CARARTH INDUSTRY WHITEPAPER

India’s Emerging Used-Car Economy

Five Years of Sales Evidence and the Road to 2030

India | FY2020-21 to FY2024-25

Kritarth Pattnaik | CarArth | Version 1.0 | July 2026

Independent secondary-data research | *Not peer reviewed*

Executive answer

India is not moving away from new cars. It is building a larger, more active used-car market beside a growing new-car market. In FY2024-25, the selected series shows **5.9 million used-car transactions** and **4.30 million new passenger-vehicle sales** - about **1.37 used cars for every new car**.

> **What the mature-market comparison means:** The US and UK did not recently abandon new cars. Their large used markets were built over decades through deep vehicle stocks, trade-ins, finance, vehicle-history systems and predictable resale. India's numbers show progress toward that structure, but trust remains the main constraint.

Indicator	Finding	Meaning
FY2024-25 volume	5.9m used; 4.30m new	Used is larger by units
Five-year CAGR	7.6% used; 12.2% new	New recovered from a weak pandemic base
Used-to-new ratio	1.37 in FY2024-25	Below mature-market ratios
Next constraint	Trust and transaction quality	History, inspection, finance and transfer matter

How to use this paper

- Industry leaders can use the five-year series and 2030 scenarios for planning.
- Journalists can quote the answer-first findings with the named source and period.
- Researchers can reuse the supplied derived dataset and test the stated limitations.
- Buyers can use the decision table and cost checklist as a practical guide.

Suggested citation: Pattnaik, K. (2026). *India's Emerging Used-Car Economy: Five Years of Sales Evidence and the Road to 2030*. CarArth Industry Whitepaper, Version 1.0.

The answer in seven points

1. Used cars outsold new passenger vehicles in each of the five years studied.
2. New-car sales grew faster from FY21 to FY25 because FY21 was a very weak pandemic year for new vehicles.
3. Used-car sales grew faster in FY25 itself, about 8% by CRISIL's estimate, while SIAM reported 2% growth for new passenger vehicles.
4. The used-to-new ratio did not rise in a straight line. It fell as new-car supply recovered, then moved up again.
5. Mature markets such as the US and UK have much higher used-to-new ratios, but that is mainly because they have a deep stock of cars and well-built resale systems.
6. A strong used-car market helps new-car sales. Today's new car becomes tomorrow's used-car supply, and a good resale value makes the next upgrade easier.
7. India's next growth barrier is trust. Price discovery has improved faster than vehicle history, inspection quality, ownership transfer and used-car finance.

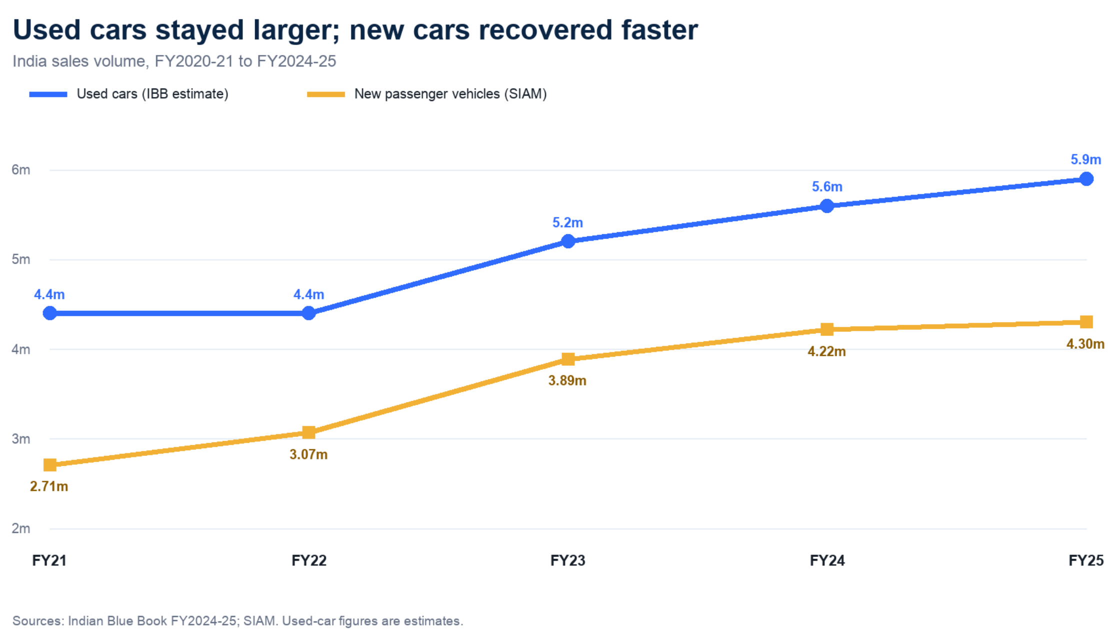

Figure 1. Sales volume in millions. Used-car estimates: Indian Blue Book FY2024-25 historical series. New passenger-vehicle domestic sales: SIAM. FY21 means the financial year ending March 2021.

The five-year numbers

Financial year	Used-car sales estimate, million	New passenger-vehicle sales, million	Used cars per new car	What changed
FY2020-21	4.4	2.71	1.62	Lockdowns and supply trouble hit new vehicles harder. Personal mobility kept used-car demand alive.
FY2021-22	4.4	3.07	1.43	New-car supply began to recover, but chip shortages and long waiting periods remained.
FY2022-23	5.2	3.89	1.34	New-car sales rebounded sharply. Used cars also moved beyond their pandemic plateau.
FY2023-24	5.6	4.22	1.33	Both markets reached greater scale. Used-car supply improved as owners resumed upgrades.
FY2024-25	5.9	4.30	1.37	New-car growth slowed to 2%. Used-car momentum strengthened and the ratio edged upward.

Sources and calculation: Used-car volumes are from the Indian Blue Book FY2024-25 report. New passenger-vehicle volumes are from SIAM FY2021-22, SIAM FY2023-24 and SIAM FY2024-25. Ratios are CarArth calculations using unrounded sales values where available.

The table looks simple. The market beneath it was not.

A used car may pass through an owner, a broker, a dealer, an auction and another dealer before a buyer takes the keys. One report may count the retail change of ownership. Another may estimate the whole trade. A third may measure only organised companies. The car is the same. The number is not always the same.

That is why this article treats the figures as a market estimate, not as a national headcount.

What the five-year trend actually shows

1. Used cars were larger, but new cars recovered faster

The latest Indian Blue Book series shows used-car sales rising from 4.4 million in FY21 to 5.9 million in FY25. That works out to about **7.6% annual growth**. SIAM's new passenger-vehicle series rose from 2.71 million to 4.30 million, or about **12.2% annual growth**.

The faster new-car growth does not mean buyers rejected used cars. FY21 was an unusually low starting point for new vehicles. Factories, showrooms and supply chains were interrupted. As production returned, the new-car line had farther to climb.

The more useful signal sits at the end of the period. CRISIL Ratings estimated that used-car volumes grew about 8% in FY25 and could grow another 8% to 10% in FY26. SIAM recorded only 2% new passenger-vehicle growth in FY25.

In plain language, new cars won the recovery. Used cars entered FY26 with the stronger pace.

2. The used-to-new ratio did not climb neatly

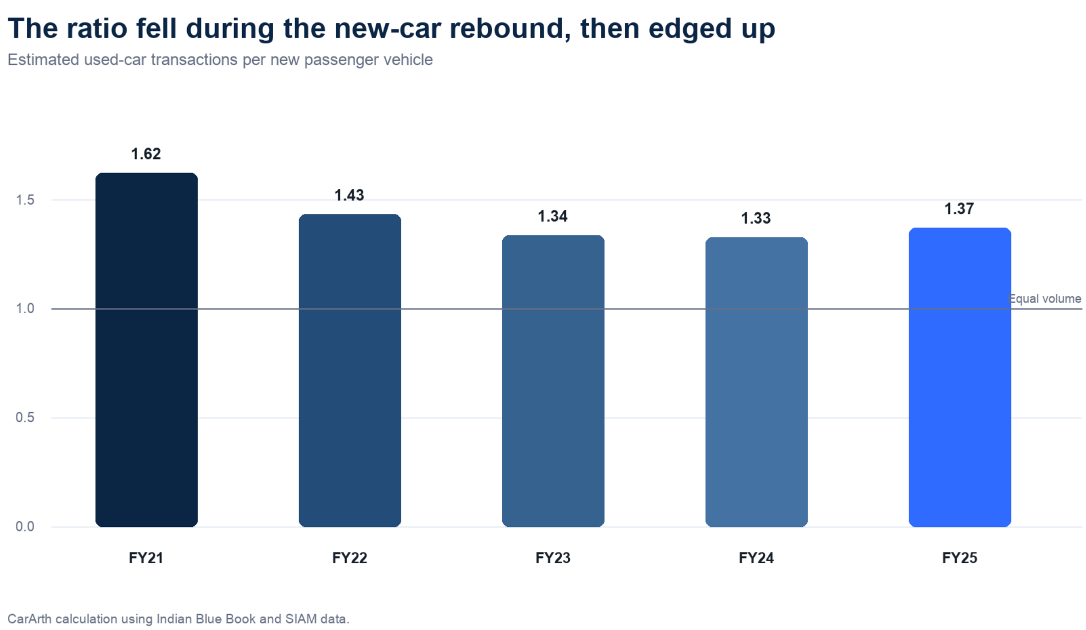

Figure 2. CarArth calculation based on Indian Blue Book used-car estimates and SIAM new passenger-vehicle sales.

The used-to-new ratio was high in FY21 because new-car sales were unusually weak. The ratio then moved closer to 1.3 as new supply returned. It rose to 1.37 in FY25.

This matters because a ratio can move for two reasons. Used-car sales can rise, or new-car sales can fall. Sometimes both happen. A ratio is useful, but it is not a mood survey.

CRISIL's July 2025 note says the ratio improved to about 1.4 from below 1.0 five years earlier. The latest Indian Blue Book historical series shows used cars already ahead of new cars during that period. The two claims cannot be placed on one clean line without the underlying definitions and earlier revisions.

The safe conclusion is narrower: **recent, well-cited studies agree that India's used-car market is now about 1.3 to 1.4 times the new-car market by volume.** Claims about the exact path should name the source and method.

3. Used cars became more aspirational, and more expensive

The used-car buyer is not simply looking for the cheapest running car. The Indian Blue Book FY25 survey reports that SUVs and compact SUVs accounted for 56% of buyer preference in FY25, up from 23% in FY21. The same report puts the average used-car selling price at about Rs 5.45 lakh, 36% above FY21.

That does not make used cars cheap. It makes them a cheaper entry into the car or segment a buyer already wants.

A buyer who cannot stretch to a new compact SUV may not return to a new hatchback. The buyer may choose a four-year-old SUV instead. The badge, body style and features survive depreciation rather well. The first owner's bill does not.

4. Finance is entering the used-car purchase

The Indian Blue Book reports finance penetration rising from 13% in FY21 to 32% in FY25. The report expects it to reach 40% by 2030.

This is progress, though the used-car loan is still a less tidy product than a new-car loan. The vehicle is older, its value is harder to fix, and its condition can change the lender's risk. Interest rates are often higher. Loan periods may be shorter.

Better finance will expand the market only when valuation and inspection improve with it. Easy credit against a badly checked car is not buyer protection. It is a longer problem paid in monthly instalments.

5. Organised retail is growing, but most of the market remains scattered

The Indian Blue Book puts the organised share at 21% in FY25, up from 18% in FY23. That leaves most transactions with smaller dealers, brokers and direct owner-to-owner sales.

The unorganised market is not automatically dishonest, and the organised market is not automatically perfect. The real difference is repeatable process. Written inspection reports, ownership checks, standard warranties, finance, return rules and accountable paperwork are easier to demand from a system than from a handshake.

India has no shortage of handshakes. It has fewer clean service records.

Did mature markets move from new cars to used cars?

Only partly. Mature markets did not recently turn their backs on new cars. Used-car sales became large over decades because millions of earlier new cars built a deep and varied vehicle stock.

Economists sometimes call that stock the **vehicle parc**. It simply means all the cars already on the road. When the parc is large, more owners can sell, exchange, lease-return or trade in a car each year. Used supply becomes steady. Lenders understand residual values. Dealers can inspect and price cars with more confidence. Buyers see more choice.

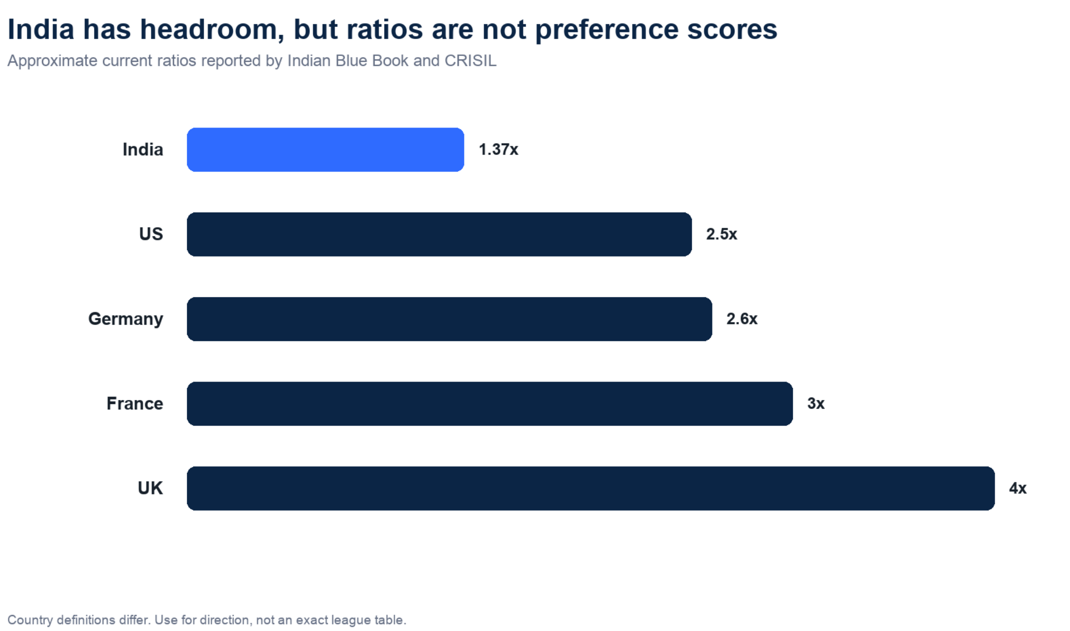

Figure 3. Approximate used-to-new sales ratios reported in the Indian Blue Book FY2024-25 and CRISIL Ratings: India 1.37, US 2.5, UK 4.0, Germany 2.6 and France 3.0. Definitions differ by country, so the chart is directional.

The US: used-heavy before and after the pandemic

NADA reported 17.1 million new light-vehicle sales in 2019 and expected used sales to remain near 39.5 million. That was roughly 2.3 used vehicles for every new one.

For 2024, Cox Automotive forecast 36.2 million used-vehicle sales, while NADA reported 15.85 million new light vehicles. The ratio was again about 2.3.

The US did not shift sharply from new to used during those five years. It remained a used-heavy market. New cars were expensive, but the deeper reason was supply: a vast fleet, lease returns, trade-ins, dealer auctions, vehicle-history systems and long-established finance.

The UK: a higher ratio without higher used volume

The Society of Motor Manufacturers and Traders counted 7.94 million used-car transactions in 2019. The UK registered 2.31 million new cars that year, giving a ratio of about 3.4.

In 2024, the UK recorded 7.64 million used transactions and 1.95 million new registrations. The ratio rose to about 3.9.

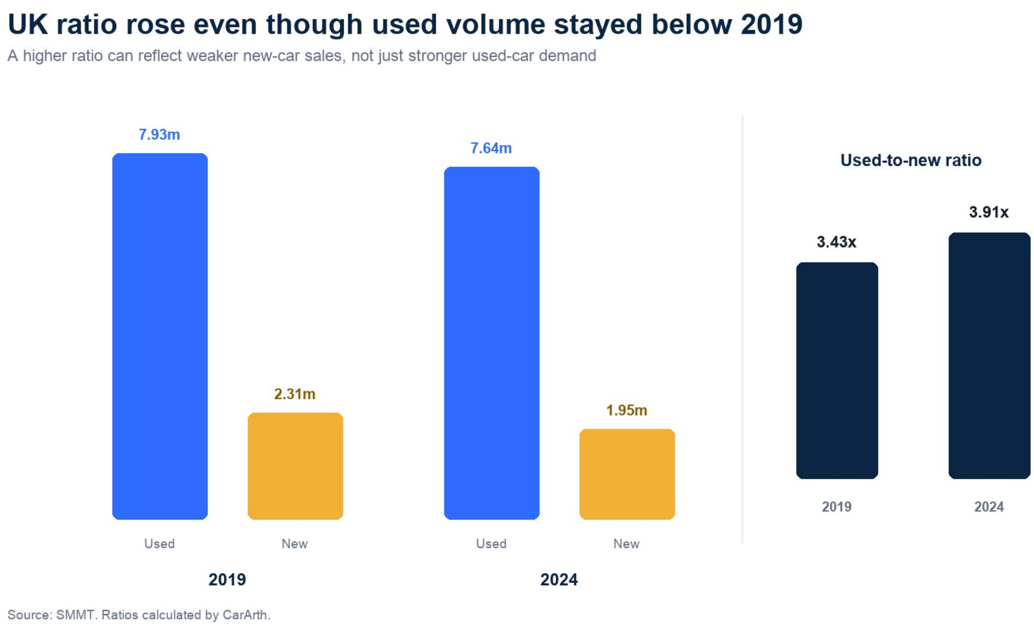

Figure 4. SMMT data; ratio calculated by CarArth. This example shows why a higher ratio does not always mean a rush away from new cars.

Used volume in 2024 was still below 2019. The ratio rose because new registrations fell further. The arithmetic looks like a stronger preference for old cars. The full table tells a calmer story.

What mature markets teach India

Mature markets offer six useful lessons:

1. **New-car sales create future used-car supply.** A healthy used market needs a healthy flow of new cars several years earlier.
2. **Trade-ins shorten the ownership cycle.** A buyer upgrades sooner when the old car has a clear value and a quick exit.
3. **Residual-value data supports finance.** Lenders can price risk better when model-level resale data is deep and consistent.
4. **Vehicle history lowers fear.** Accident, title, mileage and service information reduce the amount of blind trust in a deal.

5. **Independent inspection matters.** Certification should describe the car, not merely decorate the listing.
6. **End-of-life rules protect the market.** Unsafe cars should leave the road instead of returning through another cheap sale.

India is moving along this path, but not in a straight copy of the West. Indian cars are often kept longer, family advice has more weight, service records are uneven, and ownership transfer can still require patience. We have digitised the advertisement faster than the car's life story.

What India's numbers signify

India is entering the circulation stage of car ownership

For years, the main question was how many Indian households could buy their first new car. That question still matters. Another one has arrived beside it: how easily can an existing car move to its second or third owner?

The growth of used sales shows that cars are circulating through the economy more often. Faster circulation releases value for the seller, creates lower-cost access for the buyer and brings the original owner back into the new-car market.

This is why the two markets should not be treated as opponents.

The used-car market is becoming a mobility ladder

Used cars now serve several buyers at once:

- A first-time buyer seeking safer family travel.
- A two-wheeler household moving to four wheels.
- A city commuter who wants an automatic without paying the full new-car price.
- A small-business owner who needs dependable transport.
- A buyer choosing a larger or safer car within a fixed budget.
- An enthusiast looking for a discontinued engine, gearbox or body style.

The same car can help one owner upgrade and another owner enter the market. Very few consumer goods have such an active second life.

Trust is now the limiting factor

Demand is visible. The weak spots are also familiar:

1. Odometer readings may not match the car's real use.
2. Service records may be incomplete or available only inside one workshop network.

3. Accident and flood repairs can be hard to trace.
4. A loan, challan or ownership-transfer issue may appear late.
5. Inspection reports may use different standards.
6. Warranty terms may sound wider than the parts they cover.
7. Asking prices may be mistaken for transaction prices.

A buyer can compare twenty listings before lunch and still not know whether one odometer is honest. Discovery became digital first. Proof is catching up.

New car or used car: the practical decision

Buyer need	New car usually fits better	Used car usually fits better	Check before deciding
Lowest repair uncertainty	Full warranty and known history	Only if inspected and covered well	Warranty exclusions and service schedule
Lowest purchase price	Entry model may fit	Larger or higher trim for the same budget	Repair reserve, insurance and loan rate
Latest safety and emissions technology	Strong advantage	Available in newer used cars	Exact variant, build date and safety equipment
Immediate delivery	Depends on stock and waiting period	Often available sooner	RC status and delivery paperwork
Five-to-eight-year ownership	Known starting point helps	Strong if bought at the right age and condition	Total cost, not only purchase price
Frequent upgrades	First depreciation hit is larger	Lower entry cost can help	Resale demand for that model
EV purchase	New warranty reduces battery risk	Price can be attractive, but data is thin	Battery health, warranty transfer and charging history
Rare or discontinued model	Usually unavailable	Main route to ownership	Parts supply and specialist support

Seven costs buyers often forget

The sticker price settles only the first argument. Compare these seven costs:

1. Down payment and loan interest.
2. Registration, tax and transfer charges.
3. Insurance premium and claim history.
4. Fuel or electricity.

5. Scheduled service and likely repairs.
6. Tyres, battery and wear items due soon.
7. Expected resale value at the planned exit year.

A used car that needs tyres, suspension work and a major service can lose its price advantage quickly. A new car bought with a large loan can lose more through interest and early depreciation. The cheaper car is the one that costs less over the years you will keep it.

The way forward for India's used-car market

1. Build a usable vehicle-history layer

India has useful records across registration, pollution checks, insurance, workshops, lenders and service networks. The buyer rarely sees them as one clean history.

The next step is permission-based data sharing that can show ownership events, mileage signals, major claims, theft status, finance closure and service gaps without exposing personal data. One source will not be enough. Fraud often appears in the mismatch between sources.

2. Make inspections comparable

An inspection should state what was checked, how it was checked, what could not be checked and how long the result remains valid.

India needs common terms for structural damage, flood exposure, paintwork, engine health, diagnostic faults, tyre life and roadworthiness. A 200-point inspection is not useful merely because 200 sounds diligent. The buyer needs to know which failed points can become a bill.

3. Link finance to the car's condition and future value

Used-car finance can grow without copying new-car lending. The loan should consider vehicle age, verified condition, model reliability, expected resale value and remaining useful life.

Better risk data can narrow the interest-rate gap for good cars. It can also prevent long loans on cars that will be difficult to sell before the final EMI.

4. Treat ownership transfer as part of the sale

A sale is not complete when the car and money change hands. The registration must change too.

Platforms and dealers should track transfer until closure, give both parties dated proof, and flag open challans, hypothecation and state-level requirements before payment. The seller should not discover months later that the old car is still collecting fines in the old name.

5. Publish real transaction ranges

Listings show expectation. Transactions show the market.

Model, variant, age, city, mileage, condition, ownership count and service history should feed a price range with a confidence level. A single neat valuation can be comforting and wrong. A range shows the buyer where judgement still matters.

6. Prepare for the used-EV question now

India's used-EV market is still small, but new EV sales are creating future supply. The resale market will need battery state-of-health tests, warranty-transfer rules, repair-cost data and clear information on software and charging compatibility.

The UK example is useful. SMMT data shows used battery-electric transactions rising as more new EVs reached the second-hand market. Used EV demand cannot grow far ahead of used EV supply. India's EV resale market will be built by the new EVs sold today and the battery records kept from their first day.

7. Remove unsafe end-of-life cars from circulation

A mature used market does not keep every old vehicle alive. It keeps good vehicles moving and retires unfit ones.

India's Registered Vehicle Scrapping Facility service provides an authorised route and a Certificate of Deposit for eligible incentives. The harder work is consistent fitness testing, convenient scrapping access and a clean link between scrapping and registration records.

Figure 5. CarArth research framework based on the gaps identified across Indian Blue Book, CRISIL and government sources.

What happens by 2030?

Published forecasts agree on the direction and differ on the size.

Source	Base year	Used-car forecast	New-car forecast or ratio	What to remember
Indian Blue Book FY25	FY25: 5.9 million	9.5 million by FY30	Used-to-new ratio of 1.9	Full industry estimate; 10% used-car CAGR
CARS24 and Team-BHP 2024 report	CY23: 4.6 million	10.8 million by CY30	6.3 million new cars; ratio 1.7	Company-led research using a different base and calendar years
CRISIL Ratings, July 2025	FY25 estimate below IBB	Above 6 million in FY26	Ratio about 1.4 at publication	Strong near-term view; focuses on industry credit and organised companies

Sources: Indian Blue Book FY2024-25, CARS24 and Team-BHP 2024 report, and CRISIL Ratings.

A sensible planning range is **9.5 million to 10.8 million used-car sales around 2030**, not one guaranteed number. The lower end still implies a much bigger market than FY25. The upper end requires strong supply, wider finance and more confidence in condition and records.

New-car demand is not expected to disappear. SIAM reported a record 4.64 million domestic passenger vehicles in FY26. ICRA expects further new passenger-vehicle growth to continue at a more moderate pace in FY27.

The likely future is not new versus used. It is a faster ownership cycle linking both.

Seven findings for researchers, journalists and industry teams

1. **India's used market is larger by volume, but its historical size is still estimated.** Quote the source beside the number.
2. **FY21 is a poor normal-year base.** Pandemic disruption makes five-year growth rates look cleaner than the market felt.
3. **The used-to-new ratio is not a direct measure of preference.** It changes when either side of the fraction changes.
4. **Mature-market ratios reflect the size of the vehicle stock.** They are not proof that buyers stopped wanting new cars.
5. **New and used markets feed each other.** New sales create supply; resale value supports the next new purchase.
6. **India's strongest growth gap is institutional.** Records, inspection, finance and transfer have more room to improve than online discovery.
7. **A bigger used market needs a better exit system.** Good cars should circulate. Unsafe cars should not.

Frequently asked questions

Are more used cars sold than new cars in India?

Yes. The Indian Blue Book estimates 5.9 million used-car sales in FY25, compared with 4.30 million new passenger vehicles reported by SIAM. That equals about 1.37 used cars for each new car.

Did used-car sales grow faster than new-car sales over the full five years?

Not from the pandemic FY21 base. The main series used in this study gives about 7.6% annual growth for used cars and 12.2% for new passenger vehicles through FY25. Used cars had the faster momentum in FY25 itself.

Why do different reports show different used-car market sizes?

India has no single official count covering every dealer, broker, auction and owner-to-owner sale. Reports use different samples, definitions and estimation methods. A reliable article should name the source, period and meaning of every used-car number.

Does a mature car market always sell more used cars than new cars?

Usually, yes. Mature markets have a large stock of vehicles, regular trade-ins, lease returns, finance and history systems. The US sells roughly 2.3 to 2.5 used vehicles per new one, while the UK is close to four.

Is India following the US and UK pattern?

India is moving toward a larger used-car market, but the path will be Indian. Longer ownership periods, uneven records, lower finance use and state-level paperwork mean trust systems must develop along with supply.

Will used cars hurt new-car sales?

Not necessarily. A strong resale market raises the value of the car an owner already has. That value can fund the next new-car purchase. New sales also create the supply that enters the used market several years later.

Is a used car always cheaper than a new car?

The purchase price is usually lower, but total cost depends on the loan, insurance, repairs, tyres, service and later resale value. A neglected used car can cost more than expected.

What is the best age for a used car in India?

There is no single best age. Cars around three to seven years old often balance depreciation, remaining life and modern features, but condition and records matter more than the birthday printed on the RC.

What will decide India's used-car market by 2030?

Quality supply, trusted history, standard inspections, fair finance, timely ownership transfer, EV battery checks and effective scrapping will decide whether demand turns into safe transactions.

Methodology

Period

The core comparison covers FY2020-21 to FY2024-25, the latest five-year period for which the selected Indian Blue Book series and final SIAM figures overlap. FY2025-26 is presented separately as a current checkpoint because SIAM has final new-car data while the used-car figure available during research was still a market estimate or forecast.

Definitions

- **New car:** A domestically sold passenger vehicle in SIAM's passenger-vehicle category, including passenger cars, utility vehicles and vans.
- **Used car:** A passenger car changing hands in the secondary market, as estimated by the cited industry source.
- **Used-to-new ratio:** Estimated used-car transactions divided by new passenger-vehicle sales for the same financial year.
- **CAGR:** Compound annual growth rate. It shows the smooth yearly growth needed to move from the first value to the last. Real yearly growth was not smooth.

Source hierarchy

1. Official or trade-body sales data: SIAM, SMMT and government portals.
2. Original industry research: Indian Blue Book, CRISIL Ratings, NADA and Cox Automotive.
3. Company datasets: CARS24 and Team-BHP, used when the sample and period are identified.
4. Reputable business reporting, used mainly to check older figures or report access.

Important limitations

- Used-car volumes are estimates and may be revised in later editions.
- Some sources use financial years and others use calendar years.
- Country ratios may count different vehicle classes and transaction types.
- A used vehicle can change hands more than once in its life, so transactions are not the same as unique vehicles.
- Used-car market value cannot be compared with new-car market value from unit counts alone.
- Forecasts describe assumptions, not promised outcomes.

Update log template

Field	Current entry	Next update action
Research cut-off	4 July 2026	Replace on every material data refresh
Core India period	FY21-FY25	Roll forward after final FY26 used-car report
Latest new-car checkpoint	FY26 SIAM: 4.64 million	Update after FY27 SIAM release
Latest used-car checkpoint	FY26 expected above 6 million	Replace forecast with final measured estimate
Mature-market comparison	US and UK through 2024	Refresh with matching full-year datasets
2030 outlook	9.5-10.8 million published range	Recalculate when source forecasts change

References

1. Society of Indian Automobile Manufacturers. Annual Report 2021-22.
2. Society of Indian Automobile Manufacturers. Annual Report 2023-24.
3. Society of Indian Automobile Manufacturers. FY2024-25 sales performance, 15 April 2025.
4. Society of Indian Automobile Manufacturers. FY2025-26 sales performance, 14 April 2026.
5. Indian Blue Book, Mahindra First Choice and Volkswagen Certified Pre-Owned. Used Car Industry Report FY2024-25, seventh edition.
6. CRISIL Ratings. Used-car volume to grow 8-10%, over twice as fast as new one, 11 July 2025.
7. CARS24 and Team-BHP. The 2024 Indian Used Car Market Report, January 2025.
8. Society of Motor Manufacturers and Traders. UK used car sales data.
9. Society of Motor Manufacturers and Traders. UK used car market holds steady in 2019, 12 February 2020.
10. Society of Motor Manufacturers and Traders. UK used car market grows in 2024, 11 February 2025.
11. Society of Motor Manufacturers and Traders. UK new-car registrations in 2019, 6 January 2020.
12. Society of Motor Manufacturers and Traders. UK new-car registrations in 2024, 6 January 2025.

13. National Automobile Dealers Association. Analysis of 2019 US auto sales, 8 January 2020.
14. National Automobile Dealers Association. 2024 US new light-vehicle sales, 31 December 2024.
15. Cox Automotive. Used-vehicle sales and 2024 outlook, 20 March 2024.
16. ICRA. Passenger-vehicle growth expected to moderate in FY2027, 27 April 2026.
17. National Government Services Portal. Registered Vehicle Scrapping Facility service, updated 6 May 2026.

Research governance and disclosure

This whitepaper uses public aggregate secondary data. It is independent research and has not been peer reviewed. Used-car volumes are industry estimates; new passenger-vehicle sales are SIAM figures. Cross-country definitions differ.

Author and affiliation: Kritarth Pattnaik, CarArth. **Funding:** No external research funding. **Data cut-off:** 4 July 2026. **Recommended update:** Quarterly source check and full refresh after final annual SIAM and Indian Blue Book releases.