

# India may overtake major Asian peers in car sales growth by 2030: Moody's

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Moody's Ratings on Tuesday said India's car sales are likely to grow at a compound annual growth rate (CAGR) of 3.5 per cent, outpacing China, Japan and other major Asian economies, and reaching around 5.1 million units per year by the end of this decade.

"We project a CAGR of 3.5 per cent for car unit sales in India through 2030, faster than growth rates in China, Korea, and Japan in the same period," it said. India is the world's third-largest automotive market after the US and China.

## The EV bandwagon

The country's carmakers are also

betting big on manufacture of lithium-ion cells, electric vehicles (EV) and batteries through a cumulative investment of \$10 billion, despite the lower EV penetration of 2 per cent now.

"We estimate that if 9-10 per cent of two-wheeler owners upgrade to entry-level cars, it would create replacement demand of at least 1.6 million-1.8 million entry-level cars through the end of the decade. Annual car sales, which have averaged around 3.1 million over the last 10 years, and replacement demand will also underpin sales growth through 2030," the report said.

"These assumptions alone support our view that India will grow to be a 5 million car market



by the end of the decade," it added. This will be a jump of almost 25 per cent from 4.2 million units in 2024.

At present, Japanese, Korean and Chinese companies, which operate in India through joint ventures and subsidiaries, to-

## Sales stats

Annual sales and penetration (per 1,000 people) for 2024

China	31 million	(251)
India	4.2 million	(44)
Japan	3.9 million	(502)
S Korea	1.5 million	(422)
Indonesia	0.7 million	(76)

Source: Moody's report

gether account for more than 70 per cent of the market. However, domestic majors are rapidly increasing their share. In 2015, Indian carmakers — Tata Motors, and Mahindra & Mahindra — held a modest 11 per cent share of the market. It is 24 per cent now.