prolonged usage of vehicles necessitate efficient cooling systems for engines. Additionally, the increasing number of vehicles on Indian roads, coupled with a growing awareness of the importance of engine cooling, has led to a higher demand for aftermarket cooling components.

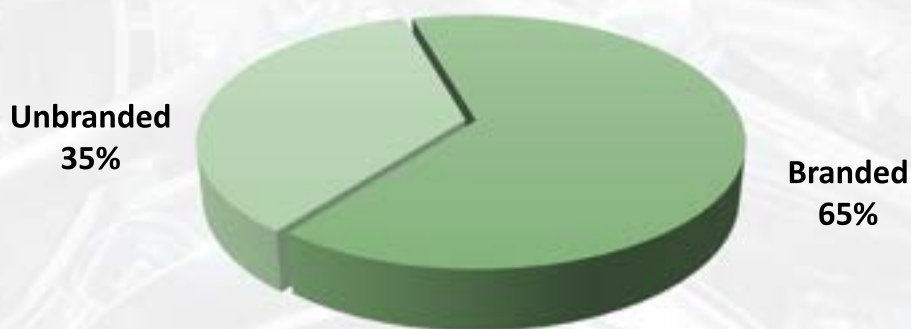
## Type of Automotive Components

<p><b>Cooling Systems:</b></p> <ul style="list-style-type: none"> <li>Radiators</li> <li>Radiator hoses</li> <li>Water pumps</li> <li>Thermostats</li> <li>Cooling fans</li> <li>Heater cores</li> <li>Coolant reservoirs</li> <li>Radiator caps</li> <li>Compressor</li> <li>Evaporator</li> <li>Refrigerant &amp; Refrigerant Lines</li> <li>Controls and Sensors</li> </ul>	<p><b>Drive Transmission and Steering:</b></p> <ul style="list-style-type: none"> <li>Transmission gears</li> <li>Clutch assembly</li> <li>Transmission fluid</li> <li>CV joints</li> <li>Drive shafts</li> <li>Power steering pumps</li> <li>Steering racks</li> <li>Steering columns</li> <li>Steering knuckles</li> </ul>
<p><b>Engine Components:</b></p> <ul style="list-style-type: none"> <li>Pistons</li> <li>Piston rings</li> <li>Engine blocks</li> <li>Camshafts</li> <li>Crankshafts</li> <li>Timing belts/chains</li> <li>Valves</li> <li>Engine gaskets and seals</li> <li>Oil pumps</li> <li>Water pumps</li> </ul>	<p><b>Electricals:</b></p> <ul style="list-style-type: none"> <li>Alternators</li> <li>Starters</li> <li>Ignition coils</li> <li>Spark plugs</li> <li>Wiring harnesses</li> <li>Sensors</li> <li>Lights</li> </ul>
<p><b>Suspension and Braking:</b></p> <ul style="list-style-type: none"> <li>Springs (coil springs, leaf springs)</li> <li>Control arms</li> <li>Ball joints</li> <li>Tie rods</li> <li>Sway bars</li> <li>Brake pads</li> <li>Brake rotors</li> <li>Brake calipers</li> <li>Brake lines</li> <li>Master cylinder</li> </ul>	<p><b>Rubber Components:</b></p> <ul style="list-style-type: none"> <li>Engine mounts</li> <li>Transmission mounts</li> <li>Suspension bushings</li> <li>Gaskets and seals</li> <li>Hoses &amp; Tubing</li> <li>Weatherstripping</li> </ul> <p><b>Others:</b></p> <ul style="list-style-type: none"> <li>Non Electronic Interior Items</li> <li>Body Components</li> <li>Filters</li> </ul>



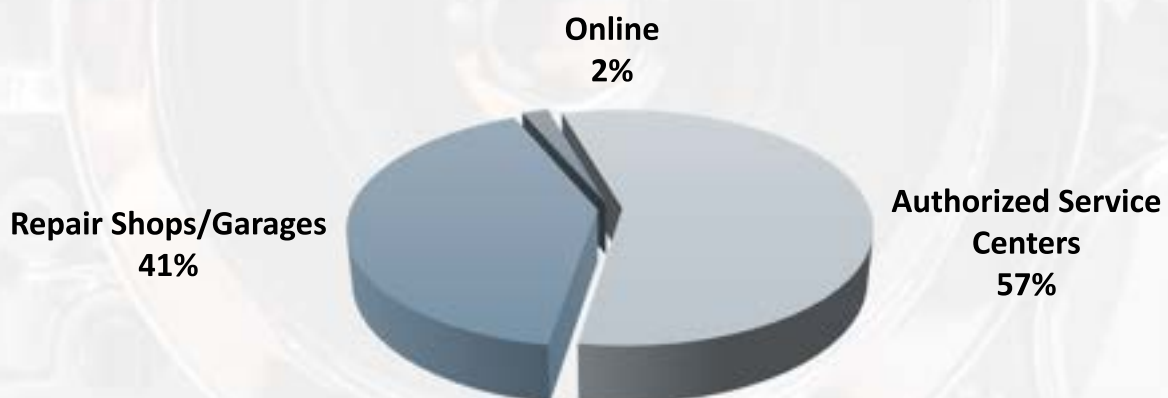
Branded auto components refer to parts manufactured by well-known companies that have established their reputation for quality, reliability, and performance in the automotive industry. These components typically bear the branding of the manufacturer, which serves as a symbol of trust and assurance for consumers. Unbranded auto components, on the other hand, are parts produced by manufacturers that do not attach a specific brand name or logo to their products. These components are often sold as generic or aftermarket parts and can be sourced from various local suppliers.

### India Automotive Aftermarket Share, By Product Type, FY2023



Branded components dominates the India Automotive Aftermarket in terms of product type, with a market share of 65%. This dominance is fueled by consumer trust in established brands, seeking reliability and performance assurance. The perceived quality and adherence to industry standards contribute to the overwhelming preference for branded components in the Indian automotive aftermarket.

### India Automotive Aftermarket Share, By Sales Channel, FY2023



In terms of sales channel Authorized Service Centers lead the India Automotive Aftermarket with 57% market share reflecting consumer trust in manufacturer-backed services while Repair Shops /Garages emphasize accessible and specialized services. Despite Online platforms having a smaller share, their anticipated growth aligns with the increasing digitalization of the automotive aftermarket, providing consumers convenient access to diverse products and services.

# INDIA AUTOMOTIVE VEHICLE PARC/ FLEET OUTLOOK





## India Vehicle Parc/Fleet



345 Million



2023\*

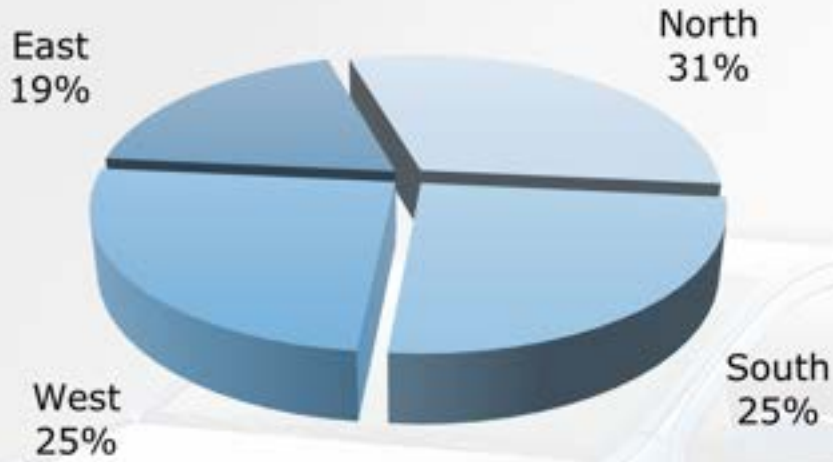
\*Above Parc/Fleet  
 Data is as of April 2023

The vehicle parc of India stood at 345 million units as of April 2023 and is expected to grow at a CAGR of over 8% during the next five years. The country's rising population and expanding middle class have led to increased disposable income, driving higher car ownership rates. As more individuals and families can afford vehicles, there's a natural expansion in the overall vehicle parc. Urbanization and improving infrastructure have made personal mobility more accessible, further fueling the demand for vehicles.

The development of better roads, highways, and connectivity has encouraged people to invest in private transportation for convenience and efficiency. Moreover, aggressive marketing and financing schemes from automakers and financial institutions have made it easier for consumers to purchase vehicles, contributing to the growth of the vehicle parc. Affordable financing options and attractive promotions have lowered barriers to entry for potential car owners.

The growing emphasis on last-mile connectivity and improved public transportation in urban and rural areas has led to increased demand for two-wheelers and small vehicles, contributing significantly to the expansion of the vehicle parc. The diversification of the automotive market with the introduction of electric vehicles (EVs) has attracted environmentally conscious consumers, adding a new segment to the vehicle parc. Government incentives and policies promoting electric mobility have also played a role in the adoption of EVs.

**India Automotive Vehicle Parc/Fleet Share, By Region, FY2023**

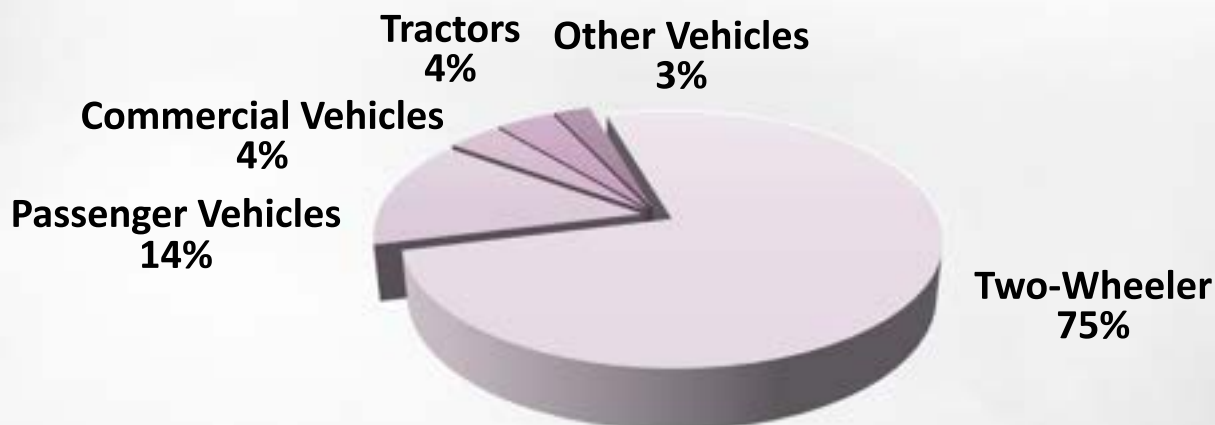


In terms of region, the India automotive aftermarket is segmented into North region, South region, West region and East region. Among which, the North region has dominated the India automotive aftermarket with a market share of around 31% in FY2023. This is due to industrialization, urbanization, and rising disposable incomes. The region's expanding middle class is driving higher vehicle ownership rates, leading to a surge in aftermarket demand for replacement parts and services. Improved road infrastructure and a growing awareness of vehicle maintenance also contribute to this growth, as consumers seek to enhance and maintain their vehicles in the northern part of the country. Below the table shows the region-wise.





## India Automotive Vehicle Parc/Fleet Share, By Vehicle Type, FY2023



In FY2023, two-wheeler vehicles have dominated the vehicle parc in India with a market share of 75%. Affordability and fuel efficiency make the two-wheeler an attractive choice for a large segment of the population, especially in a price-sensitive market. Two-wheelers serve as a practical and convenient mode of transportation, particularly in congested urban areas, offering ease of maneuverability and lower maintenance costs. The demand for two-wheelers has been bolstered by the increasing middle-class population, as rising incomes enable more individuals to afford personal transportation. The preference for two-wheelers in delivery and courier services has surged, contributing to the expansion of this vehicle type in the parc. The rapid urbanization and growth of economy have amplified the need for cost-effective and agile commuting solutions, further driving the dominance of two-wheelers. Government initiatives promoting sustainable mobility, coupled with advancements in electric two-wheelers, have also played a role in sustaining the popularity of this vehicle type.



# IMPORT & EXPORT ANALYSIS



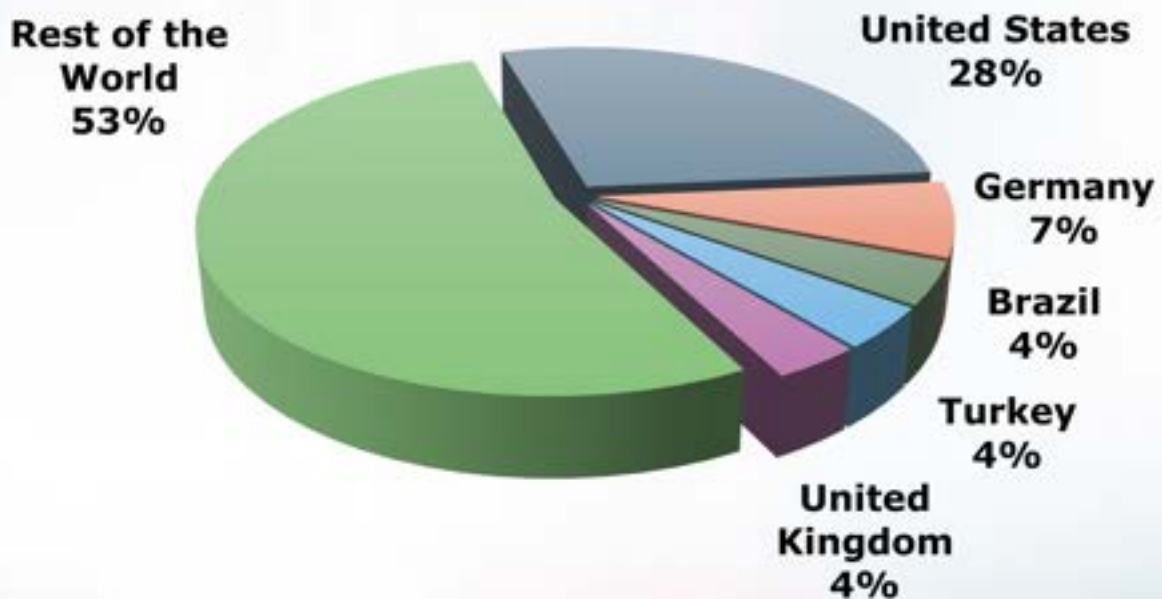




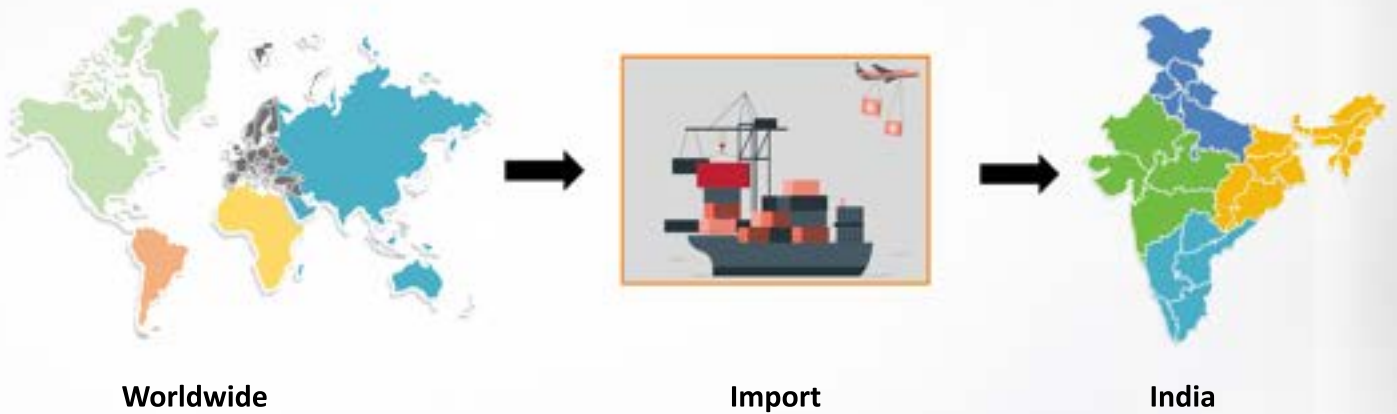
From a geographical perspective, North America and Europe asserted their dominance in India's Automotive Component Exports, representing 32% and 31% respectively of the total exports.

At a country-specific level, the United States stood as a significant partner contributing a substantial 28% share, followed by Germany in Europe, contributing 7% to the overall export landscape.

### India Automotive Components Industry Exports, By Top 5 Countries , FY2023







### India Automotive Components Imports, By Value, FY2023: USD 20,295 Million

#### Import Highlights

India's automotive component imports reached a significant figure of USD 20,295 million in FY2023, reflecting an impressive 11% growth compared to the previous year.

The import portfolio was primarily driven by Body/Chassis and Engine Components, collectively accounting for a substantial 49% share of the overall imports, highlighting the industry's reliance on these key components.

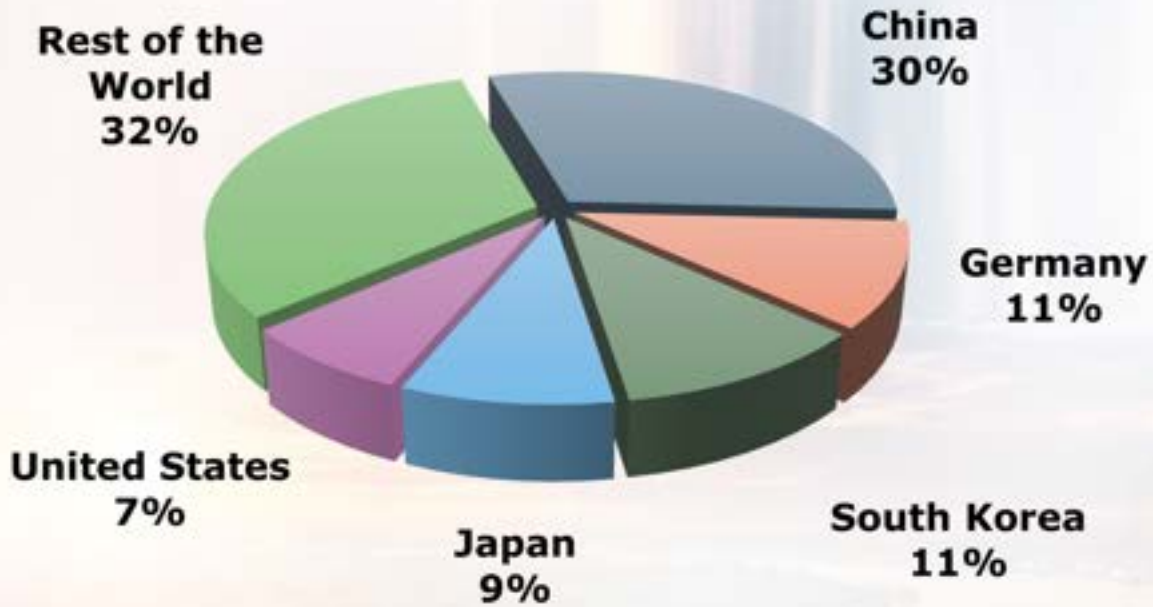
From a geographical perspective, Asia emerged as the dominant partner in India's Automotive Component Imports, securing a commanding 66% share, followed by Europe with a noteworthy 26% contribution to the import landscape.

On a country-specific level, China played a pivotal role, accounting for an impressive 30% share in India's automotive component imports. Germany and South Korea closely followed, each contributing 11% to the import scenario.





## India Automotive Components Industry Imports, By Top 5 Countries , FY2023





# AUTOMOTIVE AFTERMARKET COMPONENT INDUSTRY CHARACTERISTICS



## A. Automotive Aftermarket Components Manufacturing & Distribution

The automotive aftermarket components industry plays a crucial role in supplying essential materials and components for the maintenance, repair, and enhancement of vehicles. This sector encompasses multiple stages, each contributing to the overall aftermarket supply chain. The supply chain of aftermarket components is a complex network comprising multiple stages, each contributing to the smooth availability of replacement parts. It typically involves the following key stages:

- In the initial stage essential raw materials such as metals, plastics, rubber, and chemicals serve as the foundation to produce aftermarket components.
- After procurement of raw material, the manufacturing firms produce specific parts or systems that contribute to the overall aftermarket components. This stage involves innovation, quality control, and collaboration with raw material suppliers.
- Aftermarket components produced are seamlessly integrated into larger systems. This integration ensures that the components meet OEM standards and fit perfectly into existing vehicle systems.
- Aftermarket components are supplied to OEMs, distributors etc., which form a crucial link in the supply chain. Dealerships serve as points of sale where end customers can access a diverse range of aftermarket components.





## B. Overview of Automotive Aftermarket Components Procurement & Utilization

The automotive aftermarket components industry is a dynamic sector serving the diverse needs of service centers, wholesalers, distributors, and local vehicle shops. Effective collaboration and utilization practices at each stage ensure a consistent supply of high-quality aftermarket components, meeting the varied demands of vehicle owners and sustaining automobile longevity. This ecosystem thrives on strategic partnerships, market insights, and an unwavering commitment to quality, driving its success.

### **Service Centers:**

Service centers play a crucial role in vehicle maintenance and repair, relying on a steady supply of high-quality aftermarket components. Their procurement procedures involve fostering supplier relationships, ensuring quality assurance, and maintaining a diverse inventory. Utilization of aftermarket components within service centers encompasses repair services, upgrades, customization, and warranty provisions.

### **Wholesalers:**

Wholesalers act as intermediaries connecting manufacturers, distributors, and service centers. Their procurement strategies include bulk purchases and cultivating a robust supplier network. By closely monitoring market trends, wholesalers procure components aligned with the demands of local vehicle shops and service centers, maintaining a competitive edge. They contribute to the automotive aftermarket ecosystem by distributing aftermarket components to various stakeholders, managing inventory, and optimizing logistics and supply chains.





### **Distributors:**

Distributors play a vital intermediary role connecting manufacturers, wholesalers, and retailers. Their procurement process includes sourcing components from wholesalers and negotiating terms, pricing, and delivery schedules. By analyzing market trends and collaborating with local vehicle shops and service centers, distributors anticipate demand, source components from reputable channels, and uphold trust with downstream customers. Utilization of aftermarket components by distributors involves efficient management of component flow through the supply chain, including storage, order fulfillment, and timely deliveries, along with providing technical support to local vehicle shops and service centers.

### **Local Vehicle Shops:**

Local vehicle shops, or independent repair shops, procure aftermarket components tailored to their customer base's specific needs by forging strong partnerships with distributors, wholesalers, and suppliers. This ensures a reliable supply of components and access to the latest aftermarket products. They analyze customer demand thoroughly, understanding the vehicles serviced, common repair needs, and local clientele preferences, striking a balance between cost-effectiveness and component quality. Utilization of aftermarket components in local vehicle shops encompasses routine maintenance and repairs, such as brake replacements, fluid changes, and engine repairs, relying on components meeting or exceeding OEM standards for durability and reliability, thus setting them apart in the market.





# MARKET DYNAMICS, TRENDS & DEVELOPMENT OF INDIA AUTOMOTIVE AFTERMARKET





## MARKET DRIVERS

### Increasing Vehicle Ownership

The surging growth in vehicle ownership and the extended lifespan of vehicles has sparked a transformative boom in the Indian automotive aftermarket, reshaping the industry's landscape and creating numerous opportunities. The expanding middle class, driven by increasing disposable incomes, has facilitated a significant rise in vehicle ownership rates nationwide. As vehicle ownership becomes an attainable aspiration for more households, urban and semi-urban areas experience a notable increase in the number of cars and two-wheelers on the roads. This surge in vehicle ownership, a crucial catalyst for the aftermarket, results in an expanded market for replacement parts, accessories, and maintenance services.

### Rising Technological Advancements in Aftermarket Products

In recent years, the aftermarket landscape has witnessed a profound shift as technological innovations reshape the nature of products and services offered to vehicle owners. These advancements, spanning a spectrum of applications from diagnostics to connectivity, have propelled the aftermarket industry into a new era of efficiency, customization, and enhanced user experiences. One of the primary ways in which technological advancement is reshaping the aftermarket is through the development of sophisticated diagnostic tools and equipment. Modern vehicles, equipped with intricate electronic systems and sensors, require specialized diagnostic capabilities for accurate troubleshooting and identification of issues. Aftermarket diagnostic tools have evolved to meet this demand, providing mechanics and service centers with state-of-the-art equipment that can efficiently diagnose complex vehicle problems.

### Growing Demand for Customization and Personalization

In recent years, the demand for customization and personalization in the India automotive aftermarket has experienced a notable boom, reshaping the dynamics of the industry. One of the primary catalysts behind the booming demand for customization and personalization is the shifting landscape of consumer preferences. Whether it's modifying the exterior appearance, upgrading the interior features, or enhancing performance, customization has become a way for individuals to reflect their personal tastes and preferences.





## Government Regulations and Emission Standards

Government regulations and emission standards have a dual role in shaping the landscape of the Indian automotive aftermarket. Stringent regulatory frameworks act as catalysts for growth by driving demand for compliant aftermarket components and services. The emphasis on vehicle safety, emission control, and adherence to quality standards promotes a market environment where consumers increasingly seek certified aftermarket solutions. As India aligns with global emission norms and safety standards, the aftermarket is compelled to evolve to meet these requirements, fostering innovation, and encouraging the development of high-quality, compliant products. This regulatory push towards enhanced vehicle performance, safety, and environmental responsibility creates opportunities for aftermarket businesses to provide solutions that meet or exceed the mandated standards, ultimately contributing to the growth of the industry.

## Rising Sales of Used Vehicles in India Automotive Aftermarkets

The increase in sales of used cars has led to a significant expansion of the overall vehicle parc in India. As more individuals opt for pre-owned vehicles, the total number of vehicles on the road continues to rise. Consequently, this extends the lifespan of vehicles and drives the demand for aftermarket components and services. Older vehicles often necessitate more frequent repairs and replacements, thereby boosting aftermarket sales. Used vehicles generally require more maintenance and repairs compared to new ones. Consequently, buyers of used cars often turn to the aftermarket for cost-effective solutions in terms of spare parts, accessories, and maintenance services.





## MARKET CHALLENGES

### Counterfeit Parts and Quality Assurance

One of the primary obstacles to the growth of the automotive aftermarket in India is the extensive proliferation of counterfeit parts. The market is saturated with inferior and imitation components that mimic the appearance of genuine products but lack the necessary quality and performance standards for safe and reliable vehicle operation. Counterfeit parts encompass a wide range of products, including brake pads, filters, electrical components, and even safety-critical elements. These fraudulent products often enter the market through unscrupulous channels, deceiving unsuspecting consumers and posing a significant challenge for genuine aftermarket businesses.

The prevalence of counterfeit parts in the automotive aftermarket has serious implications for vehicle safety and performance. Consumers who unknowingly purchase these substandard components expose themselves to risks such as brake failures, engine malfunctions, and compromised structural integrity. The consequences can range from increased maintenance costs to life-threatening situations on the road. The negative impact on vehicle safety not only undermines consumer confidence in the aftermarket but also poses a broader risk to road safety. Addressing this issue is crucial not only for the industry's growth but also for ensuring the well-being of vehicle owners and other road users.

### Supply Chain Disruptions and Inventory Management Challenges

Supply chain disruptions directly impact the timely availability of aftermarket parts, causing delays in repairs, maintenance, and customization services. Vehicle owners may experience extended downtimes, affecting their mobility and overall satisfaction with aftermarket services. Moreover, the scarcity of certain components may result in price fluctuations, making it challenging for aftermarket businesses to maintain stable pricing structures. The resulting increase in costs may be passed on to consumers, affecting their willingness to invest in aftermarket solutions and impeding the overall growth of the sector.

Efficient inventory management is crucial for the smooth operation of the automotive aftermarket. Balancing the need for a diverse range of products with the unpredictability of demand poses a constant challenge. Overstocking can tie up capital, lead to storage issues, and result in financial losses if products become obsolete. On the other hand, understocking can lead to stockouts, delayed services, and dissatisfied customers. Achieving the right balance requires sophisticated inventory management systems, accurate demand forecasting, and adaptability to changing market dynamics, all of which present ongoing challenges for aftermarket businesses.



## TRENDS & DEVELOPMENTS

### A. Trend of Do It Yourself (DIY) Culture in India Automotive Aftermarket

The Do-It-Yourself (DIY) culture is rapidly emerging as a prominent trend that significantly influences the growth of the India automotive aftermarket. This cultural shift signifies a departure from traditional models of relying solely on professional mechanics and service centers for vehicle maintenance and customization. Instead, an increasing number of vehicle owners are embracing the concept of taking matters into their own hands, contributing to the surge in demand for aftermarket products, tools, and accessories.

The rise of the DIY culture is closely linked to the increased accessibility of information through online platforms and forums. Enthusiasts and vehicle owners now have unprecedented access to tutorials, guides, and step-by-step instructions on various automotive tasks. Online communities and social media groups dedicated to automotive DIY provide a platform for individuals to share knowledge, exchange tips, and showcase their projects. This democratization of information empowers vehicle owners, equipping them with the confidence and knowledge to undertake a range of automotive activities, from basic maintenance to complex modifications.

### B. Increasing Digitalization in India Automotive Aftermarket

Digitalization has emerged as a transformative trend in the Indian automotive aftermarket, significantly impacting its growth and shaping the way business is conducted in the industry. The integration of digital technologies has ushered in a new era of efficiency, accessibility, and connectivity. Digital platforms and tools now play a crucial role in streamlining various aspects of the aftermarket, from customer engagement and transactions to inventory management and service delivery. One of the primary ways in which digitalization is influencing the Indian automotive aftermarket is through the rise of e-commerce platforms. Online marketplaces dedicated to automotive parts and accessories have gained significant traction, providing consumers with a convenient and accessible way to browse, compare, and purchase aftermarket products. E-commerce has reshaped consumer behavior, offering an extensive catalog of products, competitive pricing, and the convenience of doorstep delivery. This shift in purchasing patterns has not only expanded the reach of aftermarket businesses but has also empowered consumers with the ability to make informed decisions based on reviews, ratings, and product specifications.





### C. Rising Use of Artificial Intelligence in India Automotive Aftermarket

The automotive value chain is where artificial intelligence (AI), an emerging technology, finds its applications. These applications encompass driver assistance and driver risk assessment systems, automated manufacturing (including design, production, supply chain, and post-production), as well as aftermarket services such as insurance and predictive maintenance.

The manufacturing sector's remarkable growth in connectivity and data fundamentally transforms auto aftermarket services. The ability to collect and transmit vast amounts of data, facilitated by new equipment and next-generation technology, enhances aftermarket operations. AI and machine learning technologies make it easier to comprehend, act upon, and monetize the extensive data generated by Internet of Things (IoT) devices. Combining IoT data with existing warranty data provides deeper insights into customers, products, and business processes. This integration opens up opportunities for revenue growth through more innovative customer experiences, improved support procedures, and enhanced product/service optimization.

### D. Rising Sales of Electric & Hybrid Vehicles Across the Country

The growth of electric and hybrid vehicles has led to the development of specialized aftermarket products catering to this emerging market segment. Aftermarket suppliers actively provide solutions for battery maintenance, performance upgrades, and charging accessories, showcasing the industry's adaptability to the evolving automotive landscape. As the country aligns with global trends towards sustainable mobility, the electric and hybrid segment gains traction, driven by environmental consciousness, government incentives, and advancements in battery technology.

The aftermarket for electric and hybrid vehicles is poised for significant growth due to the specific needs of these advanced propulsion systems. Unlike conventional vehicles, electric and hybrid vehicles feature high-voltage batteries, electric motors, and sophisticated control systems. As these vehicles become more prevalent on Indian roads, the demand for specialized components such as batteries, electric drivetrain components, and charging infrastructure is set to soar. This surge in demand presents a substantial market for aftermarket suppliers and service providers to address the unique requirements of electric and hybrid vehicles.





## ABOUT AUTOMECHANIKA



ACMA Automechanika New Delhi is India's leading international trade fair for the automotive service industry targeting trade visitors from the Indian subcontinent. Since its genesis in 2013, the expo has been a meeting point for automotive aftermarket professionals. Co-organized by Messe Frankfurt Trade Fairs India Pvt Ltd and The Automotive Component Manufacturers Association of India (ACMA), the expo is an ideal B2B sourcing and networking platform for genuine automotive parts, components, accessories, electronics, car wash & care, body paint and other solutions.

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