

Indian Blue Book

# USED CAR INDUSTRY REPORT

FY 2024-2025



7<sup>TH</sup> EDITION

PRESENTED BY

**car&bike**



Certified  
Pre-Owned

# Foreword



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A prodigy of car&bike by Mahindra First Choice, The Indian Blue Book has for nearly a decade chronicled the story of India's used car market – its twists, turns, and transformation. What began as an effort to bring clarity to a fragmented, unorganised space has today evolved into the industry's definitive annual playbook, a benchmark trusted by analysts, practitioners, and consumers alike.

The last edition captured the strong upward momentum of the industry across multiple lines of demand, supply, value added services and customer aspirations. This year's report reflects an even stronger reality: the used car market is on equal footing as a growth engine of India's mobility story and has stepped out of the shadow of the new car market. The used car industry continues to thrive, fuelled by structural demand for personal mobility, rising disposable incomes, and the growing acceptance of used cars as a smart, aspirational choice. The reduction in GST on new cars will have a cascading reduction effect on used car pricing thus further accelerating affordability and adoption.

Organised players have been at the heart of transformation and legitimising the used car industry. Once dominated by scattered and opaque trade, the industry is now seeing greater trust, transparency, and efficiency through certified vehicles, structured warranties, accessible financing, and digitised journeys. Organised players have experimented with multiple business models – from pure-play marketplaces to full-stack solutions – and are now fine-tuning what works best to deliver maximum value to both buyers and sellers.

The next major shift that is already set in motion is the integration of Artificial Intelligence across both the customer journey and back-end operations –shaping valuations, inspections, sourcing, and how buyers explore and decide. Alongside this, consumer personas themselves are shifting, becoming more independent and aware. This intersection of technology and evolving behaviour is set to create unprecedented opportunity for the organised sector.

What makes this edition of IBB distinct is its lens: not just numbers, but people. We listened to buyers who now view used cars as aspirational. We spoke to sellers navigating new business models in a more organised, tech-driven environment. And we brought in leading industry voices, both global and domestic to enrich the conversation—from OEMs and financiers to technology partners redefining the marketplace.

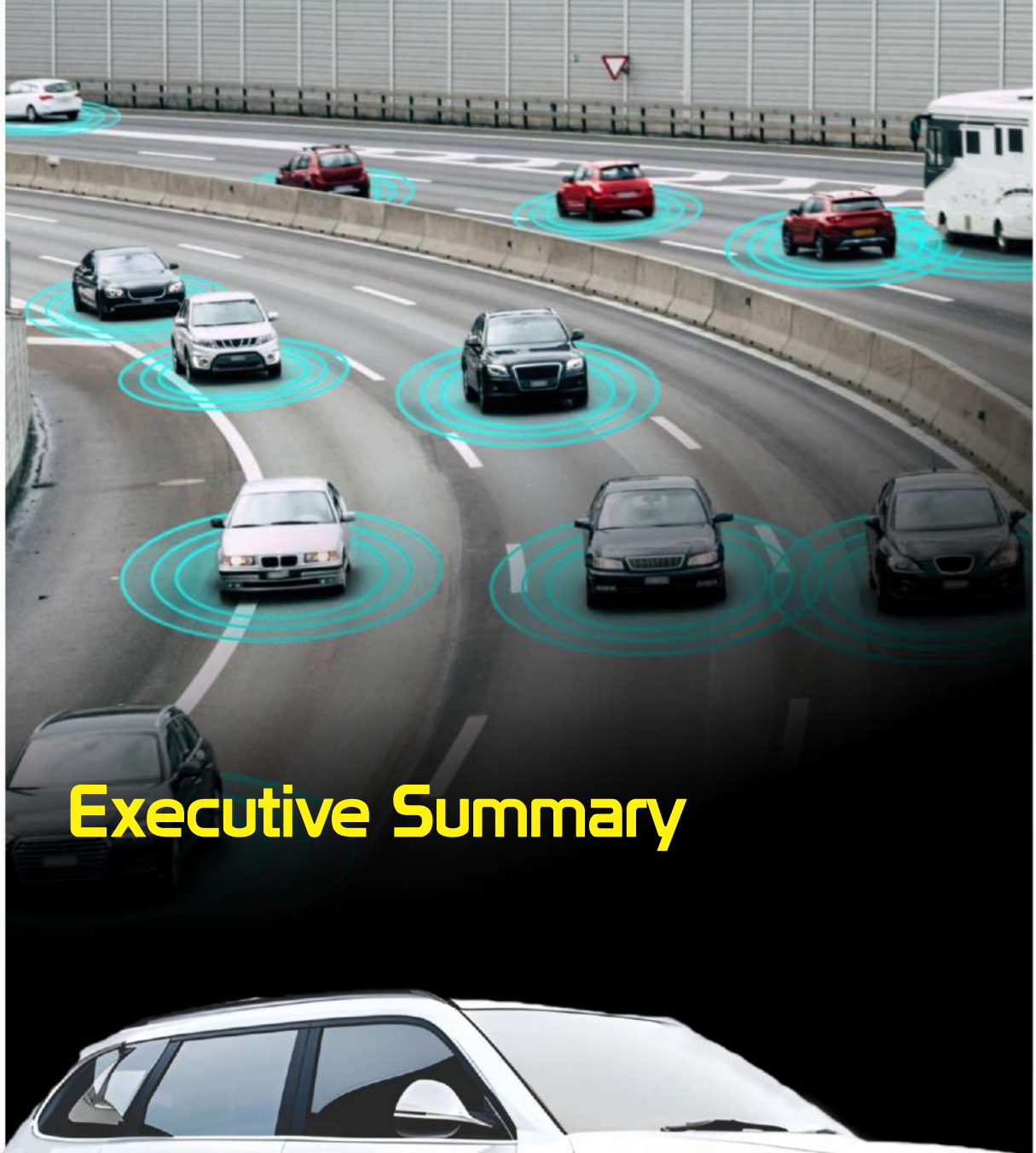
This report is divided into eight chapters, beginning with a macro view of global and Indian demand, moving into buyer personas and behaviours, and then exploring the building blocks of trust in the segment. It examines the profound role of AI across the process before turning to the retail and OEM landscape, dealer economics, and procurement dynamics. We also shine a light on scrappage as a structural lever, before closing with a forward-looking forecast to chart the outlook to 2030.

The Indian used car market has definitely come of age, and yet its story is only just beginning. My hope is that this edition of the Indian Blue Book sparks conversations that shape the road ahead—setting the tone for innovation, transparency, and growth.



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# Executive Summary



India's pre-owned car market has undergone vigorous growth in FY2024-25. It is no longer a secondary or substitute option to the new car segment but increasingly establishing itself as a mainstream driver of personal mobility. According to research from the Indian Blue Book (IBB), a property of car&bike by Mahindra First Choice, the industry recorded 5.9-million-unit sales in FY25. This number is expected to rise steadily to 9.5 million annual unit sales by 2030, reflecting a CAGR of 10%. Crucially, this growth is not a recent development, the industry has been steadily expanding for years, and our research affirms that this momentum will only strengthen in the years ahead.



India is now the most populous country in the world, with over 1.46 billion citizens, and has overtaken Japan to become the fourth-largest economy by GDP. Both structural shifts are pivotal: they fuel demand for personal mobility and position India as the fourth-largest automobile market globally, with clear momentum towards becoming the third-largest in the near future.

One of the most critical indicators of market maturity is the used-to-new car ratio, which in India stands at 1.37. This means for every 100 new cars sold, about 137 used cars change hands. While this ratio has improved from earlier years, it still lags behind mature markets: 2.4 in the US, 4.0 in the UK, 2.6 in Germany, and 3.0 in France. Projections suggest that India's ratio will reach 1.9 by 2030, signaling a decisive shift toward acceptance and preference for pre-owned vehicles.

The growth story is also geographically diverse. Demand is spreading beyond metro cities into Tier-II and Tier-III regions, where improved digital penetration and rising aspirations are reshaping consumer behaviour. States such as Uttar Pradesh, Kerala, Bihar, Punjab and West Bengal are seeing increasing traction, while established leaders like Delhi and Maharashtra continue to drive volume. Another encouraging trend is the rise of women buyers, both in metros and non-metros, challenging stereotypes and expanding the customer base.

Digital transformation is proving a decisive enabler. With 954 million internet subscribers, including nearly 400 million rural users, access to information and platforms is widespread. Buyers increasingly rely on online research, AI-powered tools, and organized platforms for discovery, evaluation, and transaction.

This shift is not just about convenience—it is reshaping expectations of transparency, trust, and personalization in the used car journey.

At the same time, increased finance support options are expanding for consumers, who can access affordable credit to upgrade into better vehicles. Combined with rising disposable incomes, this is enabling aspirational demand that would have remained untapped just a few years ago.

Another defining shift is the rise of compact SUVs. Once a niche, they now dominate used-car preferences, blending style, safety, and functionality. This trend has cut across value seekers and aspirational buyers alike, making SUVs the fastest-growing category in the pre-owned segment.

Meanwhile, OEMs are no longer on the sidelines. Their growing participation in certified pre-owned (CPO) programs is transforming the landscape. By offering brand-backed certification, finance, and warranties, OEMs are securing long-term customer relationships and reaping returns in the form of stronger brand loyalty and multi-cycle ownership.

Together with policy interventions such as the vehicle scrappage policy (2021) and the draft end-of-life vehicle rules (2024), these trends are laying the foundation for a more trusted, sustainable, and formalised used-car ecosystem.

In essence, India's pre-owned car market is no longer a story of affordability alone. It represents aspiration, lifestyle, and brand engagement. For OEMs, financiers, and dealers, the message is clear: the used car sector is not peripheral, but central to strategy and growth.



## Chapter 1

# Market Spine: Where the demand comes from



## Global Snapshot

The global used-car industry was valued at USD 2.5 trillion in 2024 and is projected to reach nearly USD 3.3 trillion by 2030, expanding at a CAGR of 4.5%. Growth continues to be driven by affordability, rapid depreciation of new cars, and the appeal of relatively young, well-maintained vehicles at a fraction of their original cost. Increasingly, consumers—from first-time buyers to small enterprises—are viewing used cars not as compromises, but as smart mobility solutions that balance quality and price.





## United States

The US remains the world's largest used-car market, sized at USD 238.57 billion in 2024 and expected to grow at a CAGR of 6.8% USD 354 billion projected by 2030. The market's strength lies in the widespread adoption of digital-first sales models, streamlined financing, and expanding EV portfolios. Consumer preference is shifting online, with about 20% of used-car sales occurring digitally in 2023, a share expected to rise to 26% by 2025. Affordability remains central, with buyers most attracted to vehicles 3–5 years old, balancing price and reliability. Furthermore, many eminent players realise the value of customer satisfaction generated through quick responses and thus are integrating AI models to smoothen and hasten the process at every touch point and reducing vehicle delivery time to as less as one-day.

## United Kingdom

The UK market reached USD 81.45 billion in 2024, and is projected to grow to USD 109.98 billion by 2030, registering a 5% CAGR. Most of this growing momentum is driven by post-pandemic recovery where people have moved towards personal vehicle ownership, demand for cost-efficient mobility, and an increased adoption of fuel-efficient and hybrid vehicles. A notable trend has been the surge in used EVs, where transactions rose by more than 50% year-on-year in 2024, aided by falling prices and growing model variety.

## Europe

Europe's used-car market stood at USD 125.4 billion in 2024 and is forecasted to reach USD 176.8 billion by 2030 at a 5.9% CAGR. In Germany—one of Europe's leading auto market space—used-car transactions grew 7.4% in 2024, totalling 6.48 million vehicles, even as new car registrations fell by 1%. The contrast reflects a broader European trend: used cars have become more resilient than new cars during periods of economic uncertainty, supported by flexible financing and digital access. Challenges remain, particularly around EV residual values, which have pressured leasing economics and forced the industry to re-evaluate sustainability in financing models.

## China

China's used-car market was valued at USD 232.6 billion in 2024 and is projected to grow at a CAGR of 7.6%, reaching USD 360.9 billion by 2030. Demand is fuelled by rising urban incomes, rapid urbanization, and strong digital penetration. Online transactions are expected to grow at a 10.3% CAGR between 2025–2034. Stricter emission standards and subsidies for new energy vehicles (NEVs) are reshaping the used EV segment, which saw 48% YoY growth in 2024.



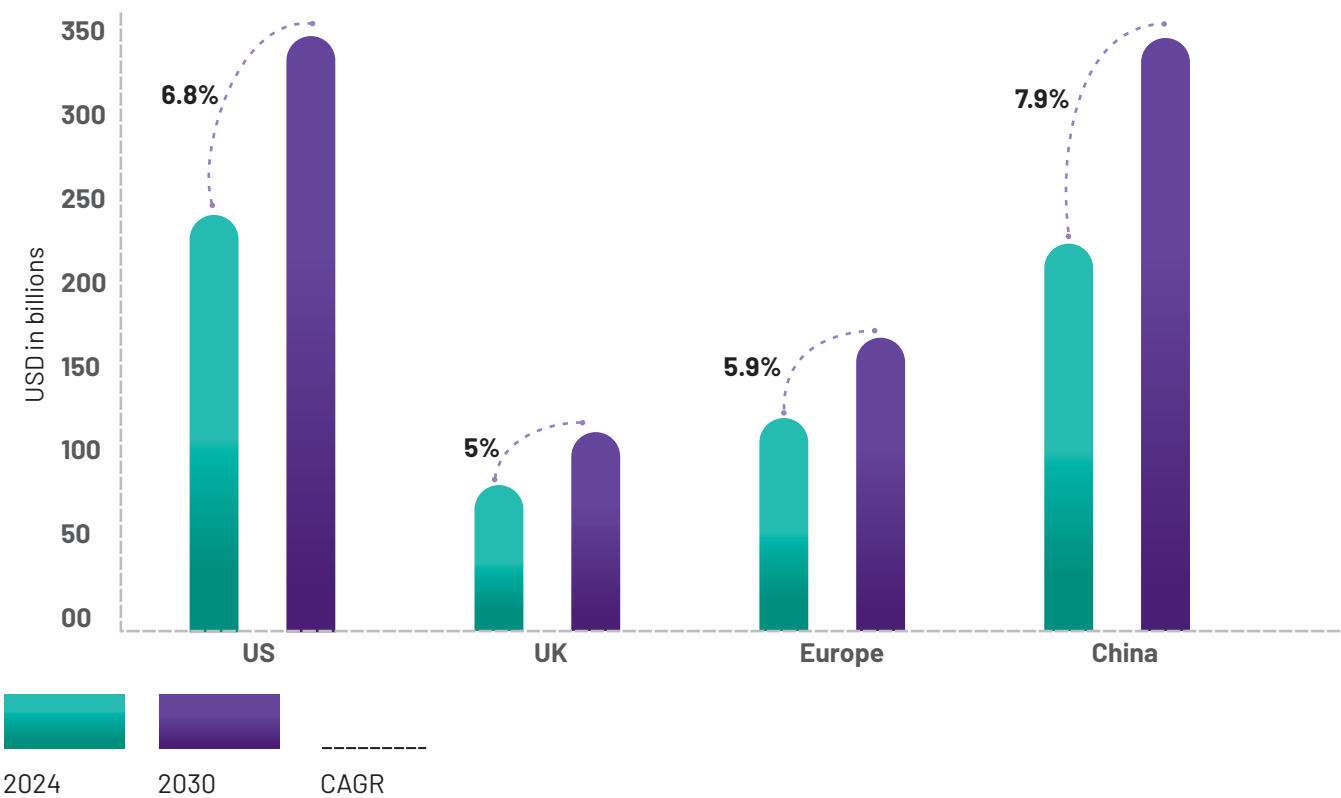
# The Unifying Theme

Across geographies, the same story repeats with local nuance:

- Used cars consistently outpace new car sales and show the same pattern of resilience during economic slowdowns as well.
- Digital channels and AI tools are becoming the backbone of trust and convenience.
- EVs are reshaping residual value economics, with falling prices driving adoption but challenging leasing models.
- Growth rates vary: mature markets (US, UK, Europe) expand at 3–6% CAGR, while emerging economies (China, India) are in double digits.

As the world approaches 2030, the message is clear: used cars are not a fallback but a core pillar of global mobility, supported by cost savings, digital trust, and evolving consumer behaviour.

## Global Used Car Market Size



## Used to New car Ratios across the globe



# The India Story

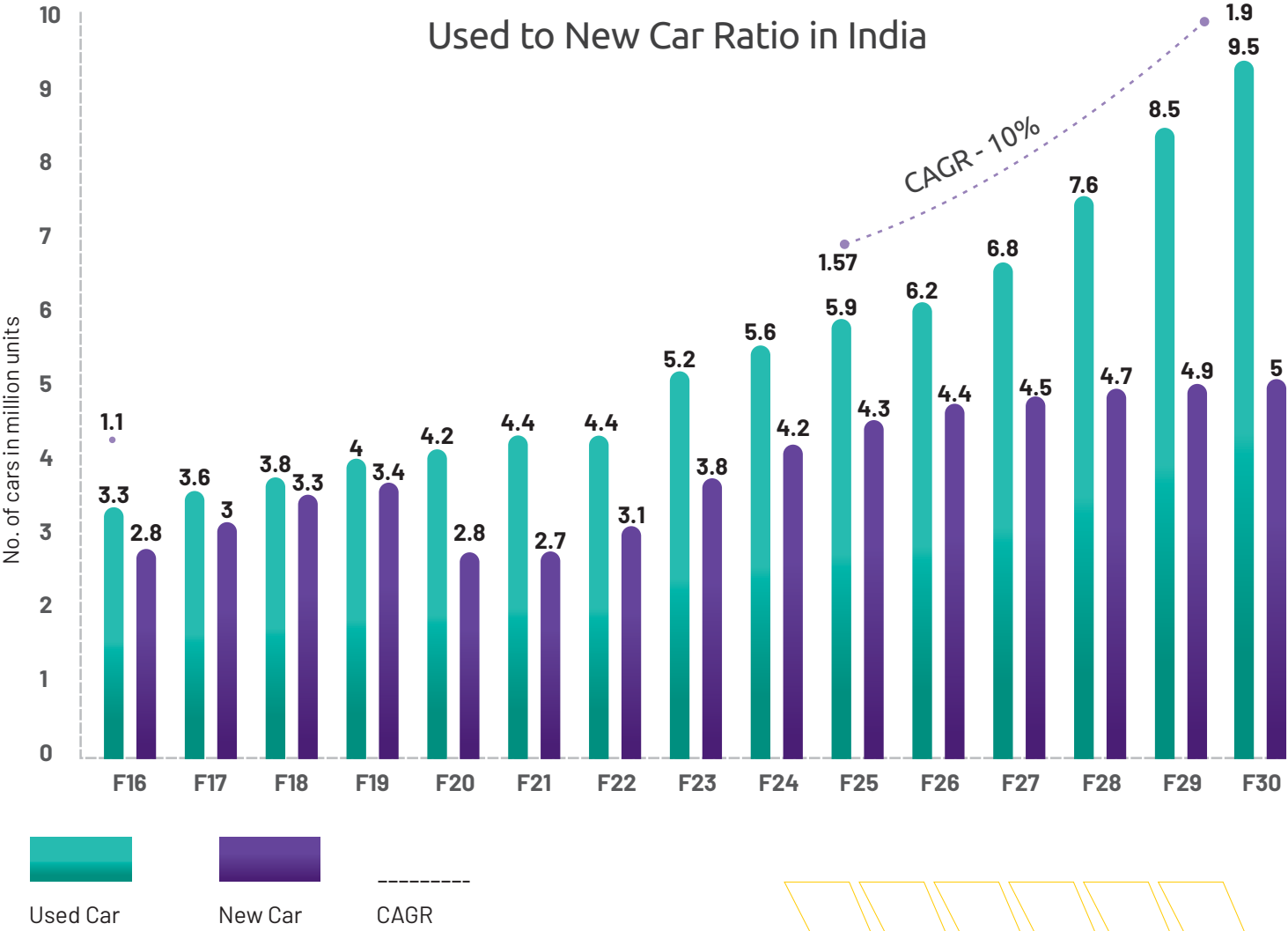
Over the past decade, India’s used car market has undergone a remarkable transformation. What was once a fragmented, street-corner trade has steadily evolved into a structured, trust-driven, and digitally enabled ecosystem. Opportunity has given way to formal business models, and the sector today attracts serious investment, technology, and global best practices.

## Volume Growth

The scale of growth itself tells a compelling story. In FY25, the used car market reached 5.9 million units, a figure that would have been unimaginable a few years ago. The IBB research suggests a 10% CAGR over the next five years, pushing volumes to 9.5 million units by 2030. This growth decisively outpaces new car sales, positioning the used car market as India’s true mobility equalizer.

## Used-to-New Ratio

An equally telling metric is the used-to-new ratio. Today, India stands at 1.37 – meaning for every 100 new cars sold, 137 used cars change hands. By 2030, this is projected to climb to 1.9, a significant leap but still below developed markets such as the US (2.5), UK (4.0), Germany (2.6), and France (3.0). The gap is less a weakness than an indicator of enormous headroom for growth.



## Organized vs. Unorganized Channels

A deeper look at market structure reveals that organized players are leading this growth story. Their share has risen from 18% in FY23 to 21% in FY25, while semi-organized players slipped from 11% to 10%. Growth is concentrated in platforms and OEM programs that can deliver trust, transparency, and service at scale. Even with short-term headwinds in the auto sector, the long-term outlook for organized players remains strong as seen from the progress of the last two years where growth has been significant despite greater focus on profitability and increasing unit economics.

## Dealer Sentiment

Dealers themselves are adapting to warranties, and 30% receive procurement support. 51% took financing support to enable them to offer easy loan options to consumers to increase conversion. Others are tapping into lead generation packages, call-centre services, digital infrastructure, and price-discovery tools. Interestingly, demand for these services is particularly strong in non-metros, where sourcing channels are thinner and less reliable. The optimism among dealers is palpable, especially within the organized segment, where many believe that evolving consumer demand will continue to tilt the market in favour of pre-owned adoption.

## Consumer Shifts

Customers, too, are changing. While price remains an important consideration, features, safety, and lifestyle appeal are increasingly shaping decisions. Compact SUVs, sedans, and premium hatchbacks dominate preferences, driven by the perception of better value-for-money compared to buying new. Tier-II and Tier-III buyers are catching up with metros, aided by the rapid spread of internet access and organized dealer footprints.

## Demographic Dividend & Digital Reach

India's demographic dividend adds another layer to the story. With the world's largest youth population and an expanding middle class, the appetite for mobility is only set to grow. Car penetration remains at 20-24 per 1,000 people, compared to nearly 980 per 1,000 in mature markets — proof of the runway ahead. Equally significant is the digital revolution: India now has 954 million internet subscribers, including 400 million in rural geographies. Connectivity has unlocked access to information, platforms, and AI-driven tools that make buying and selling more transparent and trustworthy than ever before.

***In essence, the India story is one of accelerating formalization, expanding service ecosystems, and rising consumer trust. The used car sector is no longer about affordability alone; it is about redefining value, convenience, and ownership in personal mobility for millions of Indians.***





# Market Spine – At a Glance

India's used-car market has matured from a fragmented trade into a structural driver of mobility. The trends that define its backbone can be seen across size, ratios, structure, and geography.

- **Market Size & Growth**

India's used-car volumes reached 5.9 million units in FY25, with projections to 9.5 million by 2030 at a CAGR of 10%. In value terms, the industry is expected to nearly double from USD 36.39 billion (2025) to USD 73.52 billion (2030). This pace outstrips new-car growth, making pre-owned vehicles the most resilient part of the automotive economy.

- **Global Comparison**

The used-to-new ratio remains a benchmark of maturity. India currently stands at 1.37, but is on track to reach 1.9 by 2030. Mature markets show what's possible: 2.5 in the US, 4.0 in the UK, 2.6 in Germany, and 3.0 in France. This gap underscores the headroom for expansion in India.

- **Organized vs Unorganized**

The organized share of transactions has risen from 18% in FY23 to 21% in FY25, while semi-organized networks have dipped from 11% to 10%. Growth is consolidating around organized players, who are winning on the pillars of trust, certification, and convenience.

- **Digital & Geographic Spread**

With 954 million internet subscribers – including 400 million in rural India – digital access is enabling Tier-II and Tier-III cities to emerge as growth engines. States like Uttar Pradesh are increasingly driving demand alongside metro leaders like Delhi and Maharashtra.

- **In conclusion:**

India's market spine is sturdy in its fundamentals – demographics, digital access, rising incomes – and flexible enough to adapt global best practices into localized models. With stronger ratios, deeper organization, and broader reach, the pre-owned market is becoming the backbone of India's mobility future.





## Chapter 2

# The Evolving Landscape of Demand and Supply



# What's Shaping up the Market: Key Trends

## The importance of Digital Content

In the age of Artificial Intelligence (AI), automobile companies have realised that going digital is the way forward as it not only reduces expenses but also ensures customer contentment. The intervention of technology

has grown to such an extent that the entire process of buying or selling a car is and can be completed within a day or two. The tech-savvy customers are less likely to find the need to visit dealerships during the car buying process.

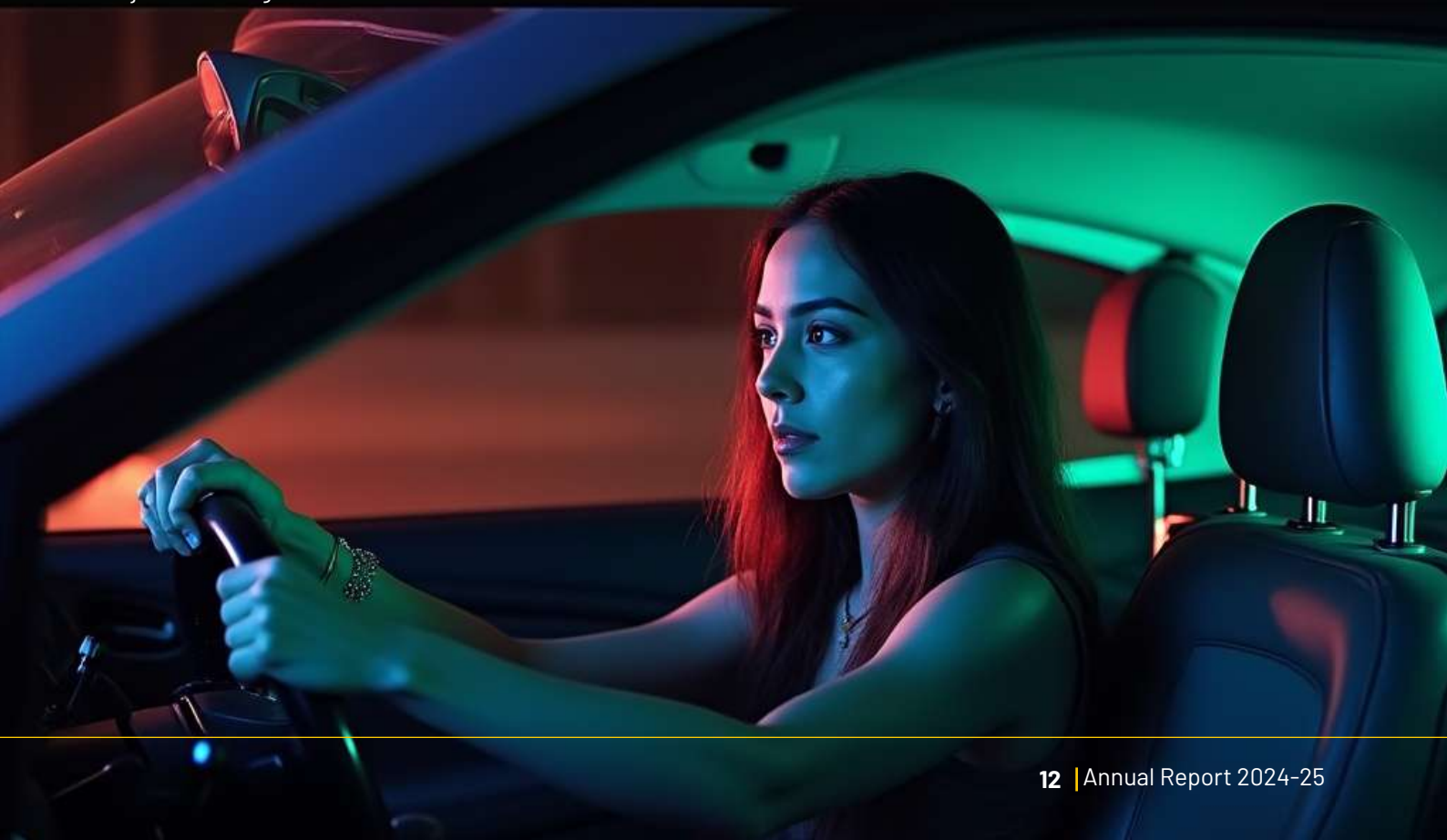
## The Newest Cohort: Gen-Z

Latest research studies demonstrate that Gen Z is more likely than older generations to benefit from AI tools for their research to purchase pre-owned vehicles. The aim is to find the best possible deals. However, that is not all about it. According to Mahindra First Choice's IBB research, Gen Z customers are digitally native, eco-conscious, and deeply research oriented. Their decision-making process involves a host of priorities. It is not based on just price or availability, but a lot depends on how well the car and the buying experience align with their lifestyle and style statement. This generation is also spearheading a shift toward AI-powered car buying experience and even maintenance. An overwhelming majority of Gen Z customers show their preference to use AI tools to find and also recommend the best possible used car for their needs. Baby boomers also do use AI generative tools, but their percentage is not as high as Gen Z customers. Organized used car retailers can position their offerings not just by category or price, but by lifestyle themes — like "Eco-Friendly Drives", "Weekend Getaways" or "City Zippers" and accompany each car with rich digital content that answers not just "Is this a good car?" but "Is this car for me?"

## Rising Disposable Income

According to the research study conducted by a non-profit think tank, the People Research on India's Consumer Economy or PRICE, the size of country's middle class is all set to witness two-fold increase by 2047 – projected to cross the 60 percent mark. This is excellent news as far as India's used car market is concerned. Owning a car in India continues to remain a status symbol. That aspect adds to the confidence of an Indian middle-class customer in every which way.

As India's middle-class is expanding, its spending power is also witnessing a surge that can no longer be undermined. Simultaneously, there is a growing demand for personal mobility among India's middle-class income group, including working males and females. India's aspirational youth is also showing a preference for purchasing pre-owned cars. Other factors such as economic mobility, aspiration, affordability, enhanced vehicle longevity, ease in financing, presence of organized players in the market, social status and rising awareness in Tier-II and Tier-III cities play a supporting role in the continued success of India's pre-owned car market over the new-car market.



## Formalisation of Unorganised Sector

Another encouraging development is the manner in which the unorganised used car market in India is developing into a more professional and a formalised one. This could be a game-changer. Transparency of the process makes it less daunting to be chosen as an alternative to the unreliable C2C or unorganised dealer market. Furthermore, with the introduction and pervasive adoption of AI technology, the reliability of vehicles acquired from the organised sector is much higher in comparison. Thus although the unorganised sector continues to hold a high preference order among consumers today, the organised sector has captured a decent share of the unorganised sector over the last few years.

All such signs are heartening for India's used car industry. Moreover, the organised segment of the used car market is expanding rapidly, thus gaining traction from the entry of Original Equipment Manufacturers (OEMs) and new car dealerships, offering certified pre-owned (CPO) cars with enhanced transparency and quality assurance.

## Auto Penetration

India's demographic dividend – the country's youth population – is set to propel the demand for pre-owned cars. Latest research surveys demonstrate that there are only 34 cars per 1,000 people in India. In the United States, however, this ratio is 850:1000 and in United Kingdom it is 531:1000. So, there are a lot of possibilities there.

The used car industry in India, which presently stands at about \$35 billion, is estimated to touch nearly \$73 billion by FY 2028. In the next four years or so, India's pre-owned car industry is surely going to witness a paradigm shift in more ways than one.

## Women Behind the Wheels

More and more financially independent women are taking charge of their lives across multiple aspects and behind the wheel too. While women are in the driver's seat in India's metropolitan cities, they are also breaking stereotypes by owning pre-owned vehicles in non-metro cities like Jaipur and Kochi (highest demand generator) as well. Data suggests that India's used car market is witnessing a new and encouraging trend—an undeniable surge in female buyers. This is also a reflection of evolving societal trend and style. In the 2021 IBB Used Car market report, only 6% of the respondents were female used car buyers. This number has now doubled to 12% in this year's research, with metro cities showing an even stronger trend of 15%.

## Buyer's Choice: SUVs

One of the defining shifts in the Indian used car market is the steady move towards premiumisation, most visibly reflected in the rising preference for SUVs and compact SUVs. This year's IBB research indicates that demand for SUVs is rising across both metro and non-metro regions, signalling a broader shift in consumer aspirations across geographies. This growth is underpinned by several structural and behavioural drivers. Access to easier financing options—including longer tenures, improved credit reach, and digital loan disbursements—has empowered more buyers to opt for higher-end models. At the same time, consumers remain price-conscious, but they are also becoming more discerning. Buyers are actively evaluating factors like safety, resale value, space, and driving comfort—leading them toward more premium segments within the used car space.



# Market Responds:

## Retail and OEMs

The Indian used-car market is shaped not only by consumer demand but by the strategies of dealers and OEMs – the backbone of how vehicles are sourced, priced, marketed, and resold. As organized retail expands, both groups are moving from transactional approaches to ecosystem-driven business models.

## Dealer Economics in the Digital Age

Dealers remain at the frontline of India’s used-car ecosystem, and their sentiment is a crucial barometer for the industry’s future. Once heavily reliant on walk-ins and local brokers, many now recognize that survival lies in consolidation and integration with larger organized platforms. The shift is not cosmetic – it’s a recalibration of how dealerships view growth, profitability, and customer trust. This is how the dealer ethos is going through an overhaul:

- Lead Generation & Marketing**

Digital lead-gen has become a survival tool. Dealers report 50%+ of inquiries now originate online, with platforms driving visibility beyond local catchments. Call centres support (27%), lead packages (29%) and AI chat tools convert interest into structured leads.

- Margins & Sustainability**

Margins are under pressure, particularly for smaller independent dealers. Organized platforms cushion this with procurement support, financing tie-ups, and warranty programs that increase conversion rates and justify higher transaction values.

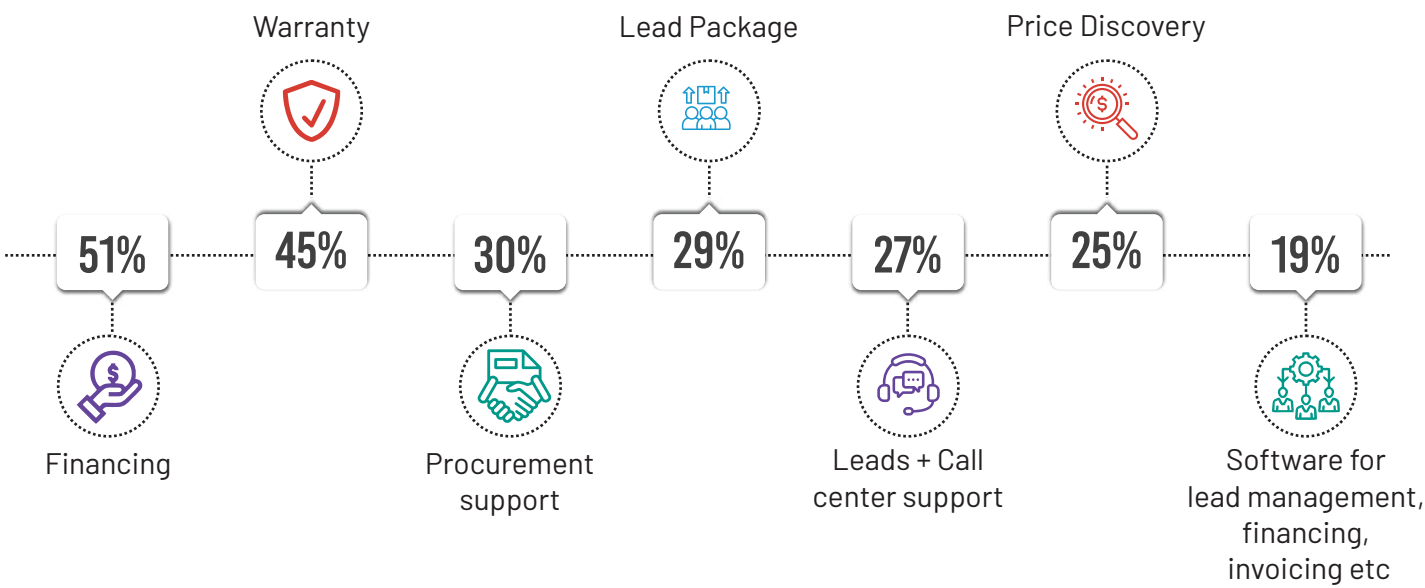
- Procurement Reliance**

Dealers cite procurement as their single biggest challenge (expanded in Chapter 6). Organized exchanges, auctions, and OEM trade-ins are increasingly vital lifelines. Procurement support was tapped by 30% players, reflecting a growing reliance on centralized sourcing networks to maintain inventory flow.

- Digitization of Dealer Operations**

From automated pricing dashboards to stock-turn analytics, digital tools are reshaping how dealers operate. Price discovery tools (25%) helped dealers price vehicles more competitively in a volatile market. 19% adopted software tools for lead management, financing, invoicing, and more—marking a definitive step toward digitization. Furthermore, 45% now provide warranty programs to build credibility, 51% took financing support to enable them to offer easy loan options to consumers to increase conversion, and many are tied into OEM CPO frameworks for better proof of authenticity.

## Dealer Digitization





# Business Models:

## Organized Platforms & Aggregators

India's used car ecosystem has matured into a diverse landscape of five primary business models—each representing a unique approach to solving for trust, scale, and profitability. While the sector is unified by its rapid growth and digital transformation, the structural differences between models result in sharp divergence across financial performance, customer experience, and technology investment.

### Full-Stack Transactional Platforms

These platforms have taken a holistic route to owning the entire customer journey—from sourcing to delivery and even after-sales support. These companies have set up rigorous frameworks and processes for vehicle procurement, digital presence, in-store experience, value added services and post-sales support. Within the full-stack model however, there are further divides based on inventory dealing. While some models like Cars24 and Spinny have asset intensive repository, giving them concentrated advantage in retaining buyers' interest, other models like car&bike by Mahindra First Choice have more geographical outreach owing to their asset light model of operations.

### Classifieds Platforms

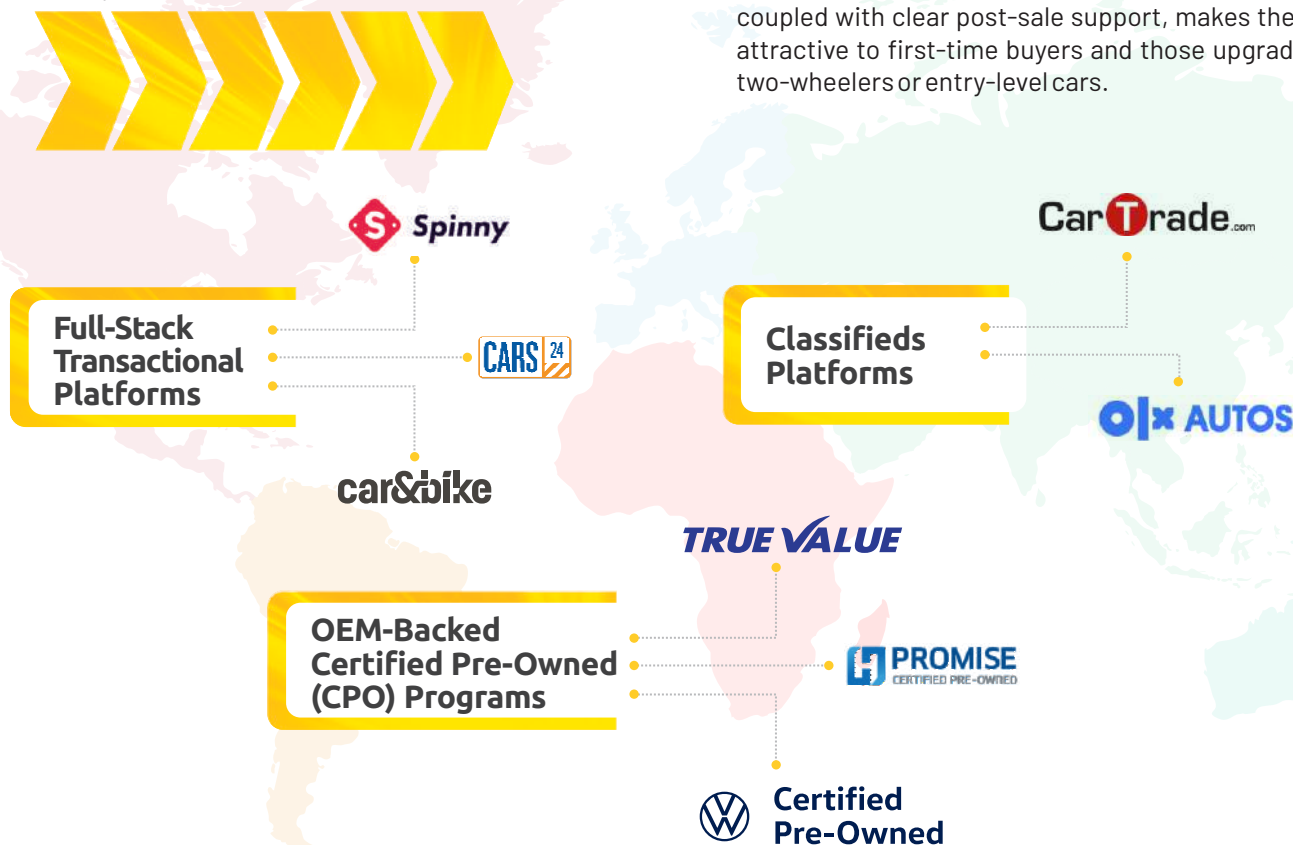
Classifieds Platforms such as OLX Autos and CarTrade operate on an asset-light model, they generate revenue through listings, lead generation, advertising, and value-added services like inspections or loan facilitation.

### OEM-Backed Certified Pre-Owned (CPO) Programs

This model is steadily gaining momentum, offering the strongest association with trust and brand assurance. Backed by manufacturers, these platforms operate as authorized retail outlets for pre-owned vehicles that are thoroughly inspected, refurbished, and certified. Vehicles often come with extended warranties, buyback options, and service packages—benefits that resonate deeply with risk-averse Indian buyers.

While inventory is limited to in-brand vehicles, customers enjoy a near-new car experience with better resale value and structured after-sales support. Elevated customer experience is achieved through brand credibility, physical showroom presence, and integrated service ecosystems. The model is sustainable, though growth is constrained by limited supply and the focus on single-brand vehicles.

Their tech adoption is functional—focused more on inventory digitization and service booking rather than AI-based personalization. However, the brand halo effect, coupled with clear post-sale support, makes them highly attractive to first-time buyers and those upgrading from two-wheelers or entry-level cars.





## OEM Strategies for Certified Pre-Owned (CPO)

### Pricing Backbone

OEMs rely heavily on valuation frameworks like the Indian Blue Book (IBB) to anchor residual values. By setting credible benchmarks, they protect both new car and CPO pricing.

### Certification & Assurance

OEM CPO programs emphasize thorough inspection and certification (often 200+ point checks). This ensures vehicles re-entering the ecosystem reflect brand quality.

### Finance & Insurance Tie-Ups

OEM-backed financing and bundled insurance packages are being scaled to make CPO cars attractive to aspirational buyers.

### Brand Retention

By offering CPO trade-ins, OEMs secure existing customers for new models while onboarding budget-conscious buyers into their brand funnel.

## The Unorganized Sector

The Unorganized Sector, comprising small brokers and dealers, remains a dominant volume contributor. These players operate on variable margins, often without any structured warranty or tech-enabled process. Their deep hyperlocal knowledge and informal credit systems continue to sustain their relevance in the vehicle after-market ecosystem. However, they suffer from poor customer trust, lack of scalability, and minimal data or compliance infrastructure. This segment is gradually ceding ground to more organized players as consumer expectations rise and regulatory scrutiny tightens. Research also shows that this sector is increasingly depending on the services provided by the organized sector to improve their customer experience.

## C2C Transactions

Finally, Customer-to-Customer (C2C) transactions, largely facilitated by platforms like Facebook Marketplace or OLX Auto, offer the lowest-cost method of transacting—often bypassing dealers or platforms altogether. While this format appeals to price-sensitive users, it comes with the highest risk of fraud and the least amount of post-sale support. Platforms operating in this space are increasingly experimenting with paid add-ons like inspection, escrow, and digital paperwork to inject trust into the process. However, without a full-stack backend or strong dispute resolution, C2C remains vulnerable to user dissatisfaction and low NPS.

***Ultimately, the next wave of growth will favour models that combine digital innovation with trust assurance—whether through owned inventory or strong platform guardrails. The winning formula is less about format and more about execution, consumer empathy, and tech-driven agility. The market is tilting towards an ecosystem where organized brands anchor trust and provide value in addition to transparency and the ease of transaction.***

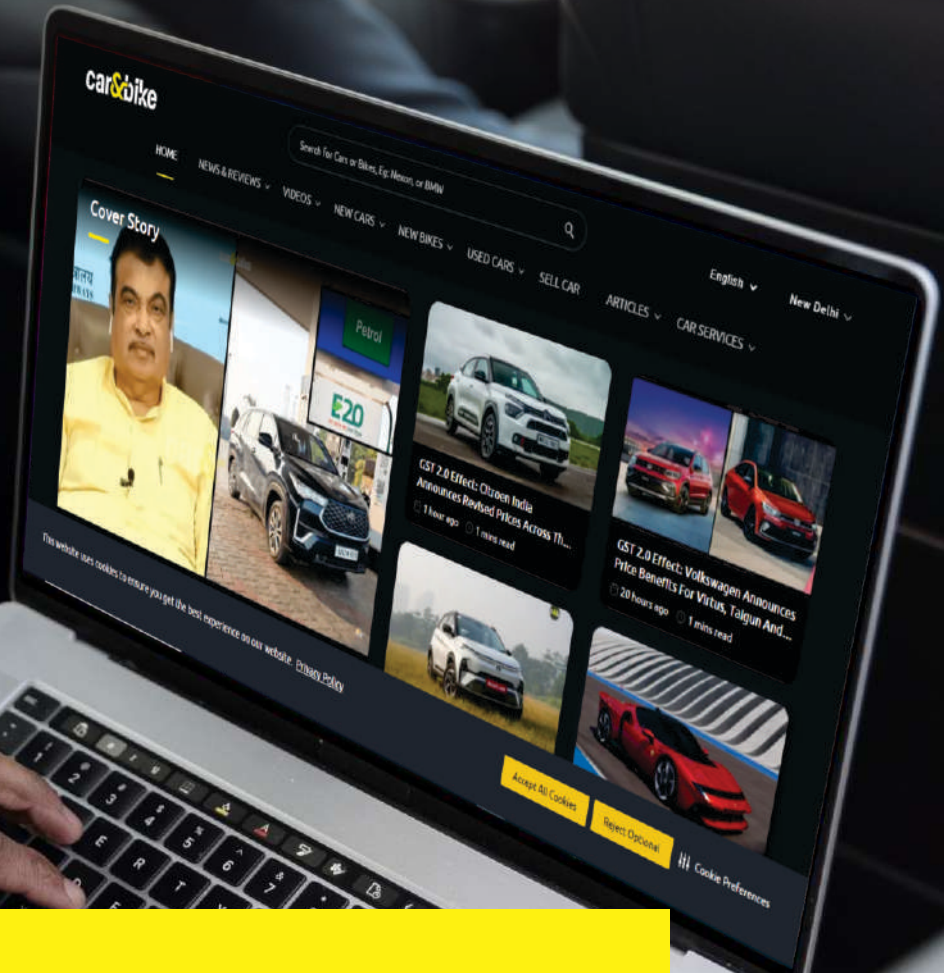


Guest Article

# End-to-End Excellence: The Rise of Full-Stack Innovation

**Jay Rungta**

Business Head, Retail  
Mahindra First Choice



The Indian used car industry is undergoing a profound transformation, moving beyond a fragmented, trust-deficient market to a sophisticated, full-stack service ecosystem. No longer a last resort for budget-conscious buyers, pre-owned vehicles have become a primary choice for a new generation of consumers seeking value, quick availability, and a wide array of options.



The full-stack model is a departure from the traditional, unorganized used car market, where a buyer's journey was disjointed and riddled with uncertainties. Its importance lies in the complete, seamless experience it offers, built on pillars of trust, transparency, and convenience.

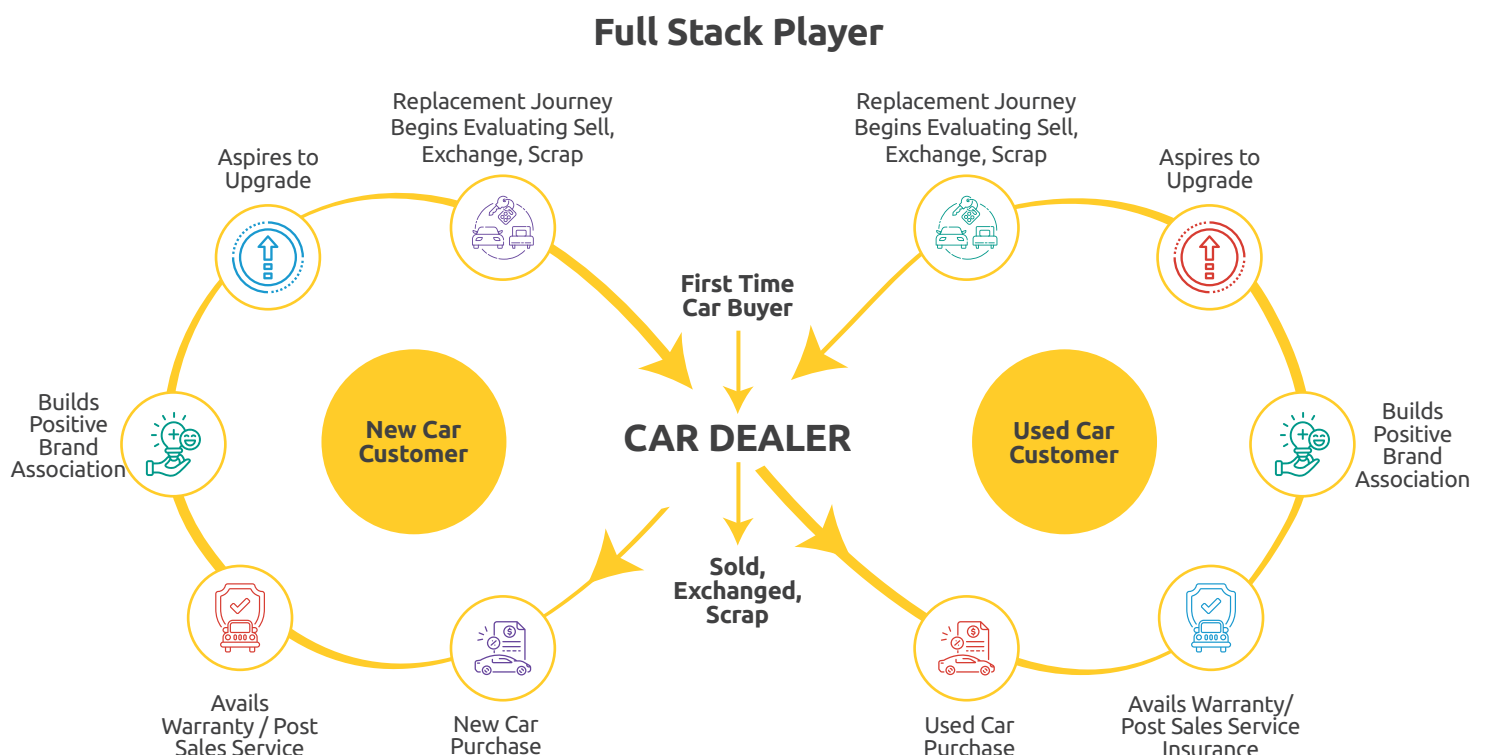
At the heart of this model is a meticulous approach to procurement and quality assurance. Unlike the past, where a car's history was often a black box, full-stack players promote well-defined channels for procurement, emphasising transparency in all transactions along the process. They also present a multi-point inspection process (often 180+ checkpoints) to ensure mechanical soundness and structural integrity. This process, coupled with comprehensive documentation and a clear history report, provides buyers with the peace of mind they previously lacked.

Beyond procurement, the model leverages end-to-end digital services. From the initial search on a mobile app/website and a personalized test drive at the customer's doorstep, the entire purchasing journey is designed for maximum convenience. This digital-first approach also streamlines crucial, and often cumbersome, processes like documentation and ownership transfer, making them faster and more transparent. It is pertinent to note that globally, over 95% of consumers now start their used car search online, and around 70% use third-party websites to compare prices, demonstrating the critical role of digital platforms in the market. The Indian market with rising digital penetration is converging towards similar metrics.

The model's success is also intrinsically linked to the integration of financing and insurance. By partnering with banks and NBFCs, platforms offer tailored used-car loan products, with faster approvals and competitive interest rates that make owning a pre-owned vehicle more accessible. In India, used car financing penetration has surged, growing from 15% in 2010 to over 25% in 2024, and the market for used car financing is projected to grow at a 20% + CAGR. This coupled with seamless insurance renewals and smooth RC transfer process ensures a high level of customer satisfaction.

Finally, the full-stack experience extends beyond the point of sale to after-sales support. This is a critical differentiator from the traditional market. As a full-stack player, car&bike platform not only offers certified vehicles with robust warranties, roadside assistance but also a "no-questions-asked" money-back guarantee for a specified period. This kind of post-purchase support instils a level of confidence in the consumer, a fundamental shift that is driving the formalization of the used car industry and cementing its place as a credible alternative to new car ownership.

As India's pre-owned automotive market matures, the full-stack model is not just a passing trend but the definitive future of the industry. It will be the crucial link that transforms a fragmented market into a trusted, efficient, and customer-centric ecosystem.



# The Retail & OEM Landscape – At a Glance

India's used-car retail sector has shifted from fragmented transactions to a structured ecosystem shaped by digital adoption, organized platforms, and OEM-backed programs.

- **Digital & Gen Z Influence**

More than 50% of dealer inquiries now originate online, with AI chat tools, call centre support (27%), and lead packages (29%) driving conversions. Gen Z customers, digitally native and eco-conscious, are accelerating this shift, expecting not just cars but lifestyle-aligned buying journeys.

- **Dealer Economics**

Margins remain tight, but organized support is cushioning independents. Dealers report tapping financing tie-ups (51%), warranty programs (45%), procurement support (30%), and pricing tools (25%) to stay competitive. Digitization of operations is rising, with 19% adopting software for lead management, invoicing, and financing.

- **Business Models**

The market spans full-stack transactional platforms, classifieds, hybrid franchise aggregators, OEM-certified pre-owned (CPO) programs, and C2C transactions. Each plays a role, but all face pressure to balance scale, trust, and profitability.

- **OEM CPO Programs**

OEM-backed outlets are gaining traction, offering 200+ point inspections, brand warranties, and finance packages. While limited to in-brand supply, they deliver

near-new experiences and reinforce brand retention. OEMs also rely on valuation benchmarks like the Indian Blue Book (IBB) to protect residual values and safeguard both new and used pricing.

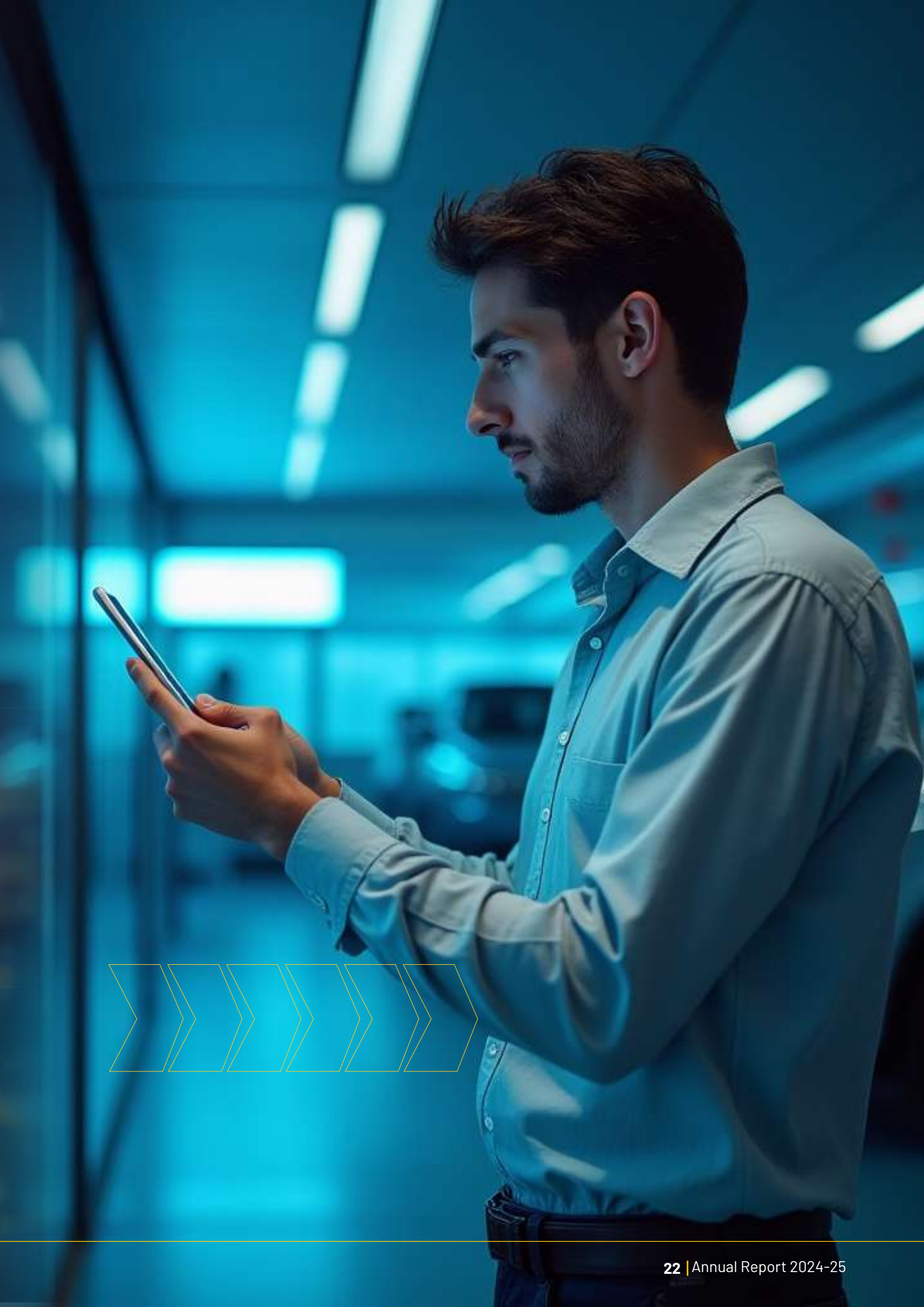
- **Unorganized Sector**

Still the largest by raw volume, the unorganized sector operates on thin, informal systems with little warranty or compliance. As consumer expectations of transparency grow, its share is gradually being absorbed by organized players.

**In conclusion:**

India's retail and OEM landscape is tilting towards organized, tech-driven formats that deliver transparency and assurance. Dealers are digitizing to survive, OEMs are embedding CPO programs as loyalty engines, and unorganized players are leaning on structured platforms. The sector's future growth will rest not on format alone, but on execution, consumer empathy, and the ability to integrate technology with trust.





## Chapter 3

# Who Buys, What and Why?





The used car buyer in India is evolving—price-conscious yet increasingly discerning, balancing affordability with expectations of quality, reliability, and value. This segment represents a diverse set of motivations and behaviours, but one theme is consistent: brand loyalty remains strong, particularly toward the vehicle's make. For many buyers, a used car isn't just a practical choice—it's their first entry point into a trusted brand ecosystem. As such, the pre-owned segment is no longer peripheral for OEMs; it's becoming a strategic channel to build long-term customer relationships and influence future new car purchases. This section delves into the evolving mindset of the Indian used car buyer—what drives their decisions, what they care about, and how their preferences are shaping the market.

## Customer Profiles

India's used car market is no longer dominated by a single buyer profile. The landscape is increasingly segmented, reflecting the broader socio-economic shifts in the country—from rising entrepreneurialism and middle-class aspirations to women's growing financial independence. At the heart of this transformation are three core customer personas, each bringing a distinct worldview, motivation, and expectation to the used car transaction.



## The Value Seeker

### Persona: The Self-Employed Businessperson

These buyers are typically small business owners, traders, or self-employed professionals—individuals who view a car as a functional asset more than a lifestyle symbol. Their decisions are rooted in pragmatism. Every rupee must deliver tangible value, and they're deeply attuned to the nuances of pricing, depreciation, and resale potential. For them, the car is not indulgence – it's a financial asset that must hold its worth.

### Psychology & Drivers:

Value Seekers are financially savvy and approach the buying journey like a high-stakes investment. They are brand-aware but not brand-loyal—if a car delivers better reliability and value, they will switch. Mileage, maintenance history, and residual value are often more important to them than aesthetics or the model year.

For them, a used car is an enabler of mobility, productivity, and status, but without the overhead of a new car's price tag.

### What They Value Most:

- Transparent, no-haggle pricing
- Comprehensive inspection reports and vehicle history
- Easy access to financing with minimal paperwork
- Strong resale value potential
- Warranty or buy back assurances that protect long-term value

They tend to appreciate organized platforms with structured offers and bundled services that simplify the transaction and reduce post-purchase risk.



## The Social Climber

### Persona: The Junior to Mid-Senior White Collar Executive

This segment represents India's aspirational middle class—young professionals climbing the corporate ladder, the Social Climber is drawn to status and lifestyle signalling. They want their car, often a first one, to reflect ambition. For them, a used car is not just about mobility, but a symbol of having arrived.

#### Psychology & Drivers:

Social Climbers are brand-conscious, digitally literate, and heavily influenced by social signaling. They seek cars that are stylish, feature-rich, and "feel premium," even if a few years old. Many are drawn to compact SUVs or sedans that offer a touch of luxury without stretching their budget. While price matters, they are willing to pay more if the vehicle aligns with their lifestyle aspirations.

They often research extensively online, read reviews, compare features and expect a retail experience that mirrors the transparency and polish of new car dealerships.

### What They Value Most:

- A premium and hassle-free buying experience (digital or hybrid)
- Brand and model recognition among peers
- Assurance of vehicle quality through warranties or certified programs
- Easy EMI options or financing tie-ups
- Clean interiors, infotainment features, and overall "look and feel"

They are more likely to engage with full-stack or certified pre-owned platforms that offer branding, convenience, and seamless service under one roof.

This persona is fuelling the wave of premiumization in the used-car market. For them, organized retail bridges the gap between aspiration and affordability: making the dream of owning a stylish, safe, and modern car attainable without the new-car price tag.



## The Ceiling Breaker

### Persona: Financially Independent Women in Metro Cities.

Confident, independent, and digitally fluent, the Ceiling Breaker represents a new class of buyers — especially women in metro and Tier-II cities who see mobility as freedom. Their car is not just transportation but a tool for independence, safety, and self-definition.

They demand transparent pricing, digital-first journeys, home delivery options, and non-patronizing service experiences. Trust is paramount: platforms that respect their autonomy, provide full inspection transparency, and ensure safety ratings resonate strongly.

Women buyers are central to this persona. They represent a demographic shift where the pre-owned car is not a compromise, but a deliberate choice — a smarter, safer, and more independent path to ownership.

### Psychology & Drivers:

The Ceiling Breaker is breaking stereotypes—choosing ownership over dependence, and control over compromise. The car purchase is both a practical decision and a personal milestone. Their motivations are rooted in safety, freedom, and functionality, often for daily commutes or intercity travel.

They tend to be cautious buyers who seek trust-building mechanisms—verified documentation, transparent pricing, and after-sales support. Many of them favor automatic transmission, fuel efficiency, and compact size for ease of navigation in cities.

### What They Value Most:

- Strong safety ratings and after-sales service reputation
- Transparent, trustworthy platforms with no hidden charges
- Remote/digital purchasing options and home delivery
- Low maintenance cost and warranty-backed assurance
- Respectful, non-patronizing customer service

They often gravitate toward organized, professional platforms where they feel empowered, assured, understood and catered to in terms of response turnaround and inventory match—a place where they can transact with confidence and clarity.





## What do these personas mean for businesses?

Each of these personas reflects not just a segment of demand, but a different expectation of what the used car journey should feel like. As the market matures, success will depend on how well platforms can recognize, design for, and deliver tailored experiences to these diverse buyer types. From AI-powered personalization to value-driven bundling and safety-first transparency, the next phase of market leadership will be shaped by how empathetically and intelligently businesses respond to these evolving customer archetypes.

The Indian used car buyer is evolving—but one thing remains constant: the pursuit of value without compromise. Across all personas—whether it's the

financially savvy Value Seeker, the ambitious Social Climber, or the independent Ceiling Breaker—the top reason for purchasing a used car is clear: better value for money. This is not just about affordability; it's about maximizing utility, minimizing risk, and making an informed, confident choice.

For businesses, this means moving beyond a one-size-fits-all approach and crafting intelligent, personalized journeys that respect the buyer's intent, profile, and aspirations. As India continues to motor ahead on the path of rising car ownership, the used car market is no longer on the sidelines—it's a strategic entry point to long-term customer relationships.

### Used Car Market: Aspiration Meets Access

#### FIRST TIME BUYERS



**44%**  
First Car Ever

**82%**  
First Used Car

#### CUSTOMER PROFILE



Well Educated

Digital Savvy

Economically Empowered

#### BUYER MINDSET



Seeking Smart Deals

Professional-Grade Experience

# Residual Value: The Biggest KPI

In the world of used cars, residual value plays a central role in shaping both buyer and seller behaviour. Simply put, the residual value of a car is its estimated market worth at the end of a defined period of ownership. It answers a critical question for both individuals and businesses: *"What will this car be worth in the future?"*

Residual value is not just a number—it's a reflection of a vehicle's perceived quality, reliability, brand equity, and market demand. It is influenced by a combination of factors including the vehicle's age, mileage, service history, segment, fuel type, and overall brand reputation. For instance, brands like Volkswagen, Honda, Toyota have historically enjoyed higher residual values due to strong after-sales support, robust build quality, and consistent market trust.

This metric is essential across the automotive ecosystem:

- For buyers, it influences the total cost of ownership. A car that retains more value over time, offers better returns at resale.
- For financiers, it is critical in loan and lease calculations. Cars with higher residuals often attract lower EMIs or lease payments since the risk of depreciation is lower. AI-driven residual modelling (explored in Chapter 5) is emerging as a critical enabler of smarter procurement and sustainable lending.
- For OEMs and organized used car players, it shapes pricing, warranty duration, and buyback programs, and acts as a key differentiator in certified pre-owned offerings.



- For the used car ecosystem overall, residual value is increasingly being used to benchmark vehicle quality and assess desirability in the secondary market.
- As more Indian consumers become financially savvy and view car ownership as an investment, residual value is gaining prominence in influencing purchase decisions. High residual value vehicles not only offer better resale prospects but also tend to reflect higher overall satisfaction due to fewer issues, stronger resale networks, and greater trust. Weak residuals (notably in EVs) threaten both dealer profitability and OEM uptake.

Using the IBB Pricing Engine segment wise, the best residual value models have been identified in each segment.

Volkswagen as a brand comes out leading the chart, displaying the best residual value in the hatchback and compact SUV segments with Polo and Taigun. Toyota dominates in the SUV and MUV section with Fortuner and Innova being people's top choices. Mahindra shares the SUV space with its most loved car-XUV700. Hyundai's Verna does best in the sedan segment, along with Maruti Suzuki Dzire and Maruti Suzuki Baleno rises up alongside Volkswagen Polo in the hatchback section.





# Popular Cars- Used Car Segment

The preferences of used car buyers in India today show strong parallels with new car trends—brand perception, fuel type, and body style choices remain largely aligned. This overlap indicates that, far from being a compromise, a used car is increasingly seen as a smart entry point into a customer's preferred make or segment.

Within popular segments—hatchbacks, sedans, compact SUVs, and full-size SUVs—buyers display clear brand loyalties, often echoing the same patterns seen in the new car space. (Refer to the infographic below for detailed brand preferences across each segment.)

## SUV

**Best** XUV700,  
Fortuner

---

**Better** Scorpio,  
Grand Vitara

---

**Good** Thar

## Sedan

**Best** Dzire,  
Verna

---

**Better** Virtus, City,  
Slavia

---

**Good** Ciaz

## Hatchback

**Best** Polo, Baleno

---

**Better** Swift, i20

---

**Good** Grand i10

## Compact SUV

**Best** Taigun,  
Creta

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**Better** Nexon,  
Sonet

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**Good** Brezza,  
XUV300

## MUV

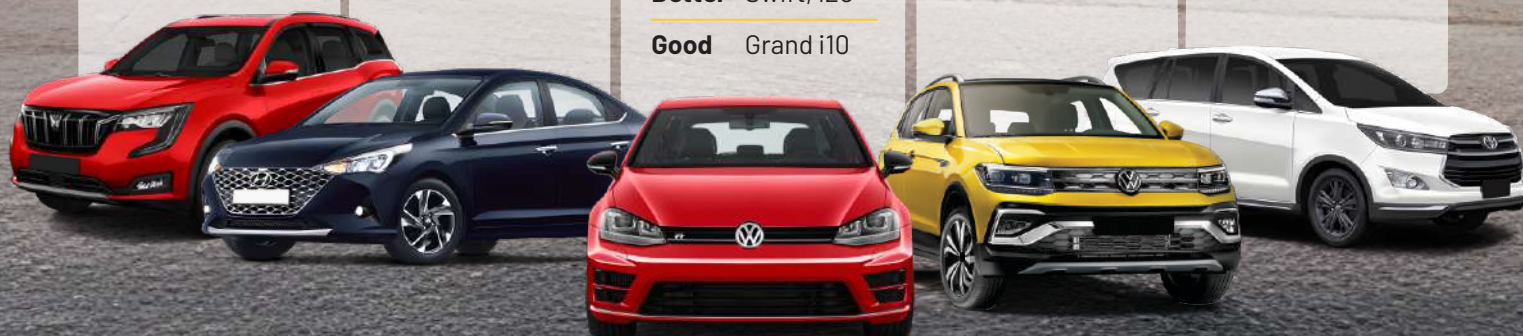
**Best** Innova

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**Better** Ertiga

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**Good** Carens





## Top 10 Selling Used Car Brands\*



### Hatchback\*



### Sedan\*



### Compact SUV\*



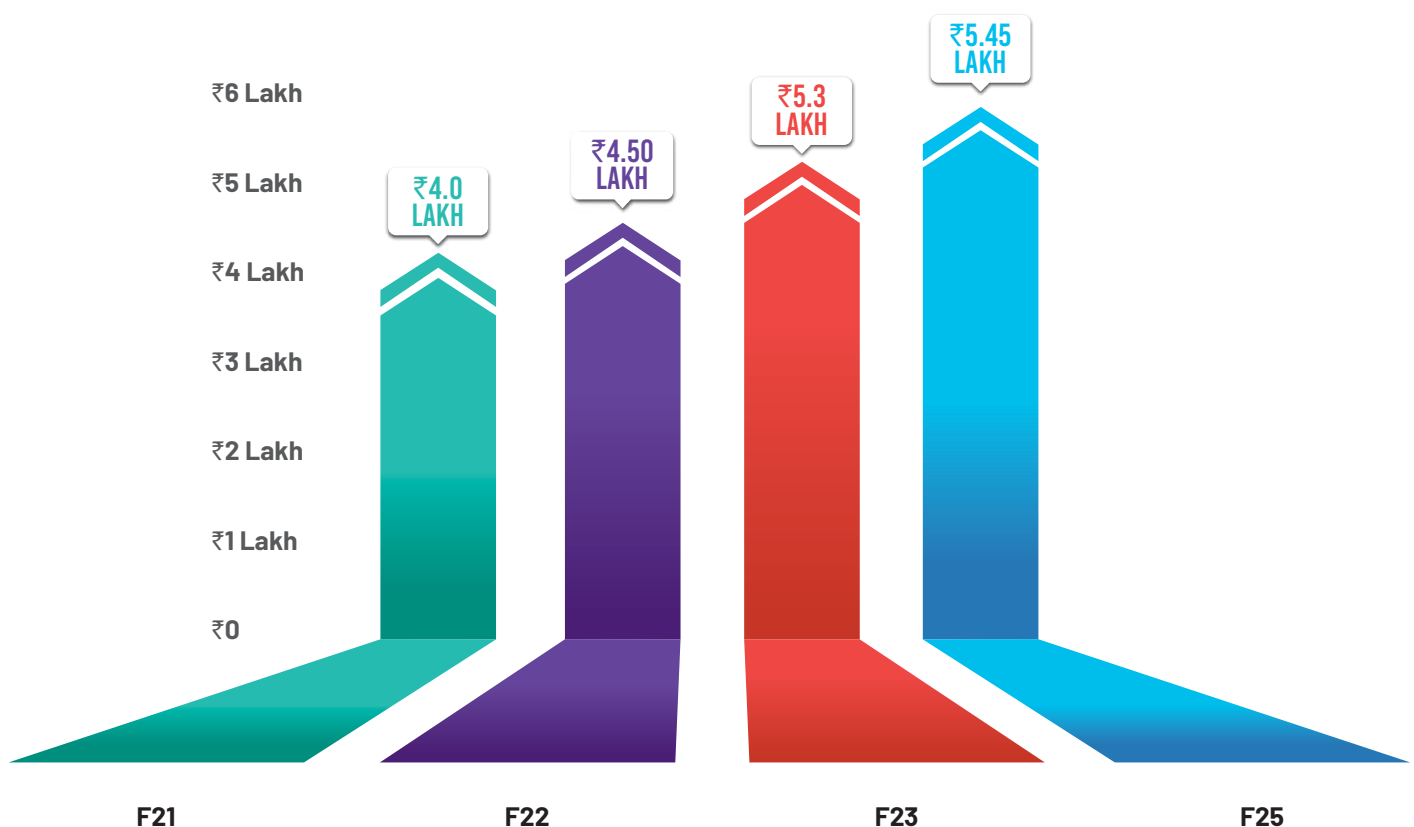
### SUV\*



Petrol vehicles continue to dominate the used car market, a trend that reflects both availability and buyer comfort with lower running and maintenance costs compared to diesel or alternative fuels. The average selling price (ASP) of used cars has also seen a steady climb, currently at

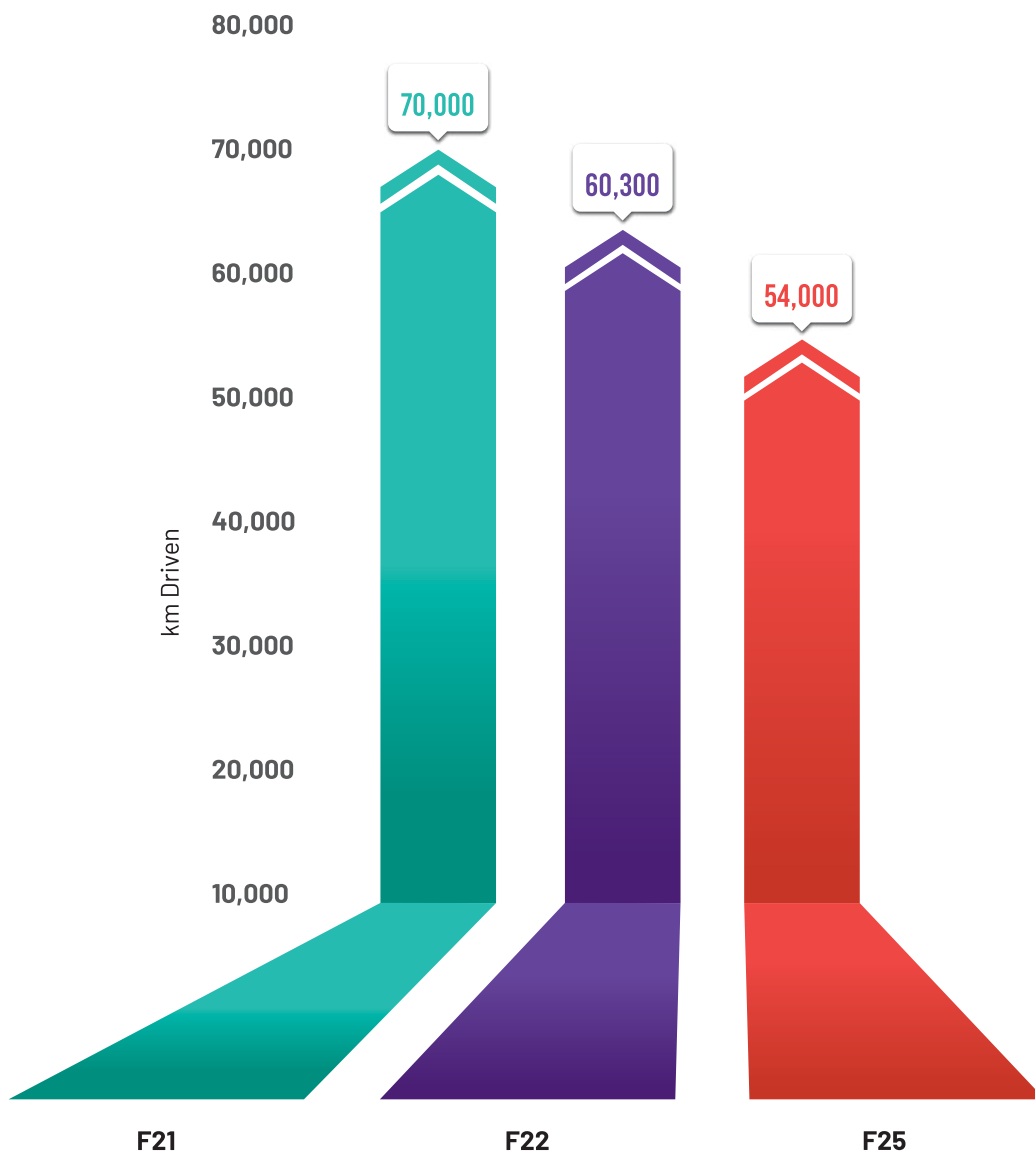
₹5.45 lakh, marking a 36% increase over FY21. This suggests that buyers are not only aspiring for higher quality cars but are also willing to spend more—within reason—for the right value proposition.

## Average Selling Price Increases by 36% over F21-F25



\*Brand representation here does not indicate a hierarchy of preference

## Reduction in km Driven YoY



Interestingly, as per the IBB research, the average kilometers driven at the time of resale is trending downward—from 70,000 km in FY22 to 60,300 km in FY23, and now down to 54,000 km. This YoY decline reflects a growing preference for newer, less-used vehicles, especially in the organized segment.

In fact, the IBB research also shows that 50% of the organized retail volumes are made up of cars aged between 4 to 7 years—vehicles that offer a sweet spot between affordability, quality, and remaining usable life. On average, organized players are able to offer cars that are significantly newer and better maintained than those sold through unorganized channels, which continue to transact older, higher-mileage stock.

Yet, some older vehicles continue to hold strong resale demand, defying the age curve. This is especially true for brands like Skoda, Volkswagen and Honda, which consistently average first ownership periods of more than 6 years. Their enduring demand stems from a high residual value and strong build quality, making them sought-after even in later ownership cycles.

In summary, the Indian used car buyer is increasingly looking for newer, trusted, and high-quality vehicles, with choices that reflect aspiration and brand trust—not just price sensitivity.





## The Trend Towards Premiumization

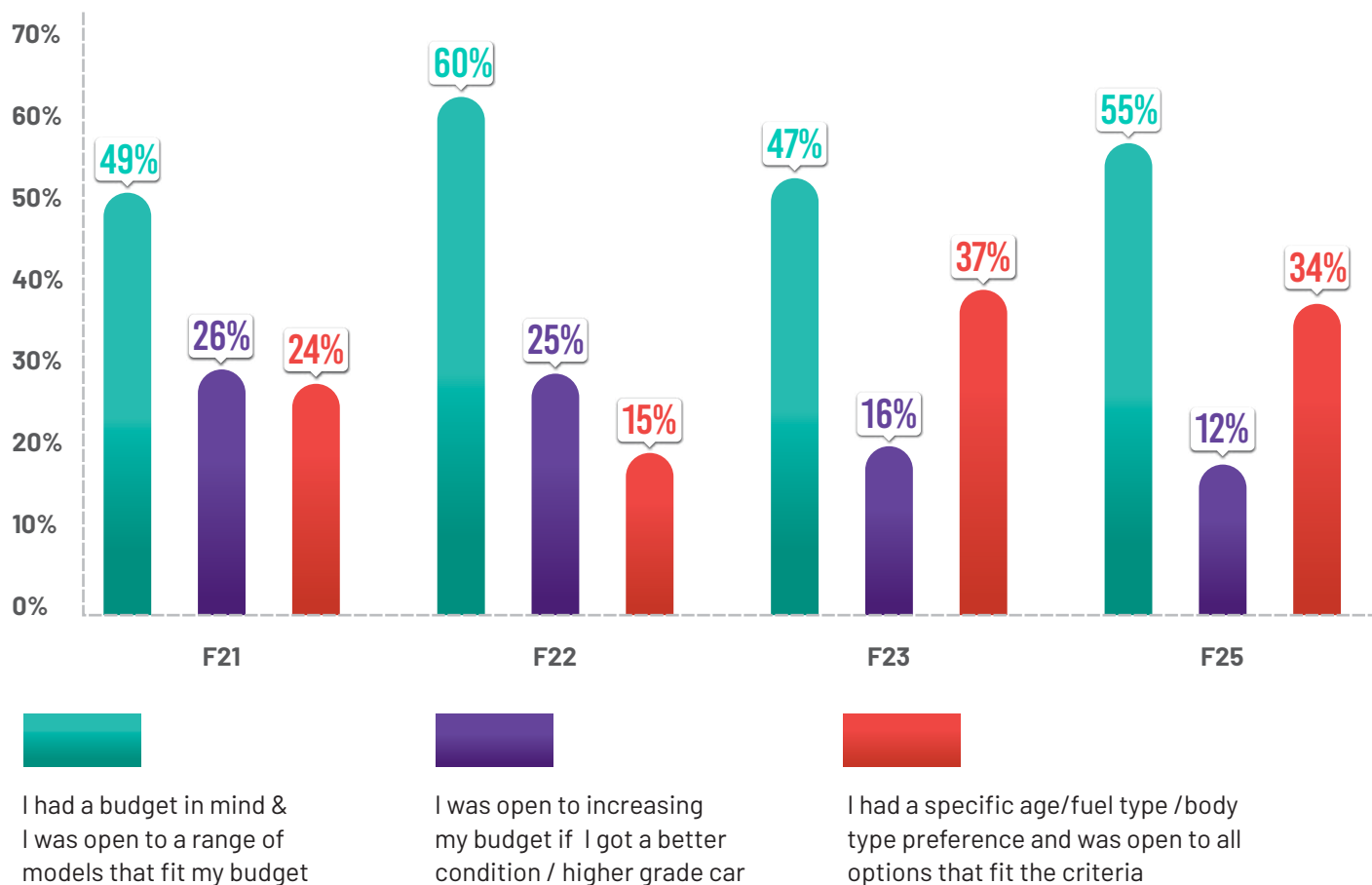
The Indian used car market is no longer driven solely by budget-consciousness—an increasing number of buyers are prioritizing quality, features, and specifications over price alone. While a majority of buyers (55%) still begin their search with a fixed budget in mind, the notion of "value for money" is being redefined.

With the rapidly changing lifestyle, the consumer demand for everything that drives that lifestyle is also undergoing a systemic shift. Consumers are more aware—of their disposition and aspirations, thus making them equipped to make the decision between a host of options available in the market. Premiumization is a shift in the purchase trend displayed across different cohorts of buyers where more and more Compact SUVs are being preferred in place of hatchbacks, owing to the rise of social climbing aspirations; entry-level cars are also being evaluated for diverse features that justify competitive pricing, and in general the host of financing and researching options available drive the consumer to aspire for better, feature loaded cars instead of just entry level options.

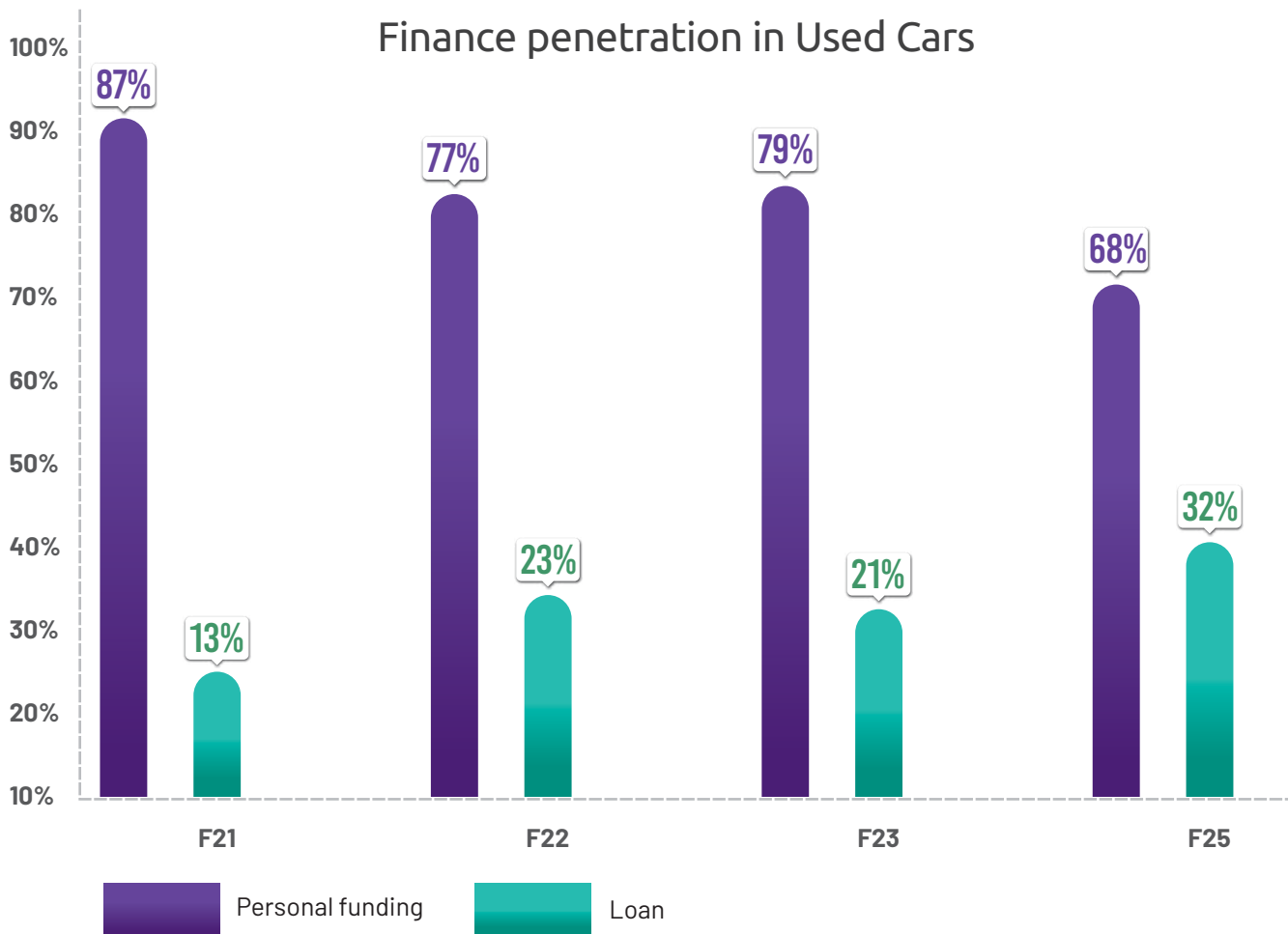
According to the IBB research, today 34% of buyers enter the market with specific preferences—such as the vehicle's model, age, fuel type, or body style—as their primary filters rather than budget. This mindset, more pronounced in metro cities, suggests a rising level of awareness and technical knowledge among buyers. These customers are more discerning and tend to do more homework before arriving at a decision. Notably, this segment has grown steadily from 24% in FY21 to 34% in FY25, signaling a consistent shift toward premiumization over the past three years.

Interestingly, a small but steady group—11% of buyers (drawn from the same IBB research)—are also open to stretching their budgets if it means securing a vehicle in better condition. What stands out is that this willingness to pay a premium span across both metro and non-metro markets equally, breaking the assumption that only urban customers display such flexibility.

### How Budget Affects Buyers



This shift in buyer mindset is further supported by the rise in financing penetration, which has significantly improved from 13% in FY21 to 32% in FY25 (IBB Research). Easier access to credit has allowed more customers to move beyond strict price limits and explore better-equipped, newer, and more aspirational vehicles. This number is projected to rise to 40% of finance penetration by 2030 (IBB Research).



Together, these indicators highlight a clear movement: while price remains important, quality, reliability, and brand perception are gaining ground—marking a phase of maturing demand in the Indian used car ecosystem.





# Brand Loyalty and Future Aspirations:

## The Evolving Journey of the Used Car Buyer

The Indian used car buyer is evolving—not just in terms of the car they choose today, but in how they think about their next upgrade. What remains strong across segments is a sense of brand affinity. According to this year's research, 42% of used car owners say they would prefer to purchase the same brand again, indicating a high degree of trust and satisfaction with their current ownership experience. This is a critical insight for OEMs, as it underscores the strategic importance of used car programs in shaping long-term brand loyalty.

When it comes to future preferences, the desire to upgrade is clear. According to the IBB research SUVs lead the aspiration chart with 27% overall preference, and this figure climbs to 31% in metro areas, reflecting both the aspirational value and practicality of the segment. Sedans and Compact SUVs follow closely at 23% each, highlighting that while SUVs dominate, there's still a sizeable demand for other premium body types.

**The aspiration trend also aligns with current ownership patterns:**

- Hatchback owners typically aspire to upgrade to Sedans or Compact SUVs, seeing these segments as a step up in status and comfort.
- Sedan owners, interestingly, often prefer to stick with Sedans, pointing to satisfaction with the segment's balance of performance and sophistication.
- Compact SUV owners aspire to move up to full-sized SUVs, while SUV owners prefer to stay within the segment, showing a strong preference for larger, more versatile vehicles.

This shift toward higher segments is further reflected in broader market patterns. In FY21, SUVs and Compact SUVs made up just 23% of preferences (IBB Research). By FY25, this figure has more than doubled to 56% (IBB Research), reinforcing the narrative of premiumization and the growing dominance of larger vehicle formats.



# EVs in the Used Car Market: A New Frontier





While electric vehicles (EVs) are gaining ground in the new car market, their penetration into the used segment remains in its early stages. According to IBB research, as of FY25, only 36% of respondents are open to purchasing a pre-owned EV, though the interest is markedly higher in Metro areas (41%), compared to Non-Metros (23%).

**Among those open to EVs, the key motivators are:**

- A strong environmental consciousness, cited by 81% of respondents.
- Avoiding the high upfront cost of new EVs—a universal motivator, especially among 100% of non-metro buyers.
- Lower maintenance costs compared to traditional ICE vehicles, mentioned by 71%.

However, barriers to adoption remain significant, and they point to critical gaps that organized players must solve if the used EV market is to scale:

- Difficulty finding charging stations is the top concern (67%).
- Battery replacement costs (44%) and price concerns (43%) also weigh heavily on buyers' minds.
- Importantly, 28% of buyers are unsure about how to evaluate the condition of a used EV, with this concern being even more pronounced in Metro areas (33%)—where buyers tend to be more informed and expect transparency.

This evaluation gap drawn from the data of the IBB research presents an urgent opportunity: the rise of EV-specific inspection protocols, diagnostics, and assurance frameworks will be crucial in building trust and accelerating adoption in the years to come. Organized players that can solve for these pain points will lead the way in shaping India's pre-owned EV market.



# Customer Profiles and choices- At a Glance

India's used-car market is no longer defined by affordability alone. Buyer behaviour is becoming more sophisticated, segmented, and aspirational, shaped by personas that reflect lifestyle choices as much as budgets.

## Key takeaways:

- **SUV Supremacy:** Compact SUVs have emerged as the defining choice across archetypes. In FY25, SUVs accounted for over 45% of all pre-owned sales, up from 32% in FY20. For Value Seekers they deliver practicality, for Social Climbers they carry badge value, and for Ceiling Breakers they provide a sense of safety and freedom.
- **Financing Penetration:** Used-car financing has risen from 13% in FY21 to 32% in FY25, and is projected to reach 40% by 2030. This signals a structural shift: pre-owned cars are now being bought like new cars, with predictable EMIs enabling budget stretch. For Social Climbers, it opens up aspirational choices; for Value Seekers, it ensures stability.
- **Premiumization:** The shift toward higher trims, newer models, and better safety is reshaping the demand profile. Customers increasingly seek feature-rich cars at value-for-money prices, reinforcing why certified pre-owned programs are thriving.
- **Women & Gen Z Buyers:** Together, these groups are rewriting demand. Women buyers, once a minority, are now shaping choices in metros and Tier-II cities, prioritizing safety, convenience, and transparency. Gen Z, digitally fluent and value-conscious, expect end-to-end online journeys.

- **Personas as Playbooks:** The Value Seeker (ROI-driven), the Social Climber (status-driven), and the Ceiling Breaker (independence-driven) capture the diversity of today's used-car customer base. Each requires different engagement strategies, but all converge on the same demand for trust, transparency, and choice.

## In conclusion:

The buyer profile of India's used-car market is evolving from one-size-fits-all affordability to multi-layered aspiration. The market's growth is not just in numbers, but in the richness of consumer behaviour. For stakeholders, success lies in designing products and services that align with these personas, while doubling down on SUVs, financing, premium features, and digital-first experiences.





## Chapter 4

# Buying Journey of a Used Car



In India, buying a used car has historically carried the burden of mistrust: concerns over hidden damage, paperwork hassles, unclear warranties, and inflated dealer margins. The organized ecosystem is steadily changing this. Trust is now the currency that powers the sector's growth. Customers no longer settle for mere transactions — they demand confidence, transparency, and long-term value.

In today's digital-first landscape, the used car purchase journey is increasingly starting—and evolving—online. As buyers become more discerning and digitally savvy, they demand information at their fingertips. The ability to compare prices, explore MMV (Make-Model-Variant) availability, and check listings by proximity has been a key driver of growth for organized used car platforms in recent years. Convenience, transparency, and breadth of options are becoming essential expectations.



Price, range, and dealership location emerged as the top reasons why consumers rely on online research platforms before stepping into the purchase phase. Yet, beyond logistical considerations, the emotional and aspirational component remains intact: MMV continues to be the most influential factor in purchase decisions, even among highly price-sensitive buyers. This underscores a recurring theme across the report—brand preference remains a powerful influence on Indian used car buyers.

When it comes to researching their options, websites like car&bike, Mahindra First Choice, Spinny, Cars24 and VW Certified Preowned are the first destination of choice for 65% of buyers. These organized players are closely followed by classified platforms like OLX Auto, CarDekho, and CarTrade (54%), which continue to provide critical listing volume and local options.

Today, organized players are creating a trust infrastructure, where value-added services become differentiators: warranties that extend peace of mind, financing that makes ownership viable, insurance that secures assets, and digital certification that validates every claim. Together, these services transform the journey from “buyer beware” to “buyer assured.”

As per ‘Think with Google’, the acclaimed marketing podcast, 95 percent of car shoppers exploit online resources to find answers to their curious queries about car-buying process. On average, they spend about 14 hours online and keep surfing before locking their eventual choices.

This trend led to a 65 percent spike in watching Test Drive videos on platforms such as YouTube. It remains one of the largest hubs for automotive influencers. Even kids, before hitting their teen, enjoy watching videos about various car brands. Research shows this trend to be growing from the last two years. Given the size of India’s Internet industry, the trend will only grow from strength to strength. The key,

however, lies in producing credible content and professional commentary about vehicle brands, parts, accessories and features.

According to data, YouTube presently has 2.5 billion users globally of which India has the most users. As of February 2025, India earned a reputation for having the largest number of YouTubers (491 million). With Instagram and TikTok reel format also on a rise, the entertainment quotient can also quickly turn educational—inherently or overtly.

However, while digital research is on the rise, human influence remains pivotal. Friends (72%) and family/relatives (68%) continue to be the most trusted voices, reaffirming the power of close networks in big-ticket purchase decisions like cars. Choice of car make/model is heavily influenced by friends, budget & financial compatibility is heavily influenced almost equally by friends and family and so is the judgement of quality. Dealers and brokers (28%) and mechanics (25%) also play an important role, especially in guiding decisions around quality and technical reliability.

Digital content touchpoints are beginning to challenge this dominance, particularly among metro buyers. Car review sites (23%), YouTube/Instagram (21%), and social media influencers (19%) are shaping choices on MMV, quality, and even accessories—offering peer reviews, test drives, and credibility that resonates with younger or more digitally native consumers.

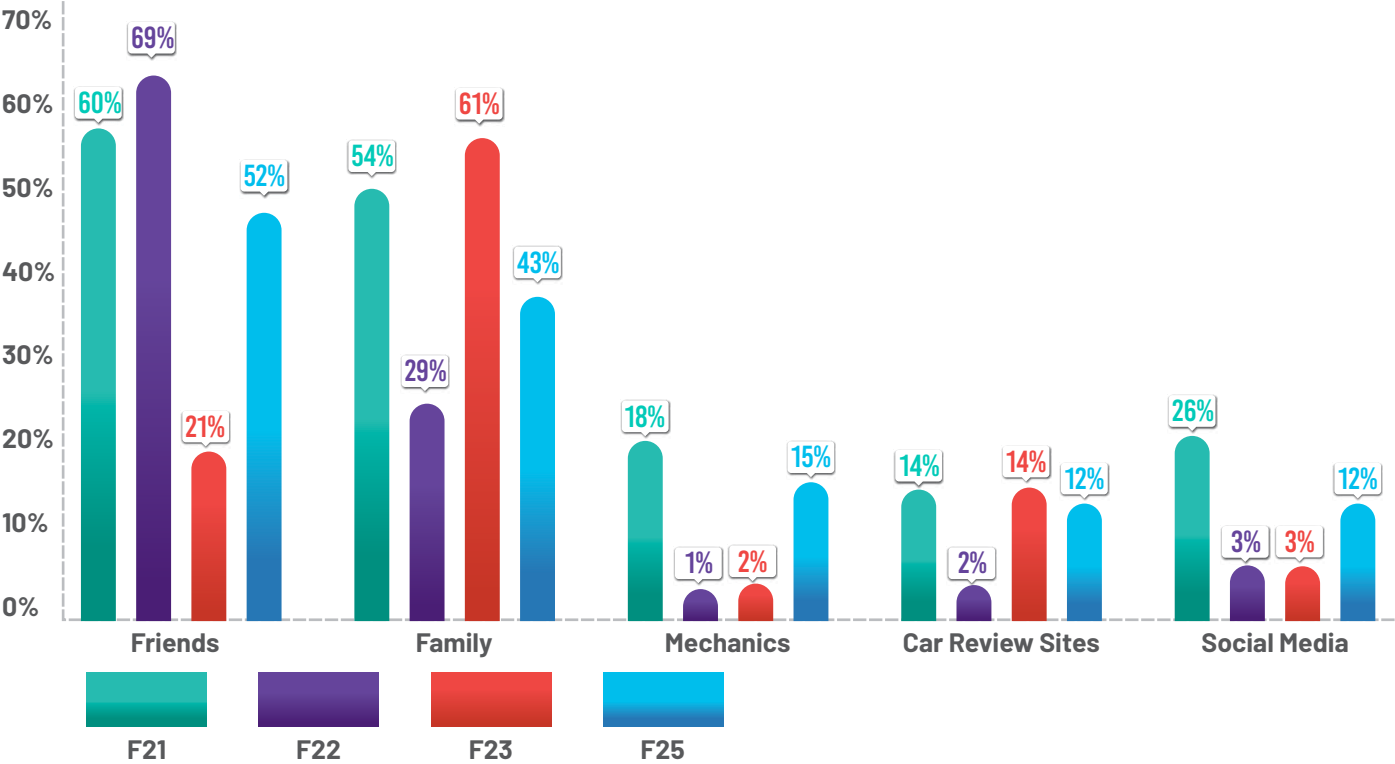
In contrast, traditional media like TV/radio (9%) and auto magazines (4–6%) have limited influence, showing a clear generational and behavioural shift in how car buyers seek information today.

The next infographic below visualizes the influence of each touchpoint—from friends and mechanics to influencers and ads—across critical aspects of the buying process such as make/model selection, price, quality evaluation, retailer choice, financing, and accessories.

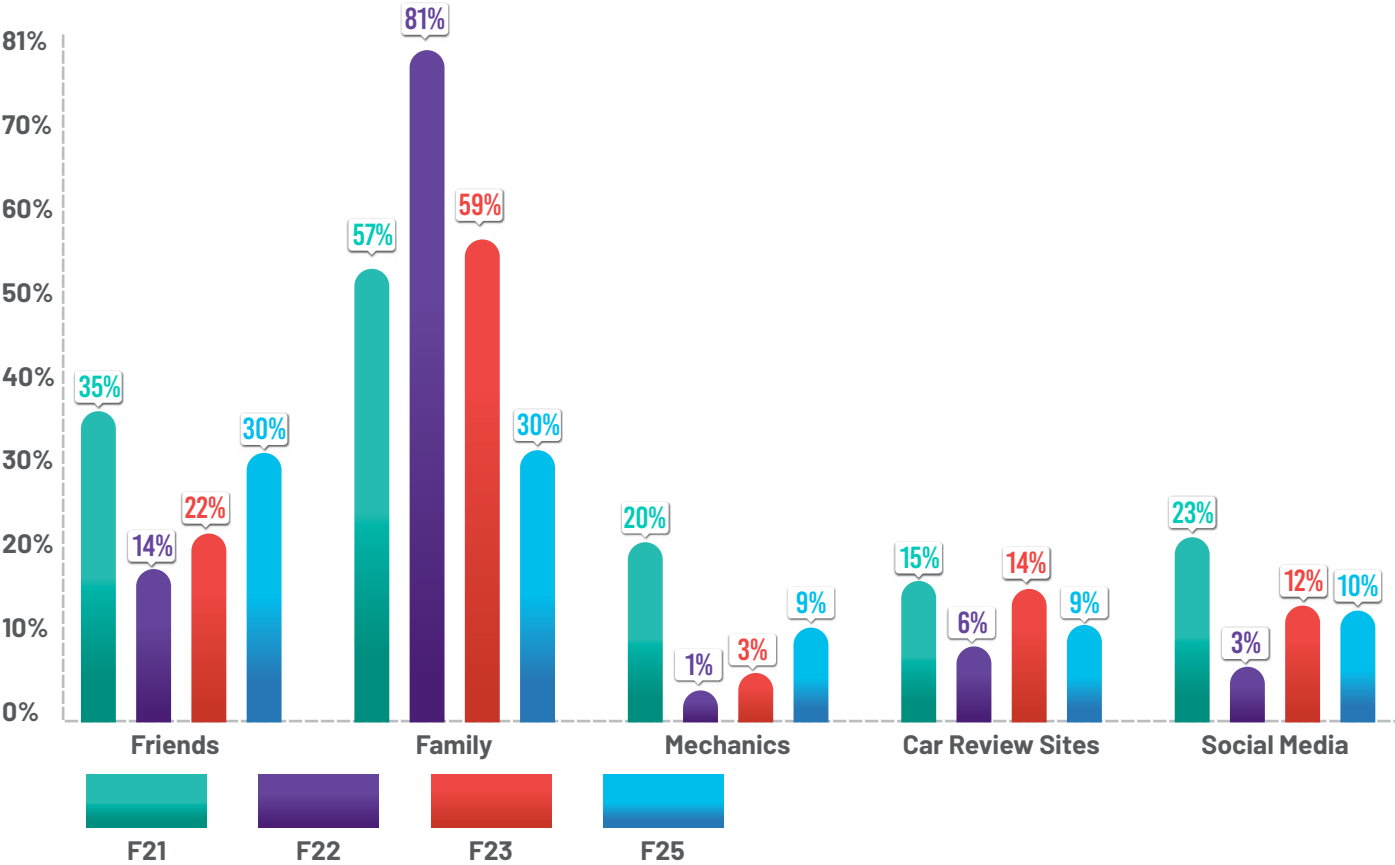


Notably, a small but growing cohort of buyers is embracing newer tools—6% of respondents cited using generative AI platforms like ChatGPT, Google Gemini and Meta AI to explore used car options. This reflects an emerging shift in consumer behaviour where personalized, AI-augmented research is beginning to supplement traditional online discovery and is likely to become more mainstream in the coming years.

### Choice of Car Make & Model

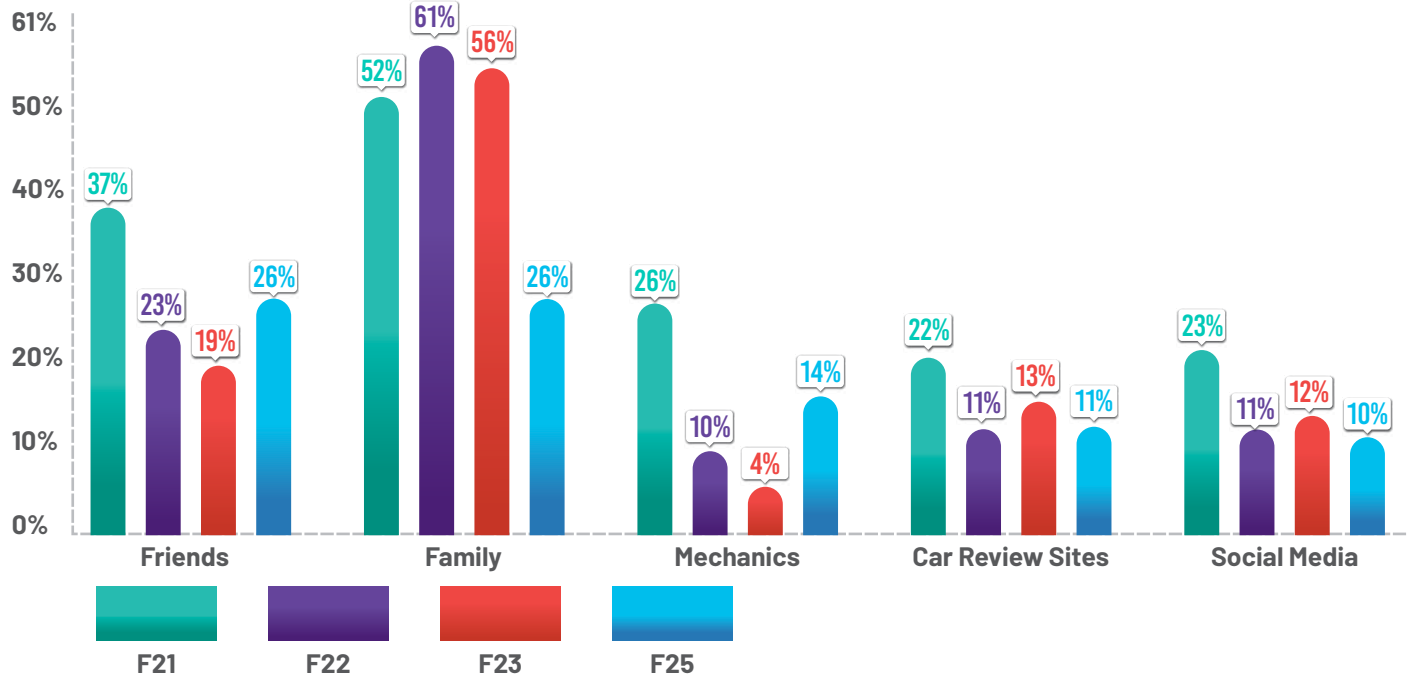


### Budget & Financial Factors

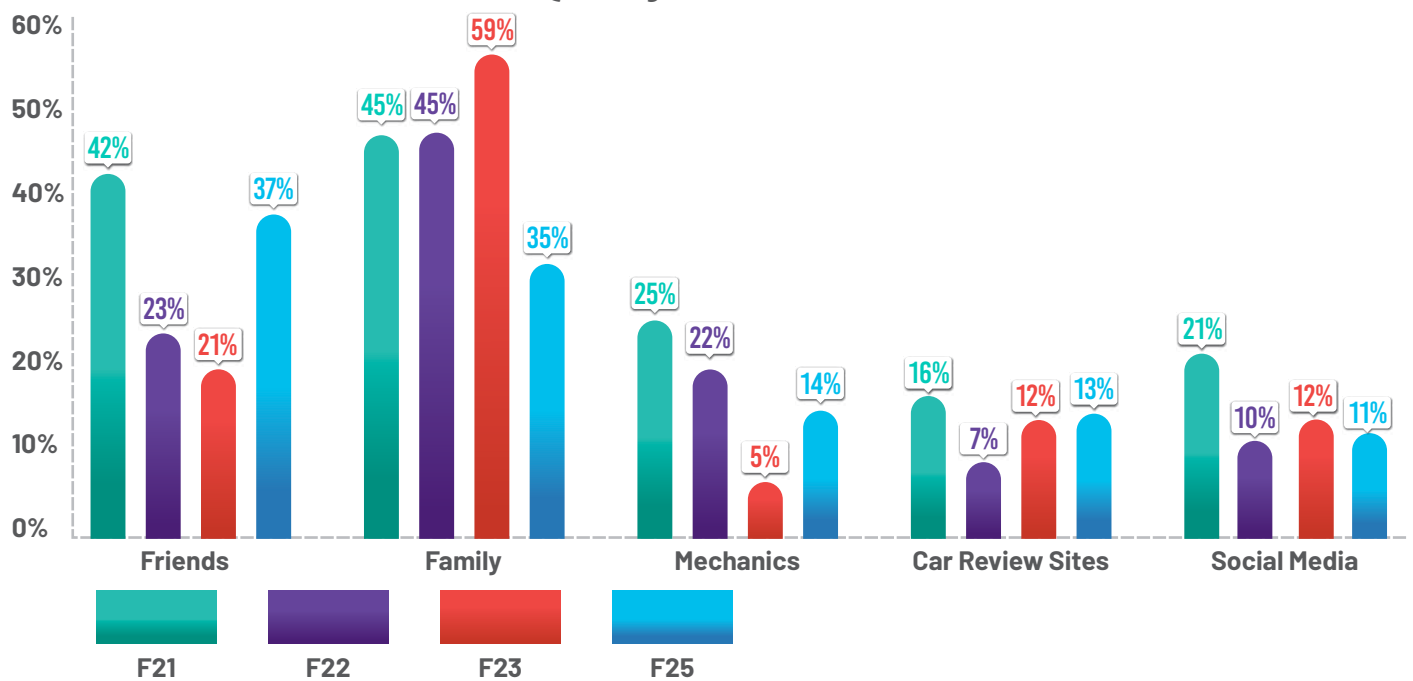




## Choice of Accessories



## Quality of the Car



## Trust in Branded Retailers is Rising

As the market matures and becomes more digitally integrated, organized, branded used car retailers are winning consumer trust at scale.

A significant 78% of buyers stated that they value purchasing from a reputable, branded dealership, with this sentiment slightly more pronounced in metro markets (79%), but also strong in non-metro regions (75%). The reasons for this preference are rooted in quality and reassurance. 76% of buyers believe branded retailers offer better quality vehicles, while 74% agree that it is worth paying more for the added quality, service, and peace of mind that branded players provide.

This trust differential is even more stark in urban markets—80% of metro respondents feel that branded outlets justify a price premium, compared to 61% in non-metros, reflecting the urban buyer's greater emphasis on assurance, warranties, and a clean buying experience. The growing appetite for credibility, quality, and organized retail experiences marks a decisive shift in India's used car market—one where brand, trust, and digital ease are converging to redefine how used vehicles are bought and sold.

## Value Added Services

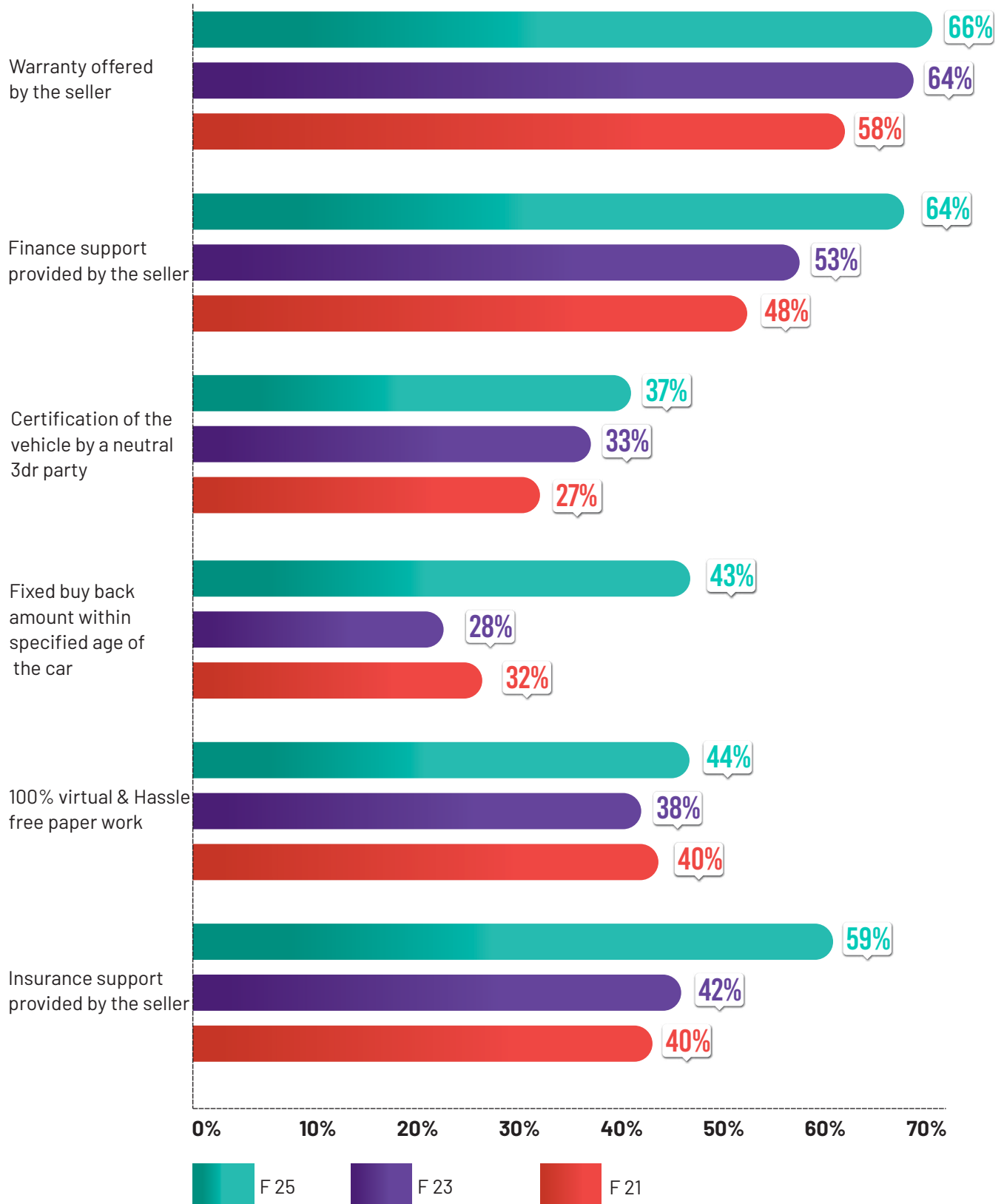
Today's used car buyer is no longer satisfied with just the vehicle—they expect a complete ownership experience. From the moment of purchase to post-sale support, customers are looking for financing options, reliable warranty coverage, seamless RC transfer assistance, insurance bundling, and continued guidance even after the car is delivered. These services are no longer seen as add-ons but essentials that offer peace of mind and trust in the transaction.

While warranty coverage remains the most sought-after service, there has been a noticeable surge in demand for third-party certifications, structured buy-back programs, and comprehensive insurance support. This shift reflects a broader evolution of the used car ecosystem—from being transactional, to being experience-driven—where confidence, convenience, and commitment define the new standards of value.





## Most Valued Value- Adds



## Warranty Programs

Warranty has emerged as a cornerstone of trust with 66% of customers across both Metro and Non-Metro markets considering it essential for peace of mind. Dealers offering 1-2 year warranties are perceived as more reliable, particularly for buyers stretching budgets into premium segments. Warranties reassure customers that defects won't translate into unmanageable repair costs, thereby encouraging higher-value purchases.

## Financing Solutions

Finance support is the second most sought after VAS with 64% consumers feeling it necessary, particularly resonating with Metro customers (68%) where vehicle prices tend to be higher and financing becomes a key enabler. Financing penetration in used cars has grown from 13% in FY21 to 32% in FY25, with projections to 40% by 2030. Organized finance is not merely a payment enabler; it legitimizes the purchase process, brings formal documentation, and introduces consumers to credit ecosystems. For aspirational buyers, financing provides the leverage to climb into SUVs and premium brands without straining liquidity.

## Insurance & Protection

Insurance, once an afterthought in used car sales, is now increasingly bundled as a packaged offer. Insurance support is valued by 59% of buyers, underlining the expectation of a full-package offering from organized retailers. Organized retailers tie in insurance for risk coverage, roadside assistance, and renewals, ensuring that ownership is not just about the purchase, but also about safeguarding mobility over the long term.

## RC Transfer & Paperwork

A notable 44% of buyers highlighted the importance of hassle-free paperwork. One of the biggest historical pain points for buyers was the transfer of Registration Certificates (RC). Organized players are now positioning "Free RC Transfer" as a headline benefit — eliminating buyer anxiety about liabilities from the previous owner. This small but powerful intervention reinforces the perception of trust and professionalism.

## Buyback & Exchange

43% of customers appreciated fixed buyback options, signaling growing demand for transactional ease and long-term flexibility. Dealers offering buyback guarantees or exchange programs lock customers into longer-term relationships. This creates predictability for both seller (exit pathway) and buyer (future upgrade option). Even services like free one-year servicing (32%) and access to full-service history (24%), which support ongoing ownership satisfaction, are increasingly influencing buyer confidence. In metros especially, this has become a lever to attract repeat customers and secure loyalty.





## Inspection as a Service

In an era of informed consumption, used car buyers are going the extra mile—literally and figuratively—to ensure they make the right purchase. The used car journey today is not limited to comparing listings and closing deals. It increasingly includes rigorous quality checks, often involving neutral third-party evaluations—a service buyers are now willing to pay for.

On average, customers test drove three vehicles before finalizing their choice—a statistic that has held steady across both Metro and Non-Metro locations. But beyond the test drive, the depth of scrutiny has intensified. A decade ago, only 10% of buyers paid for an expert inspection. In FY25, this number has grown significantly, with 46% of respondents saying they had invested in professional evaluation—be it through an authorized OEM workshop or a neutral third-party service provider (IBB Research).

Inspection is the proof point of transparency. Organized retailers use structured, multi-point inspections covering body, engine, electronics, safety, and documents. Increasingly, AI is supplementing these checks (expanded in Chapter 4: AI), but for consumers, what matters is that inspections de-risk the purchase.

This shift reflects a broader trend: used car buyers are no longer content with just seller assurances or gut instinct. Instead, they are taking ownership of the evaluation process—seeking data, documentation, and expert opinion before making a financial commitment.

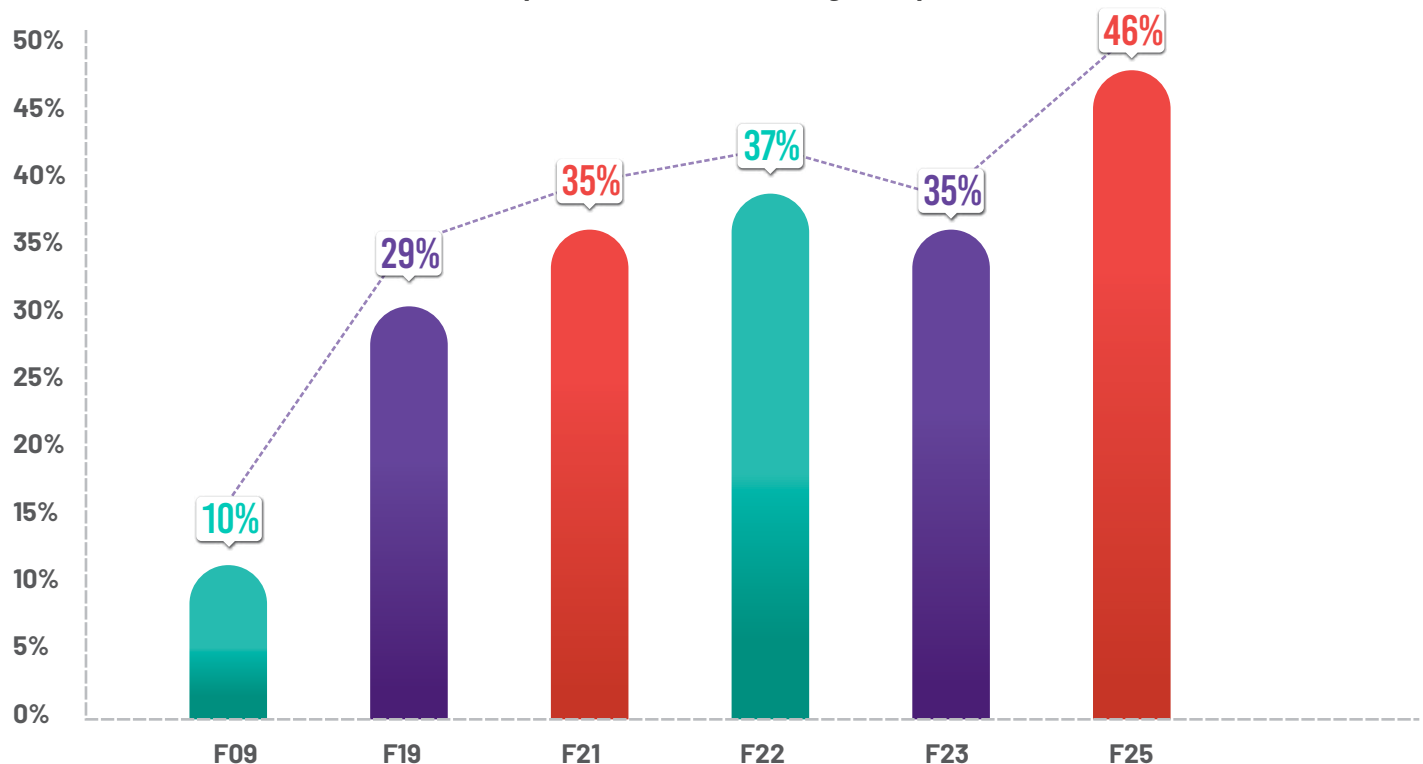
Organized players have responded smartly to this demand, offering “inspection as a service” even for vehicles not listed on their platforms. These inspections, often detailed and structured, include everything from mechanical health to accident history and cosmetic condition—bringing much-needed transparency to the transaction.

At the same time, traditional trust networks continue to play a significant role in the evaluation process:

- 64% of buyers consulted a known mechanic, highlighting the enduring reliance on personal expertise.
- 60% turned to friends or relatives knowledgeable about cars—a trend especially visible in Non-Metro markets (63%).
- 56% insisted on comprehensive test drives, with Metro buyers slightly more inclined (62%).
- 26% referenced the existing inspection report, if available, suggesting that even documented quality checks are gaining currency.

Interestingly, OEM-branded workshops also play a growing role, with 37% of buyers opting to have the car inspected at a manufacturer service center—an endorsement of the credibility and quality assurance such channels offer.

### Consumers Who Opt For Third Party Inspection Services



What stands out is the near-universal instinct to validate a used car’s condition: only 1% of respondents reported skipping any kind of evaluation. In a category where trust and assurance can make or break a deal, these behaviors show

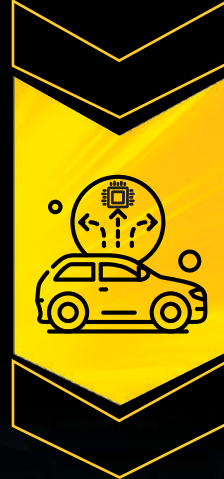
that buyers are actively investing in peace of mind, making inspections—paid or otherwise—a critical piece of the modern used car purchase journey.

Guest Article

# Financing the Trust in Pre-Owned Mobility: The Used Car Financing Space

**Sandeep Mandrekar**

CBO- Wheels Business  
Mahindra Finance



The Indian used car market has been witnessing steady growth, with transactions now outpacing those in the new car segment. Despite this progress, the used car industry remains predominantly unorganized, in stark contrast to the well-established new car market. While finance penetration for used cars is gradually increasing, it still hovers below 25%, compared to over 80% in the new car segment. However, the industry is poised for significant growth, driven by numerous favourable tailwinds.





India's consumer landscape is undergoing a transformation, fuelled by rising incomes, a young and expanding workforce, Premiumization from entry level to compact SUV and accelerated urbanization. Additionally, the country's strides in road infrastructure development have boosted mobility and connectivity. These factors have collectively spurred demand for cars and many first-time buyers are preferring the used cars due to their affordable pricing and access to hassle-free financing. New car pricing has seen sharp increase since 2020 mainly due to BS-VI implementation and rising inputs costs. This has positioned used cars as more affordable. Further, used car buyers now enjoy loan offers comparable to those for new cars, including flexible tenures, profile-based interest rates and down payments as low as 5%. Financiers have also introduced customized loan schemes targeting first-time buyers and individuals who are new to credit, leveraging diverse variables beyond traditional bureau scores.

Another key enabler behind the growth in the used car sector has been the emergence of organized dealership networks like, car&bike, Maruti True Value, H promise, VW Pre-owned Certified, Spinny & Cars24 which have bridged the trust gap historically associated with pre-owned car purchases. These organized dealers are transforming the buying experience by offering certified vehicles bundled with warranties, insurance, and even "no-questions-asked" return policies. Their close collaboration with financiers ensures that value-added services are seamlessly incorporated into loan packages, delivering customers a comprehensive solution and complete peace of mind.

Historically, the used car financing space faced significant hurdles. Lenders were wary of challenges related to establishing correct vehicle pricing, quality of cars and ownership verification. However, in the last few years these obstacles have been mitigated with the advent of innovative solutions. Platforms like Indian Bluebook and Autoinspekt have revolutionized the industry by introducing scientific, data-driven pricing models and comprehensive quality inspections. Leveraging technology coupled with their wide-reaching vehicle inspection services have empowered lenders to extend

financing to consumers in remote locations that were previously underserved.

The government has also played a pivotal role in driving the growth of the used car market. Under the Digital India initiative, significant strides have been made in digitising vehicle title records and democratizing access through API-based models. The Vaahan repository now enables financiers to effortlessly verify vehicle ownership, mitigate fraud related to titleship, and address challenges like existing hypothecation and manipulated documentation. Furthermore, the India Stack ecosystem featuring e-KYC, eSign, Digital Locker, BBPS, and more, has contributed to financial inclusion by providing secure, accessible platforms for digital transactions. Lenders are increasingly partnering with fintech players to leverage these advancements, enabling innovative credit practices and delivering a seamless loan processing experience to customers.

While these developments have propelled the used car industry forward, the electric vehicle (EV) market remains in its early stages. Advances in EV technology—spanning battery performance, charging efficiency, and integrated features have fuelled demand for new EVs. However, the used EV segment is still nascent. Challenges such as used EV battery performance certification, inspections, and pricing standardization need to be further worked upon and we are optimistic about the growth potential of the used EV market in the coming years.

To summarize, the Indian used car industry is steadily progressing toward greater organized share and is well-positioned for robust growth in the years ahead. Stronger used market establishes good resale value of new cars and complements the new car industry. Hence, continued collaboration among financiers and industry stakeholders is essential to delivering a buying experience that matches the convenience and reliability of new car purchases. As a pioneering financier in this space, Mahindra Finance has supported the industry since its inception and remains committed to offering innovative financial products and enhanced convenience to used car buyers. Together, we aim to shape the future of mobility in India.

# Trust Infrastructure & Value Adds – At a Glance

Trust has become the core differentiator in India's used-car market. Organized players are embedding assurance into every step of the journey, shifting the experience from transactional to trust-driven.

- **Warranties & Financing**

Nearly 45% of organized dealers offer warranties, while financing penetration has climbed to 32% in FY25 (projected 40% by FY30). Together, they turn pre-owned purchases into manageable, low-risk investments.

- **Insurance & RC Transfer**

Bundled insurance and seamless RC transfers have moved from optional extras to baseline expectations, transforming what was once a pain point into a trust lever.

- **Buyback & Exchange**

Structured exit options now give consumers confidence that today's purchase will have value tomorrow. For dealers, they create repeat business and customer loyalty.

- **Certification & Inspections**

Independent certification, backed by 200+ point inspections and increasingly by AI tools, reassures buyers and financiers alike. Transparency here turns suspicion into confidence.

**In conclusion:**

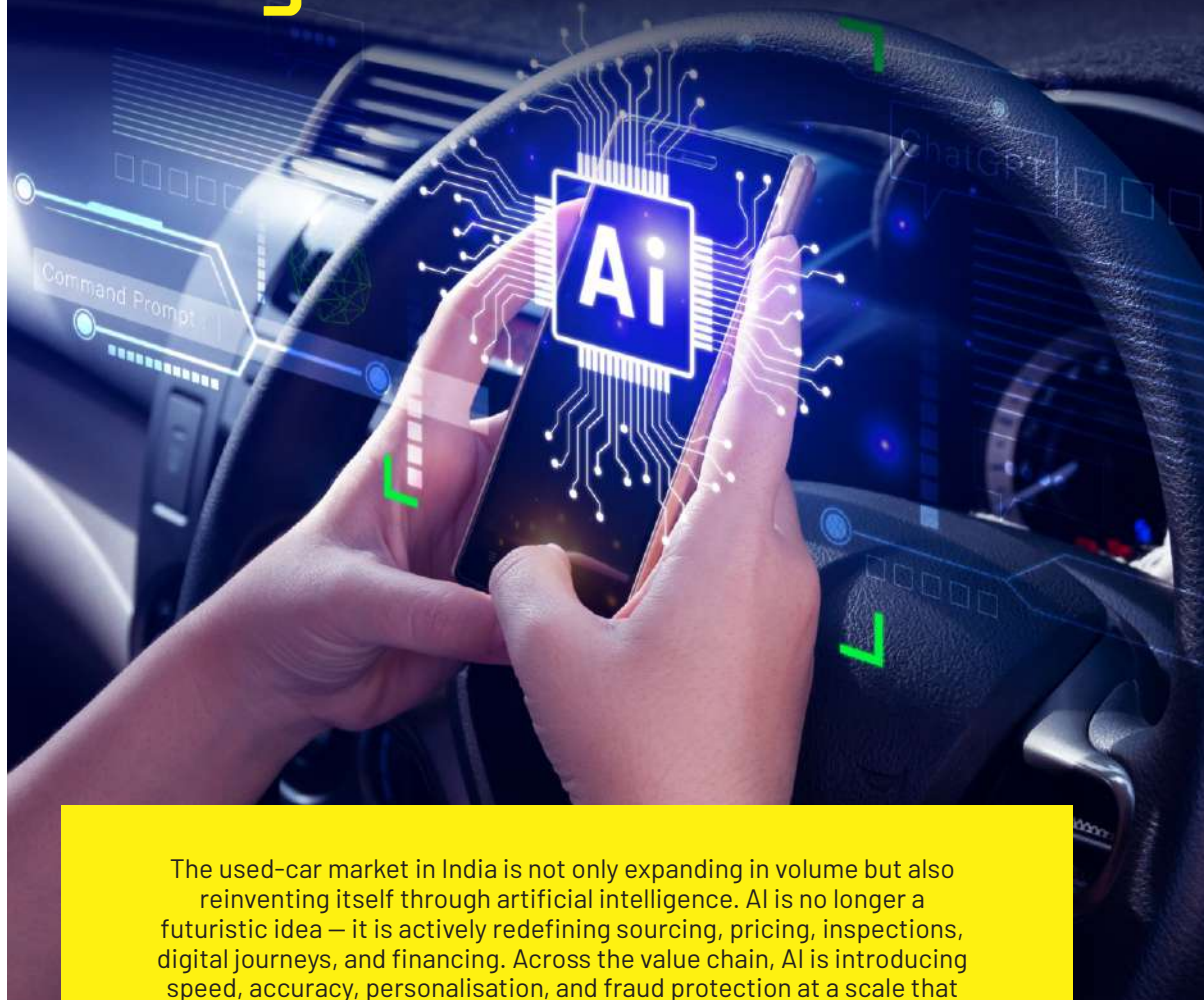
India's used-car journey is no longer about price alone. Trust infrastructure – warranties, finance, insurance, and certification – has become the foundation for growth, ensuring that pre-owned mobility delivers not just affordability, but peace of mind.





## Chapter 5

# Decoding AI: The Language of Intelligent Business



The used-car market in India is not only expanding in volume but also reinventing itself through artificial intelligence. AI is no longer a futuristic idea – it is actively redefining sourcing, pricing, inspections, digital journeys, and financing. Across the value chain, AI is introducing speed, accuracy, personalisation, and fraud protection at a scale that manual processes could never sustain.

## Pillar 1: AI in Sourcing & Pricing

One of the biggest challenges for the used-car ecosystem has been dynamic pricing and procurement forecasting. Traditionally, valuation was subjective, varying across geographies and dealers. AI brings predictive analytics that continuously recalibrate prices based on supply-demand trends, residual value projections, and localized transaction data.

Dealers benefit from faster turnover, and customers gain confidence that pricing is fair and data-driven rather than negotiated.



## Pillar 2: AI in Inspection & Quality Check

Vehicle inspection is a crucial bottleneck. Manual inspections, though valuable, are prone to bias, oversight, and even fraud. AI-powered inspection platforms close these gaps by:

- Enabling real-time photo/video capture
- Guiding users to cover all angles
- Detecting tampering or playback attempts
- Differentiating between new vs. old damage

This not only speeds up certification but also builds consumer trust at scale.

## Pillar 3: AI in Digital Journeys

Digital-first experiences are becoming the default expectation. From discovery to transaction, consumers now want end-to-end journeys that are seamless, personalized, and instant. AI is enabling:

- Virtual assistants and chatbots that answer queries 24/7
- Personalised recommendations based on user behaviour
- Automated document verification for faster RC transfers and finance approvals
- Smart nudges to convert browsers into buyers

For Gen Z and millennial buyers, such journeys aren't luxuries – they're baseline expectations.

## Pillar 4: AI in Marketing & Support

AI is also transforming how dealers and platforms market cars and engage buyers. From dynamic ad targeting to personalized financing offers, AI ensures that messages reach the right buyer at the right time. On the after-sales side, AI-driven support bots provide instant responses, cutting down call-center dependency while keeping engagement human-like and contextual.

The result: higher ROI for dealers, lower CPLs for platforms, and a smoother ownership experience for buyers.

## Pillar 5: AI in Risk & Lending

Finance penetration in used cars is only sustainable if risk can be managed. Here too, AI plays a pivotal role by:

- Using vehicle history and inspection data to build accurate risk scores
- Linking AI valuations to loan-to-value ratios
- Spotting anomalies in borrower behaviour early
- Enhancing fraud detection in KYC processes

This not only improves lender confidence but also ensures that credit access grows responsibly.



Guest Article

# Driven by data: The AI-powered future of used car sales

**Philip Nothard**

Insights Director  
Cox Automotive



The used car market is undergoing a profound transformation, driven by the rapid integration of artificial intelligence (AI) and large language models (LLMs). What was once a largely manual, in-person process is now evolving into a seamless, fully digital experience. From the initial inspection of a vehicle to the final stages of purchase, AI is streamlining operations, enhancing transparency, and personalising the customer journey in ways previously unimaginable. At the heart of this shift are technologies that not only improve operational efficiency for retailers but also empower consumers with better tools for discovery, research, and decision-making. As these innovations mature, they are reshaping expectations across the automotive retail landscape, making the process faster, smarter, and more accessible for everyone involved.



## Precise inspections

From the moment a vehicle enters its retailing journey, AI and automation capabilities have a role to play. Before a car is even uploaded to a digital store, AI can assist with creating detailed inspection reports. Certain algorithms can detect and categorise vehicle damage with a high degree of precision, identifying issues that manual inspections may overlook or simple errors, such as miskeyed vehicle registration numbers. With more detailed inspection reports available to consumers, retailers can build better trust and confidence within their buyer base. Further, these automated inspections could lower costs for retailers by up to 50% and greatly improve their overall efficiency.

However, it should be noted that indicators from early applications of this technology suggest that the level of accuracy needs significant improvement. Its margin for error is impacted heavily by the environment it is used in, performing better in controlled conditions compared to poor lighting and dirty surroundings. Therefore, in its current state, it is best used to support manual appraisals, speeding up assessments and reducing errors rather than replacing human judgment altogether.

## Fully digital transactions

Every step of the car buying process can now be conducted entirely online, from virtual inspections to financing and finalising the sale, improving accessibility and convenience.

LLMs are showing promise in helping consumers navigate online stores and identifying vehicles that best suit their needs. By analysing user preferences, these systems can present available options that best align with these, simplifying the discovery process. However, it doesn't stop there. Advanced personalisation tools utilise AI to dynamically customise areas of a retailer's website based on previous user activity. This includes automatically updating website content like banners and incentives to match each visitor's interests.

Chatbots and virtual assistants also leverage the power of LLMs to enable buyers to ask questions and gather information in a more conversational, natural manner. Chatbots typically appear in chat windows and can answer simple questions buyers may have, while virtual assistants take it a step further, with more functionality and a greater range of capabilities. Both of these applications enable customers to get answers they need and schedule appointments at any time of day, without the help of a staff member. This can help eliminate redundant tasks, alleviate workloads and allow sales staff to focus on closing deals.

## Improved customer insight

Before a customer has even stepped foot into a dealership, data from a retailer's website can help retailers better understand their customer base. Predictive analytics and machine learning aggregate data into actionable insights that guide decision-making and improve business results. They are some of the most powerful AI tools available to the auto retail industry today, with the potential to help drive improved sales.

With the right tools in place, predictive insights can paint a detailed picture of each customer before they even begin their buying journey. These insights can tell retailers what consumers are looking for in a car, their overall budget, their preferred monthly payments and down payment range and their intended trade-in. All these insights give retailers a better chance of meeting customers' needs and closing deals.

## Optimised internal processes

Beyond the buying journey, AI also has a vital role to play in the day-to-day management of a retailer's operations. Generative AI can help staff become more efficient and effective in their communication, helping them to follow up on more leads and craft more engaging emails and text messages to buyers, all while saving them time. Meanwhile, AI can be used to automate repetitive tasks, improve accuracy, prevent fraud, and reduce the risk of human error, so employees can focus on more strategic work.

Finally, predictive insights can help retailers optimise their pricing. Inventory management leverages machine learning algorithms to predict the likelihood of a sale, providing recommended price ranges to help retailers optimise the return on investment of each vehicle based on market insights.

## AI's future in automotive retailing

As AI and LLM technologies continue to evolve, their impact on the used car industry is becoming increasingly clear. From more accurate inspections and predictive insights to personalised customer experiences and automated internal processes, these tools are redefining how vehicles are bought and sold. While challenges remain, the benefits are already being felt across the value chain. At Cox Automotive, AI is being used to evolve our product offerings, helping us to shape a more connected and efficient automotive ecosystem.

Ultimately, the future of used car retail lies in the intelligent integration of technology. As AI and LLMs become more sophisticated and widely adopted, they will not only enhance how vehicles are appraised, marketed, and sold but also how consumers engage with the process from start to finish. The road ahead is digital, and the journey has only just begun.





# AI-Powered Vehicle Inspections

**Devesh Trivedi**  
CEO  
Inspektlabs Inc.

Fraud during vehicle inspections has long plagued insurance, car rentals, and

CEO  
Inspektlabs Inc.



# Common Types of Vehicle Inspection Fraud

## 1) Fraud in Car Resale

Sellers and even dealers may try to conceal pre-existing damage to inflate resale value or mislead buyers/insurers during inspections. The incentive is clear: hiding defects can push up prices and speed up sales.

## 2) Fraud During Insurance Underwriting

When policies are issued, some customers attempt to hide pre-existing damage in manual or video inspections to avoid rejection—or to set up a later claim for older damage.

## 3) Fraud During Insurance Claims

After an incident, fraudsters may bundle old damage into a new claim or exaggerate the extent of damage to raise payouts.

## 4) Fraud at Rental Car Drop-Off

This can cut both ways. Renters may hide damage caused during the rental period to avoid penalties, while some rental agencies may overstate minor issues or add old damage to charge customers and insurers more.

Bottom line: Any setting that relies on vehicle assessment is vulnerable—to falsified claim values, staged accidents, or manipulated evidence. AI closes many of these gaps.

# How AI Helps Detect and Prevent Fraud

## Tamper-Proof App for Real-Time Inspections

Inspektlabs' web-based app captures live video and images—blocking uploads of pre-recorded or edited files. Each submission is validated with metadata such as:

- GPS location
- Timestamps
- Device and camera details
- Encoding parameters

This chain of custody ensures authenticity and auditability.

## Playback Detection

The system flags all attempts to pass off photos of screens or printouts as real-world captures. AI checks for moiré patterns, screen glare, and other playback artifacts to invalidate fake submissions.

## Identify Old vs. New Damage

Using accident-pattern analysis, AI distinguishes single vs multi-point impacts, separates fresh damage from prior defects, and reduces scope for damage bundling in claims or resale.

## Full Vehicle Coverage Check

Guided capture ensures the complete 360° exterior, odometer, fuel gauge, VIN/chassis, and key documents are recorded with proper lighting and clarity—minimizing human oversight and missed angles.

## Determine Damage Cause

AI maps damage geometry and severity to likely causes—hail, pole collisions, frontal impacts, etc.—helping validate whether the stated incident matches the physical evidence.

## Injury Claim Verification

By linking impact zones with plausible injury patterns, AI can flag inconsistencies—e.g., only the passenger side is damaged but the driver claims injury—enabling more accurate triage and investigation.

## Prevent Car Switching

Some fraudsters try to swap vehicles mid-video via pauses, occlusions, or jump cuts. Live streaming with anomaly detection spots abrupt transitions, blur spikes, or scene changes and flags suspicious sequences.

## Detect Fraudulent Stickers

AI also identifies stickers and overlays placed to hide real damage or to simulate fresh damage. The system learns to classify whether a sticker is decorative or deceptive.

## Preparing for the Future:

Deepfake & AI-Generated Image Detection Inspektlabs is training models to differentiate real vs. AI-generated imagery, similar to industry efforts by large platforms. These capabilities are in testing and slated for public release—critical as synthetic media grows more sophisticated.

## Final Thoughts

As fraud tactics evolve, manual processes alone can't keep up. By shifting to AI-powered inspections—real-time capture, robust fraud detection, and complete coverage guidance—businesses can:

- Save time through automation and consistency
- Prevent losses by catching manipulation early
- Improve claim accuracy and underwriting confidence
- Streamline operations across insurance, rentals, and used-car retail

Inspektlabs' approach makes inspections faster, verifiable, and scalable, restoring trust where it matters most: the moment a vehicle's condition determines risk, price, or payout.



Guest Article

# India's Used Car Market: Supercharged By Gen AI- India's used car market shift

**Naren Kachroo**

Head GTM, AI  
Google Cloud India



The Indian used car market is a dynamic and growing sector and by looking at IBB's own previous reports we know that it is a market valued at +\$32 Billion and this market is shifting from unorganized to organized players, bringing stability and trust. Consumer preferences are evolving rapidly and they are increasingly prioritising quality, safety, and fuel efficiency. Generative AI is poised to revolutionize the vehicle purchase and research journey, offering enhanced capabilities in content creation, pattern recognition, and multimodal processing. By enhancing customer service, personalizing research, improving valuation accuracy and efficiency, and optimizing marketing and sales, Generative AI is creating a more seamless, trustworthy, and efficient experience for both buyers and sellers. While significant challenges related to data, infrastructure, ethics, and skills exist within the Indian context, the opportunities presented by this technology are substantial and AI presents a powerful opportunity to further enhance this market by improving efficiency, personalization, and transparency throughout the purchase and research journey.

Generative AI is already being used for personalized vehicle recommendations and comparisons, offering consumers more tailored guidance. Future trends point towards even more seamless AI integration, advanced AI agents, personalized voice experiences, and intelligent vehicle systems. This technology is significantly altering user behavior, driving expectations for more proactive, personalized, and interactive online experiences. The integration of multimodal AI and live streaming further enriches the research process, enabling more intuitive interactions and real-time data analysis. Google, for example, is at the forefront of this revolution, with its advanced Gemini family of multimodal AI models and the high-fidelity Chirp 3 HD speech model providing a robust platform and specific solutions tailored for the automotive industry, supporting AI-powered in-vehicle assistance, manufacturing optimization, and streamlined data workflows.

Generative AI is influencing how Indian consumers research and purchase used cars online. Users expect more personalized and interactive experiences, driven by AI's ability to provide tailored recommendations and answer complex queries and AI-powered platforms and online marketplaces streamline the buying and selling process, making it more transparent and efficient. Consumers are increasingly relying on AI chatbots and virtual assistants for guidance on vehicle selection and policy recommendations. Following 4 trends have clearly emerged already

## Personalized Recommendations:

We are seeing AI chatbots and virtual assistants engage users in natural conversations to understand their specific needs, preferences, and lifestyle. Based on this interaction, AI is recommending suitable used car models and configurations and delivering hyper-personalized recommendations, increasing customer satisfaction

## Vehicle Comparisons:

AI chatbots are already guiding users through the comparison process by understanding their requirements and highlighting the pros and cons of different models and provide tailored comparisons

## Generative AI for Used Car Valuation:

Generative AI is significantly improving the accuracy and efficiency of used car valuation. AI-based tools using cameras and sensors are providing objective reports on a vehicle's condition, identifying damage, replaced parts, and their age. This helps determine a fair price based on factors like demand, model popularity, and part costs and AI is helping identify high-demand vehicles and optimize pricing strategies to reduce negotiation cycles

## Enhanced Risk Assessment:

AI enables lenders to use large datasets, including unstructured data, to build more accurate risk models for financing used cars. This allows for a holistic evaluation of borrower creditworthiness and dealer attributes, leading to better risk management.

We have also seen Generative AI becoming a powerful tool for marketing and sales in the used car market and my recommendation is that organizations gain exponential efficiency in the following areas:

- **Personalized Marketing Campaigns:** AI can generate diverse marketing content (text, images, video) tailored to different audiences while maintaining brand consistency
- **Personalized Experiences:** AI can tailor customer experiences by learning user preferences and providing relevant recommendations. It can assist in building shopper experience assistants

- **Customer Insights:** AI analyzes customer data to predict needs and identify the best prospects for hyper-targeted campaigns

Some of the potential applications that are creating significant impact and reimagining journeys:

- **24/7 Support:** AI chatbots can provide round-the-clock assistance, offering immediate responses to customer inquiries
- **Automated Responses:** They can automate answers to routine questions about vehicle details, pricing, or the buying process
- **Personalized Interactions:** By analyzing customer data (browsing history, past interactions), AI can generate personalized responses and recommendations
- **Complex Query Handling:** AI systems can understand natural language and sentiment to handle complex customer questions effectively
- **Real-time Agent Support:** AI can assist human agents by providing suggestions, solutions, and relevant information during customer interactions
- **Proactive Engagement:** AI can anticipate customer needs based on data analysis and proactively offer solutions or recommendations.
- **Complaint Resolution:** AI can help agents resolve complaints faster by analyzing data and suggesting solutions

However, realizing the full potential of generative AI requires overcoming significant challenges, including ensuring data quality and integration, mitigating accuracy and ethical concerns, navigating regulatory landscapes, managing technical complexity and costs, and addressing the scarcity of AI talent. By addressing these challenges, the automotive industry can leverage generative AI to create a more engaging, efficient, and personalized experience for vehicle researchers and buyers.

## In summary

- **AI is a Game Changer:** Generative AI is set to totally change how people buy and research cars. It's making things smoother, more trustworthy, and way more efficient.
- **Personalized Everything:** AI is already giving people personalized car recommendations and comparisons. It's all about finding the perfect car just for you.
- **Lending Made Easier:** Lenders are using AI to check if someone can afford a car loan, even using info that's not usually easy to understand.
- **Marketing Gets Smart:** AI can create awesome marketing stuff, like ads and videos, that are perfect for different people. It can also make websites and apps way better.
- **24/7 Help is Here:** AI chatbots can help customers anytime, day or night. They can answer questions, give info, and even help with complaints.
- **Google's leading the Game:** Google's AI models, like Gemini and Chirp 3 HD, are helping out with in-car assistance, making manufacturing better, and streamlining data



# Decoding AI - At a Glance

Artificial Intelligence has moved from being a futuristic promise to becoming the backbone of India's used-car market. It is reshaping how cars are priced, inspected, financed, and sold, replacing subjectivity with data-driven trust.

- **Sourcing & Pricing**

AI-powered valuation models such as the Indian Blue Book (IBB) now benchmark prices using millions of transactions annually. This ensures fairness for buyers and reduces overpayment risks for dealers, cutting pricing disputes by up to 30% compared to manual negotiation.

- **Inspection & Quality**

AI-driven computer vision can detect odometer tampering and hidden damage with 95% accuracy in pilot studies. Inspections that earlier took days now take minutes, raising consumer trust and reducing fraud losses that affect nearly 12–15% of used-car deals in informal markets.

- **Digital Journeys**

With 954 million internet users in India (400m rural), AI recommendation engines and chatbots are guiding customers end-to-end. Platforms using automated RC transfer and KYC tools have cut transaction time by 40–50%, aligning with Gen Z's expectation of seamless, mobile-first journeys.

- **Marketing & Support**

Personalized AI campaigns have reduced cost-per-lead (CPL) by 20–25% for organized dealers. AI chatbots now handle over 60% of customer queries without human intervention, extending dealer reach beyond physical locations.

- **Risk & Lending**

AI-based credit scoring blends borrower profiles with residual value forecasts, enabling financiers to safely expand access. This is critical as financing penetration has risen from 13% in FY21 to 32% in FY25, projected to reach 40% by 2030.

**In conclusion:**

AI is making pricing transparent, inspections reliable, and transactions faster — directly addressing the sector's weakest points. For India, it represents a leapfrogging opportunity to build a globally competitive, digitally anchored used-car ecosystem.





## Chapter 6

# Supply & Procurement



If demand defines the opportunity, supply defines the limit of India's used-car market. Dealers consistently report procurement as their biggest bottleneck: while customers are ready, quality cars are scarce, and capital is often locked in slow-moving inventory.

The procurement journey can be visualized as a funnel — from sourcing at the top to retail-ready vehicles at the bottom.



## Procurement Funnel

At the very top of the funnel lie new car dealer (NCD) trade-ins. These are among the most reliable sources of supply: cars exchanged at the point of a new purchase tend to be better documented, better maintained, and easier to certify. Yet trade-ins remain under-penetrated, with only about 28% of new car buyers opting for organized trade-in programs. The rest still prefer to sell independently, leaving OEMs and dealers with a significant untapped pool of supply.

Below this tier are auctions and exchanges, both physical and digital. They can deliver volume, but at a cost.

B2B platforms, such as Cars24, provide liquidity at scale by connecting individual sellers to dealer networks.

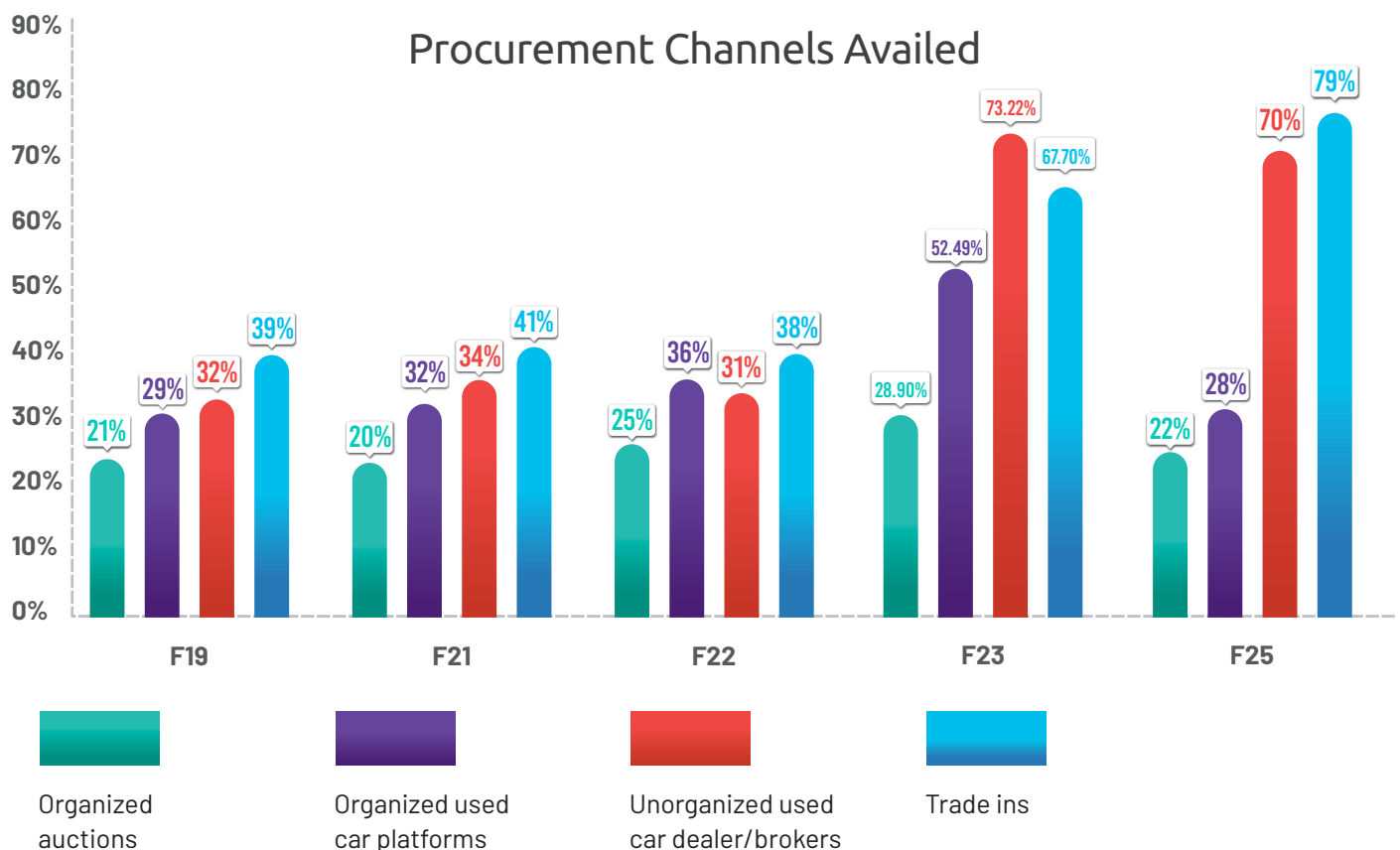
Further down the funnel, direct purchases from individuals remain the single largest source of supply, particularly for smaller, independent dealers. Flexible though it may be, this channel carries heavy risks. Procurement cycle times are long, with RC transfers getting delayed.

## Pain Points in Procurement

Across all these channels, the pain points are familiar. Capital lock is a persistent problem, with the unorganised dealer's working capital being strapped to inventory storage while the organised sector finding comparatively a lower turnaround time for sale. This is because Organised players typically have more channels which allow the inflow of better condition cars which is the consumer preference. Fraud risk continues to plague informal deals.

## AI, IBB & OEM Interventions

Solutions are beginning to emerge. AI-powered valuation models, anchored by the Indian Blue Book (IBB), help dealers avoid overpaying by offering predictive, demand-sensitive pricing. Digital procurement platforms are cutting down cycle times by bundling auctions with verified documentation and RC transfer. OEM buyback and exchange programs are being scaled up to capture supply at source, while AI-driven inspection tools shorten acquisition cycles with instant, tamper-proof assessments.







# Procurement At A Glance

Procurement is the choke point of India's used-car ecosystem. Demand is abundant, but reliable and efficient supply remains fragmented, uneven, and costly.

- **NCD Trade-ins**

Trade-ins at new-car dealerships are among the most reliable sources, yet remain underpenetrated. Only a minority of new buyers opt for structured exchange programs, leaving a vast pool of quality vehicles to informal channels.

- **Auctions & Exchanges**

Auctions provide volume but inflate acquisition costs. Dealers report paying 10–15% above baseline valuations, with 40–50% of auctioned cars requiring reconditioning before resale, adding to capital strain.

- **B2B Platforms**

Digital B2B platforms have improved liquidity by matching individual sellers with dealer networks. However, dealer net returns here are still slim.

- **Direct Buys**

Still the largest source of vehicles for many small dealers, but also the most unpredictable. RC transfers and paperwork delays are abundant and can lead to cash strapping towards the held inventory.

- **Pain Points**

Dealers consistently flag capital lock, quality scarcity, and fraud risk as the biggest hurdles.

**In conclusion:**

Procurement is the make-or-break stage of the used-car business. Without addressing sourcing inefficiencies, growth risks being throttled despite strong demand. Trade-in penetration, AI-powered valuations, OEM buyback schemes, and digital procurement exchanges will be critical to unlock steady, high-quality supply.



## Chapter 7

# Sellers & Exit Pathways Resell vs Scrap



The used-car ecosystem is not only about buyers; it is equally defined by the motivations and choices of sellers. Understanding the journey and lifespan of a vehicle and the motivation of the consumer throughout the lifespan to take certain actions regarding their vehicle—sell or scrap, is crucial to predicting supply, shaping procurement strategies, and expanding organized retail.

## The Used-Car Seller

Indian car owners typically decide to sell for three broad reasons. The first is upgrade — as incomes rise and aspirations grow, many households seek larger, safer, or more feature-rich vehicles, particularly SUVs. The second is liquidity, where cars are sold to free up cash for business or household needs. The third is redundancy, where vehicles have aged beyond practical utility, or where running costs outweigh value.

Historically, these sellers preferred informal channels: local brokers, word-of-mouth sales, or classified listings. The attraction was convenience, even if it meant lower realized value. Organized platforms are steadily reversing this equation by offering transparent pricing, instant payments, paperwork handling, and buyback guarantees. Sellers now increasingly weigh not only “how much will I get?” but also “how quickly and safely can I exit?”.

# Scrapping: A Strategic Lever in India's Used-Car Ecosystem

At the end of the journey lies scrapping—a function that's too often overlooked but is pivotal in closing the used-car lifecycle. While resale ensures second lives, scrapping ensures responsible endings—recovering materials, reducing pollution, and reinforcing trust in the system.

## To illustrate the gap:

- India has a vehicle parc of ~30 million units at or nearing end-of-life as of September 2024.
- The potential annual throughput is about 6 million vehicles per year through to FY30, but actual scrappage is far lower.
- Registered Vehicle Scrapping Facilities (RVSFs) currently scrap only tens of thousands of vehicles annually (example: 44,800 private vehicles and 41,400 government vehicles formally scrapped in 2024). This highlights a wide gap between potential (millions) and actual formal scrapping (thousands).
- Informal/unorganized yards handle a much larger share, though data is opaque; estimates suggest 70–80% of ELVs are dismantled informally, meaning much of the material recovery is lost or hazardous.

Clearly, India's scrapping volumes remain well below both installed capacity and the potential pool of ELVs.

## The Promise of Policy & Incentives

Government efforts are gaining steam. Launched in 2021, the Voluntary Vehicle Scrappage Policy introduced incentives such as tax rebates, road tax waivers, and registration fee discounts for owners scrapping older vehicles. Ambitious targets followed: the government aims to scrap over 500,000 vehicles annually by 2026.

To scale up infrastructure, public-private partnerships are being encouraged. The MoEFCC's Draft End-of-Life Vehicles (Management) Rules, 2024 introduce EPR obligations for automakers. OEMs must scrap or recycle a mandated % of their historical sales volumes: Starts at 8%, gradually increasing to 18% over time. For instance, Tata Motors' "Re.Wi.Re" facility in West Bengal can dismantle 21,000 vehicles per year, joining seven other state-of-the-art units now capable of scrapping over 130,000 cars annually. While these are critical steps forward, the journey to wide-spread scrappage adoption is still in its early stages.

## Cultural & Awareness Barriers

Beyond infrastructure, two non-tangible barriers persist:

- Low Awareness: Many owners remain unaware of the policy benefits and formal scrapping routes.
- Emotional Attachment: Cars often carry sentimental value—memories, family history, or identity, making their disposal a deeply personal act.

These forces slow participation, yet they also point to opportunity spaces for education and sensitized outreach that OEMs and organised players can take up.

## Scrappage: A Sustainable Opportunity

India imports substantial quantities of raw metals, especially steel and aluminium, to feed its auto and manufacturing industries. A robust scrapping ecosystem can significantly offset import reliance by recovering materials locally:

- A single scrapped car yields 65–70% steel, 7–8% aluminium, 1–1.5% copper, and 15–20% rubber and plastic, and is currently valued at ₹30,000–35,000 (USD\$380–455) in scrap form.
- With even 25% of ELVs recycled, India could produce an estimated 6 million tonnes of steel scrap, 0.8 million tonnes of aluminium, and 1.8 million tonnes of plastic & rubber scrap annually.
- Given that 90% of aluminium used in cars can be recovered, these numbers could significantly support a circular economy and reduce foreign metal imports.

## Conclusion

Scrapping is an untapped powerhouse in India's used-car narrative. The current infrastructure and policy framework lay the groundwork. But to fully seize the opportunity, India must overcome emotional inertia, deepen consumer awareness, and continue building capacity.

A future where India's used-car ecosystem is circular, efficient, and environmentally robust is within reach. Scrap, in this sense, isn't the end—it's the key to a stronger, smarter mobility future.



Guest Article

# End-of-Life Vehicle (ELV) Recycling in India: Challenges and Opportunities for a Circular Economy

**Sumit Issar**

Managing Director  
Cero



The automotive sector in India has witnessed exponential growth over the past two decades. As vehicles age and reach their end-of-life stage, the question of sustainable disposal arises. End-of-Life Vehicle (ELV) recycling is a critical aspect of ensuring environmental sustainability while unlocking economic opportunities.



## Current Situation of the Vehicle Recycling Market

India's ELV recycling market is in a nascent stage compared to developed countries. As per best estimates available, over 22.5 million vehicles are currently eligible for scrapping, with this number projected to grow significantly. This has the potential to generate five million tonnes of steel scrap, 1.2 million tonnes of aluminium, and about 0.2 million tonnes of copper. India is a net importer of steel scrap with more than 7 million tonnes being imported annually, equivalent to USD 2 Billion in forex. Through vehicle recycling, we can reduce India's dependency on scrap import.

## Mahindra MSTC Recycling Pvt Ltd

With the core offering of providing a hassle-free, environment-friendly and legal solution for vehicle recycling, CERO (Mahindra MSTC Recycling Pvt Ltd., a joint venture between Mahindra Accelo Ltd - a Mahindra group company and MSTC Ltd - a GoI Enterprise) is determined to realize the true potential of Circular economy. By recycling more than 40,000 vehicles till date, CERO has contributed immensely to the circular economy by re-inducting Steel, Plastic, Copper, Aluminium, Rubber, etc. back into the economy. The major focus of the process is zero pollution (hence the name Cero) while recycling and a straightforward and hassle free process for the customer.

## Regulatory Framework

India's Vehicle Scrappage Policy, introduced by MoRTH in 2021, combines disincentives for keeping old vehicles with incentives for scrapping them. Owners of older vehicles face frequent fitness tests, higher re-registration costs, and green taxes, pushing them to retire polluting vehicles. In return, scrapping through authorized recyclers offers benefits like up to 25% road tax rebate and waived registration fees on new purchases. However, trust remains a key barrier, as many customers doubt fair valuations and compliance by formal recycling centers.

## Key Drivers in the Recycling Industry

The recycling industry in India is being shaped by three major drivers. First, government policies—19 states and 1 UT have adopted the scrappage policy, though full implementation across incentives, disincentives, and liability waivers is still needed. Second, the Ministry of Environment has introduced an Extended Producer Responsibility (EPR) framework for the auto sector, requiring OEMs to recycle 8% of vehicles initially, rising to 18%, thereby creating demand for reliable vehicle scrappage facilities. Finally, the growing need for recycled materials like steel, aluminum, and plastics is fueling the industry, as end-of-life vehicle recycling helps supply these inputs, lowers import dependence, and supports a circular economy.

## Current Challenges

The ELV recycling industry in India, while full of potential, continues to face significant challenges. Infrastructure remains inadequate, with too few authorized recycling centers and testing stations, most of which are concentrated in cities, leaving rural regions dependent on informal channels. Public awareness is also low, as many vehicle owners remain unaware of the scrappage policy, certified facilities, or the environmental risks of informal dismantling. This lack of awareness feeds into the dominance of informal recyclers, whose unsafe practices result in poor material recovery and environmental harm. Adding to these issues is weak regulatory enforcement—despite policies being in place, uneven implementation across states, coupled with corruption and bureaucratic delays, limits the industry's ability to scale sustainably.

## Conclusion

End-of-Life Vehicle recycling in India holds immense potential to address environmental concerns, create economic opportunities, and support the nation's transition to a circular economy. While challenges remain, proactive measures by industry professionals, policymakers, and consumers can pave the way for a sustainable and efficient ELV recycling ecosystem. The time to act is now, as India strives to balance economic growth with environmental preservation.



# Sellers & Exit Pathways – At a Glance

Exit pathways define the supply side of India's used-car market. Owners typically resell to upgrade or access liquidity, while scrapping comes into play when vehicles reach the end of their usable life.

- Resale remains the dominant exit route, with organized channels building transparency and informal ones still accounting for speed and volume.
- Scrapping is underdeveloped: India has 30M+ end-of-life vehicles and the potential to scrap 6M annually by 2030, but fewer than 100,000 vehicles are scrapped formally each year.
- Policy mandates: the Vehicle Scrappage Policy (2021) and Draft ELV Rules (2024) – aim to change this, with OEMs obligated to recycle 8–18% of historical sales volumes under Extended Producer Responsibility.
- Barriers such as low awareness and cultural attachment to vehicles limit adoption, while informal yards continue to dominate.

## **In conclusion:**

Resale sustains demand, but scrapping can clean the funnel and recover valuable raw materials. Formalizing exit pathways will be key to raising supply quality and supporting India's circular economy goals.



## Chapter 8

# Key Takeaways and Outlook to 2030



India's used-car industry stands at an inflection point. The decade ahead will not simply be about volume growth; it will be about the redefinition of value, trust, and technology in mobility. By 2030, the pre-owned market will no longer be a supporting act to new car sales – it will be a central stage of the automotive economy.



The first clear shift will be the deepening of the used-to-new ratio, moving toward 1.9 by 2030. This evolution signals not only that more Indians are comfortable buying pre-owned cars, but also that the market has matured enough to deliver them with trust and transparency. Organized players, once marginal, will hold a commanding share, creating a new benchmark for professionalism in retail.

Technology will be the second great force. Artificial intelligence will be so embedded across the value chain that the distinction between “AI-enabled” and “traditional” processes will fade. From predictive pricing models that ensure fair valuations, to AI inspections that make fraud detection routine, and digital journeys that allow seamless end-to-end ownership — AI will be the invisible engine powering every transaction. What was once a novelty will become the default operating model.

A third transformation will come from finance penetration. By 2030, nearly 40% of used-car purchases are expected to be financed, up from just 13% a decade earlier. This surge will fundamentally expand affordability and aspirational consumption, particularly in Tier-II and Tier-III markets. For many first-time car buyers, financing a used car will become the gateway to mobility — just as it was for new cars in earlier decades.

The fourth frontier will belong to the OEMs. Certified Pre-Owned programs will evolve from being brand experiments to becoming core business verticals. OEMs will leverage CPO pipelines to secure residual values, attract aspirational buyers, and create multi-cycle brand loyalty. By offering certification, finance, and warranties under one umbrella, they will compete directly with aggregators for customer trust — and in many cases, collaborate with them.

Supply, long the industry's Achilles' heel, will also begin to normalize. OEM trade-ins, digital procurement exchanges, and institutional fleet offloading will professionalize sourcing. AI will reduce capital lock and shorten procurement cycles, enabling dealers to operate leaner and more profitably. For the first time, supply constraints will be addressed not just by volume, but by predictability and efficiency.

The rise of scrapping will bring another dimension to the outlook. Policy-driven retirement of end-of-life vehicles will clean the supply pool, funneling only viable cars back into resale while sending unsafe and polluting vehicles into recycling. This will elevate the quality of used cars on the market and boost OEM trade-in programs, while aligning the sector with India's sustainability agenda.

Perhaps the most profound change, however, will come from consumer psychology. The used car of 2030 will no longer be seen as a compromise. It will be a legitimate first choice — a smarter, safer, and more aspirational pathway

into mobility. Women buyers, Gen Z, and digitally fluent households will dominate the demand profile, ensuring that the market reflects not just affordability but also independence, lifestyle, and identity.

Finally, the entry of EVs into the used-car ecosystem will mark a new frontier. While residual value remains a challenge today, by 2030, the ecosystem of EV inspection, battery health certification, and resale financing will mature, enabling electric cars to flow into the used market with confidence. This will complete the circle of India's broader transition to sustainable mobility.

Taken together, these shifts point toward a used-car industry that is larger, cleaner, more professional, and more trusted than ever before. The coming decade will transform the market from fragmented and informal to structured, digital-first, and trust-driven. For stakeholders — OEMs, dealers, financiers, insurers, and policymakers — the message is clear: the future of mobility in India is not only new, it is proudly pre-owned.

## GST as a Catalyst for the Pre-Owned Ecosystem

The addendum of the Goods and Services Tax (GST) marks a structural reset for India's automotive industry. With the new GST bill reducing the effective taxation on new cars, affordability is expected to improve and demand to rise in the primary market. Every new car purchased eventually enters the resale cycle, which means stronger new car sales today directly translate into a larger, healthier supply pool for the used car market tomorrow.

For used car stakeholders, this trickle-down effect will be transformative. A higher inflow of younger, better-maintained vehicles will elevate quality standards and stabilize pricing benchmarks. At the same time, GST introduces uniformity in how used vehicles are taxed across states, reducing grey areas and discouraging informal, unorganized transactions. Buyers and sellers will find it simpler and safer to engage with certified platforms, strengthening trust in organized retail.

OEMs and dealers also stand to gain. Certified Pre-Owned programs will scale faster with cleaner inflows, while financiers and insurers will operate with greater clarity on valuation and compliance. Coupled with policy-driven scrapping and AI-enabled inspection tools, GST will not only boost efficiency in the new car market but also accelerate the formalization and transparency of India's pre-owned ecosystem.



# About the report



The Used Car Ethos: India FY2024-25 has been developed to provide a comprehensive view of the Indian pre-owned automobile industry at a pivotal moment in its growth. It is a collaborative effort by Mahindra First Choice, India's leading organized used-car retail network, in association with Volkswagen Group India, underscoring the shared belief that the pre-owned market is central to the future of mobility in India.

The report integrates primary dealer surveys, consumer research, OEM inputs, and industry databases such as the Indian Blue Book (IBB), which anchors valuations and trendlines across the ecosystem. Global comparisons draw on secondary research and published data from leading automotive markets (US, UK, Germany, France, China), benchmarked against India to provide a clear sense of trajectory.

Wherever external perspectives have been included — for example, Cox Automotive, Google, Inspektlabs, Mahindra Finance, and Cero Recycling — these contributions are explicitly credited and preserved as authored. They represent deep dives into specific aspects of the value chain, complementing the broader narrative.



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Finally, we acknowledge the evolving nature of this sector. Every effort has been made to ensure accuracy at the time of publication; however, readers are advised that regulatory changes, market volatility, and emerging technologies may alter future outcomes.

### Disclaimer:

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# Indian Blue Book

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