

Used-car sales in non-metros to grow 75% in 5 years

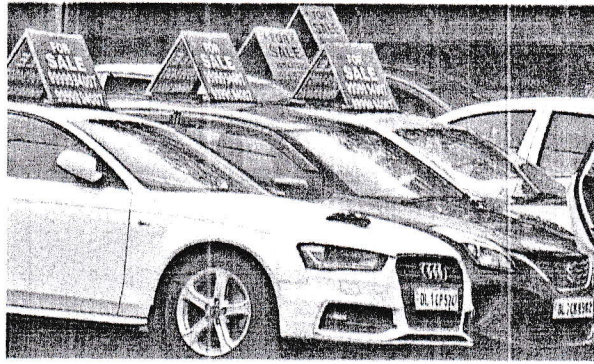
Growing buyer interest, trust on digital platforms driving sales

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Chennai, September 15

Non-metros are expected to witness a huge growth in used-car sales over the next 4-5 years and may account for 3/4th of the volumes. Growing buyers' interest and increasing trust on pre-owned car platforms are driving growth.

"About 65 per cent of the used-car supply in FY22 was concentrated in metropolitan centres such as Mumbai, Delhi-NCR, Bengaluru, Chennai, and Hyderabad. As expected, markets are small outside of the top 40 cities, with only the top 20 out of 900 cities accounting for 25 per cent of the market. However, the demand in smaller



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towns is expected to swell at a 30 per cent CAGR by FY27, compared to a 10 per cent CAGR in the top 40 cities," according to Indian Blue Book Report on the used-car market.

Small towns are expected to witness substantial growth as the share of the non-metros' used-vehicle sales is anticipated to grow to 75 per cent over the next four-five years, it added.

In FY22, about 4.4 million used-cars were sold in India amid disruptions and challenging market conditions. This growth momentum is expected to accelerate, with the market reaching eight million by FY27.

The domestic used-car industry was valued at \$23 billion in FY22, and it is expected to grow at a CAGR of 19.5 per cent in value and 12.7 per cent in volume by FY27. "We

are likely to see a significant shift in the Indian used car market over the next decade, with buyers evolving and becoming more informed," it pointed out. Used cars, which were once considered a compromise, are now making their way into the consideration of buyers who have no apprehensions about purchasing a pre-owned car.

Increasing consumer trust

Over the years, the trust deficit between a buyer and seller has considerably reduced, thanks largely to transparent, smooth, safe, secure, and swift transactions in the last four-five years.

The organised used car market's share is set to increase from 20 per cent in FY22 to 45 per cent in FY27. As the average age of vehicle ownership decreases, there would be a steady increase in the availability of used cars.