

Gears of Growth

The 2025 Indian Used Car Market Report



For the Indian family, a car has always been more than a machine; it grows with us, quietly witnessing our struggles, celebrating our progress, and becoming part of every success we achieve.

In this new era, the narrative of ownership is shifting. What once felt like a niche alternative has matured into a smart, celebrated choice. This Gears of Growth report by Cars24 & Team BHP isn't just about data; it's a story of an evolving India, one that values transparency, trusts digital assurance, and seeks quality without compromise.

Dive in as we explore how these changing mindsets are driving the nation's automotive future and redefining what it means to move forward.



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6–10% Monthly Contribution Signals a **Structurally Mature Used Car Market**

In 2026, the data tells an interesting story. Used car sales do not surge or collapse with the calendar. Instead they hold steady, with every month contributing between 6% and 10% of the year's total volume. When a market stops depending on festivals, discounts, or external triggers, it signals maturity. Used cars are no longer a backup option; they have become a consistent, first-choice decision made throughout the year.



The data points to a mature market where used cars are established as a primary vehicle choice rather than a temporary alternative to a new car.



Consumers are not waiting for festivals or discount windows. Buying behaviour appears intentional and need-driven.



Affordability continues to guide per owned car buying decisions, with consumers prioritising value retention and lower ownership costs as rising new car prices reshape the market.



Consistent monthly engagement on Cars24 reflects growing trust in its ecosystem, as buyers gain confidence in certified inspections, transparent pricing, and seamless digital discovery.

Discovery Has Moved Online Trust Has Moved to Video

Car research in 2025 is digital-first,
driven by online platforms, apps, and video.

Search behaviour has moved beyond features & price
to inspections and trust signals.

Pre-Delivery Inspection is now mainstream,
researched by over 1.7 lakh Indians in 2025.

Family and peer recommendations still matter,
but buyers verify them through reviews, videos, and experts.

YouTube plays the credibility role,
shaping decisions with detailed reviews
and ownership content.



AI Search Is Powering The Next Wave of Auto Decisions

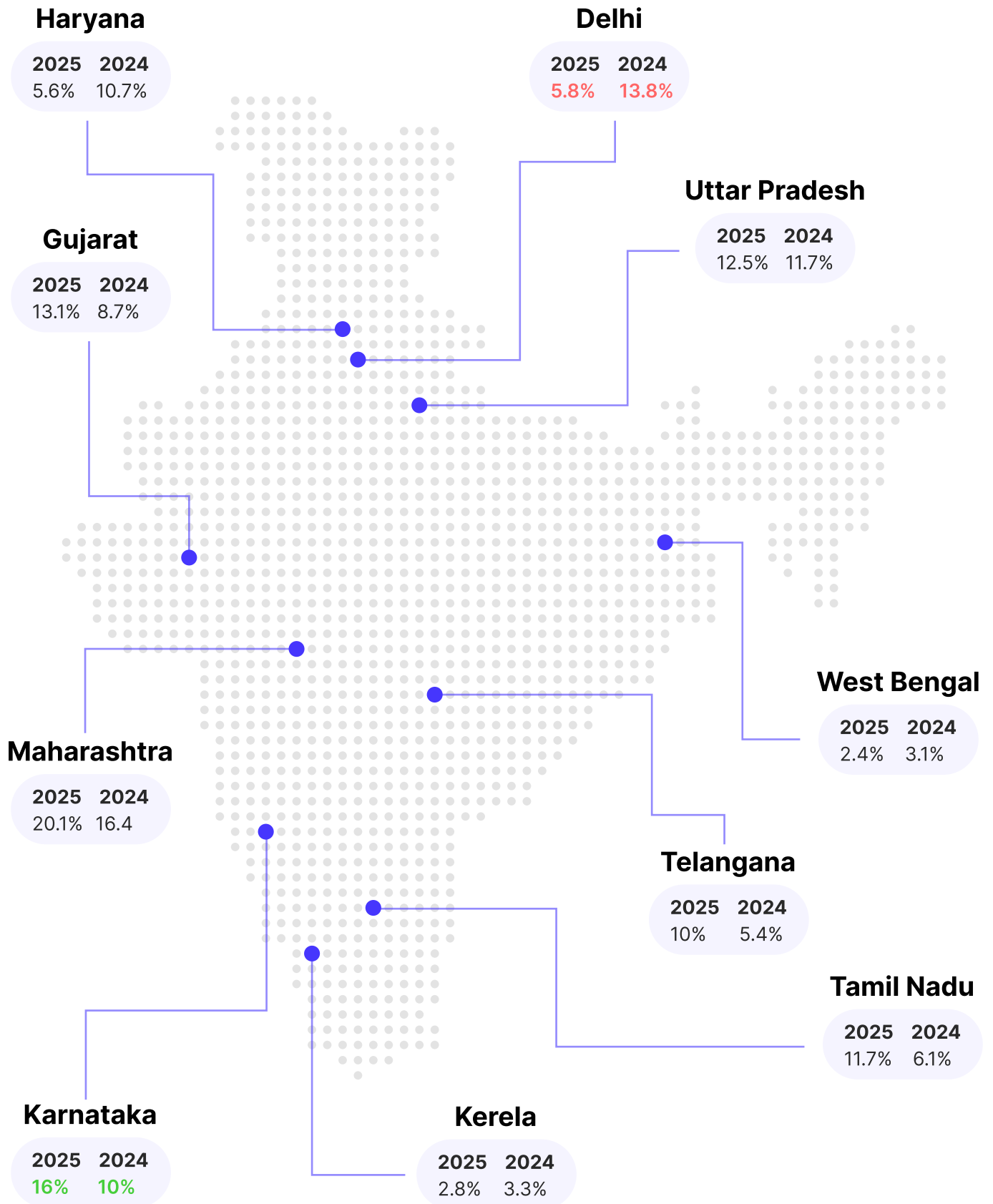
Category	Year-on-year growth in search volume
Sell	2.3x
Buy	7.2x
Challan	9x
New car	8.1x



What does this suggest?

- AI searches grew 6.7x, showing people are quickly using AI to discover, compare, and make decisions.
- Car buying decisions are changing, with Buy (7.2x) and New Car (8.1x) growth showing people use AI to reduce confusion and choose with confidence.
- Selling is becoming faster and smarter, with 2.3x growth in showing AI helps sellers price better and list quicker.
- Ownership and compliance tasks are moving to AI, with challan searches up 9x, shows growing trust.

The Used Car Market Is No Longer NCR-Led



What Does This Suggest?

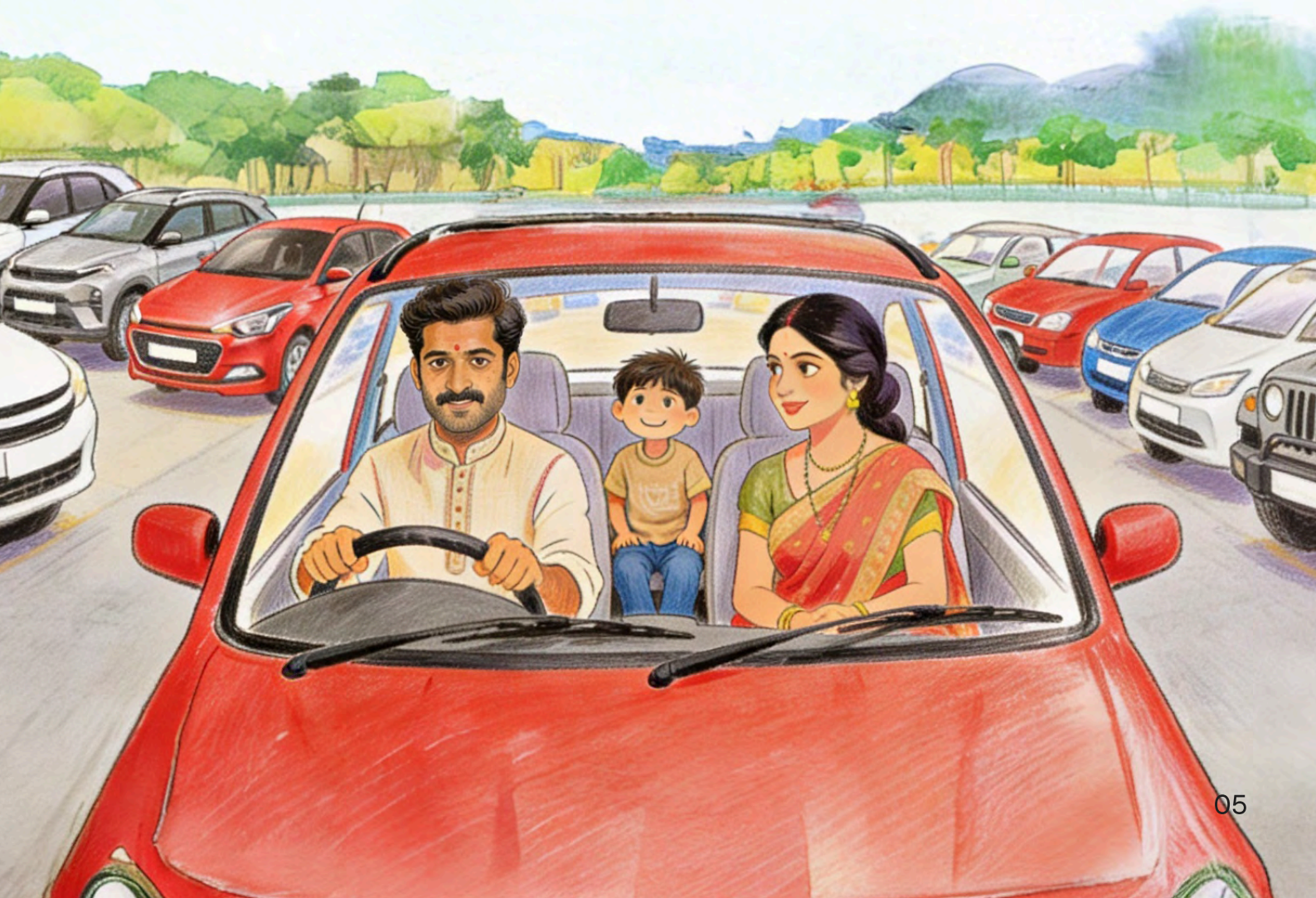
NCR loses its grip. Delhi's share dropped from 13.8% to 5.8%, while Haryana fell from 10.7% to 5.6% in 2025. This sharp decline confirms the used-car market is no longer concentrated around NCR.

Maharashtra tightens its lead as the largest market. Maharashtra grew from 16.4% to 20.1%, reinforcing its position as India's biggest used-car hub. Strong urban demand and faster replacement cycles continue to drive growth.

Uttar Pradesh becomes North India's demand anchor. UP increased to 12.5% from 11.7%, emerging as the region's strongest growth engine. Expanding Tier-2 cities and rising first-time buyers are driving momentum.

Karnataka emerges as a southern powerhouse. Karnataka's share jumped from 10% in 2024 to 16% in 2025, one of the largest gains among all states. Bengaluru's tech-driven population, strong financing access and high upgrade demand are accelerating used-car adoption.

Gujarat powers the next growth wave. Gujarat's share surged from 8.7% to 13.1%, driven by strong SME activity, expanding trade hubs, and rising digital adoption across industrial clusters.



The Centre of Gravity Has Shifted Beyond Metros

38%

Metro Cities

62%

Tier 2 Cities



First-time buyers driving non-metro demand



Affordability & longer ownership cycles


















Preference for reliable, low-maintenance vehicles

Insight

The narrowing gap between metro and non-metro contribution indicates a more evenly distributed used-car ecosystem in 2025, with demand no longer confined to top urban centres.

*Metro cities: **Bengaluru, Mumbai, Pune, Delhi NCR, Chennai, Hyderabad, Ahmedabad**

Metro vs Non-Metro Differences In Top Models

	Top Models Overall	% Share	Top Models Metro	% Share	Top Models Non-Metro	% Share
1	Nexon 	3.97%	Nexon 	3.99%	Nexon 	3.95%
2	Baleno 	3.48%	Baleno 	3.78%	Grand i10 	3.65%
3	Grand i10 	3.4%	Grand i10 	3.19%	Baleno 	3.13%
4	Kwid 	2.47%	Tiago 	2.26%	Kwid 	2.91%
5	Elite i20 	2.28%	Swift 	2.17%	Elite i20 	2.42%
6	Tiago 	2.23%	Elite i20 	2.15%	Tiago 	2.2%
7	Venue 	2.11%	Venue 	2.08%	Venue 	2.15%
8	Swift 	1.93%	City 	2.07%	Altroz 	2.14%
9	Altroz 	1.91%	Baleno 	2.07%	Grand nios 	1.87%
10	City 	1.84%	Kwid 	2.07%	Kwid 	1.84%

Where You Live Shapes What You Drive

- **Metro markets show a strong preference for feature-rich hatchbacks, compact SUVs and premium sedans**, indicating that used cars in urban centres are increasingly seen as an upgrade choice rather than a budget substitute.
- **Models such as Baleno, Nexon, Elite i20, City and Creta** perform strongly in metros, supported by higher acceptance of newer model years, higher trims and convenience features like automatic transmissions.
- **Non-metro markets remain distinctly value-led**, with demand concentrated around affordable, low-maintenance models such as Grand i10, Kwid, Tiago, Swift and Amaze.
- **This contrast highlights a dual-speed used-car market**, where metros are driving premiumisation and feature adoption, while non-metro regions sustain overall volumes through practicality, affordability and longer ownership cycles.



The South Buys Newer. The North Holds Longer

Regional Distribution

North & Central India

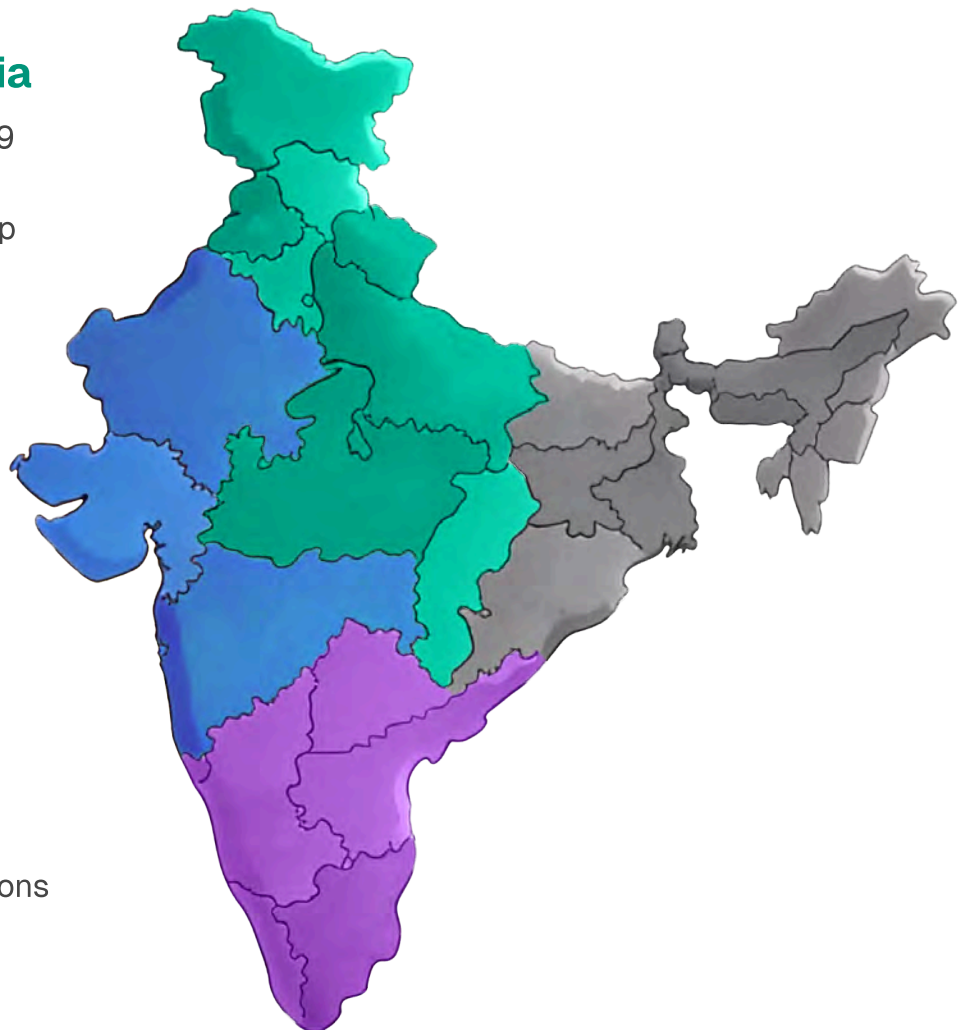
- Higher share of 2017–2019 and pre-2017 vehicles
- Indicates longer ownership cycles

West India

- Balanced mix across 2017–2021
- Stable resale churn

South India

- Higher concentration of 2020+ vehicles
- Newer cars contribute meaningfully to transactions



Insight

- Southern markets show a higher concentration of 2020 and newer vehicles, indicating faster upgrade cycles and higher car adoption.
- Western India displays a more balanced resale mix across 2017 - 2021 model years, suggesting stable ownership churn.
- North and Central India have a greater share of pre-2019 vehicles, pointing to longer ownership cycles and value driven resale behaviour.
- These variations underline how regional economics and buyer preferences directly impact inventory age profiles.

Hatchbacks Still Giving Main Character Energy

1

Hatchbacks

Hatchbacks remain the top choice because they are practical, fuel-efficient, and easy to drive and park in city traffic.

52%



2

SUV

SUVs are rising 32% as buyers prefer bigger cars with high ground clearance that handle rough roads and long trips better.

32%



3

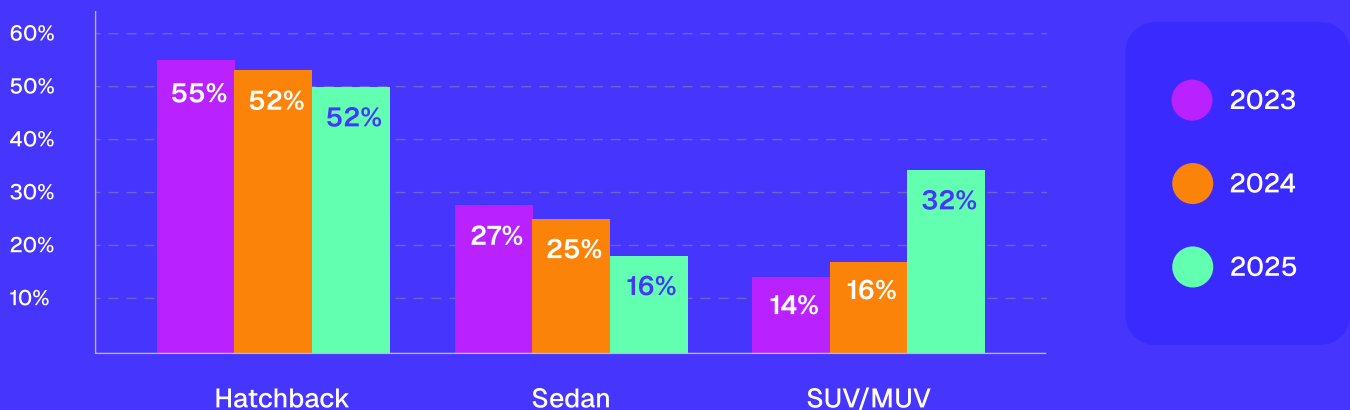
Sedan

Sedans have declined to 16% because of its low ground clearance and poor road conditions make them less practical for everyday use.

16%



Year-on-Year Shift in Body Type Preferences



Two Indias, Two Preferences Decoding Body-Type Demand

Body-type preference differences across regions

Metro markets

Higher preference for: SUVs, premium hatchbacks, declining demand on entry-level hatchbacks.

Non-Metro markets

Higher preference for: Hatchbacks, compact sedans, with SUVs expanding their share.

Insight

- Hatchbacks remain the most affordable & widely adopted body type in the used-car market.
- Despite higher ASPs, SUVs continue to see strong demand growth.
- Sedans sit in the mid-price range and appeal to a small but steady group of buyers.
- Metro buyers prefer SUVs and larger cars driven by aspiration and lifestyle, while non-metro buyers favour smaller, practical cars that offer better value.



Balle Balle Baleno Becomes India's Most Selling Used Car



Baleno
15.5 %



i10 Grand
13.2 %



Kwid
11.3 %

Other Popular Models

4

Nexon

11 %



5

Tiago

9.6 %



6

Elite i20

8.7 %



7

City

8.1 %



8

Swift

8.0 %



9

Amaze

7.5 %



10

Creta

7.1 %



- Hatchbacks continue to be the backbone of India's used-car market. Models like the Baleno and Grand i10 remain popular because they are reliable, practical and easy to drive.
- At the same time, compact SUVs are gaining serious traction. The Nexon's strong demand shows that buyers are increasingly leaning toward vehicles that offer better road presence, higher seating and confidence on rough roads.
- The mix of budget-friendly and premium models in the top list also shows that the market today caters to both first-time buyers and those looking to upgrade.
- Sedans, however, are losing relevance as buyers prefer cars with higher ground clearance, better suitability for Indian roads and stronger resale value.



Buyers Favour Feature Packed Used Cars

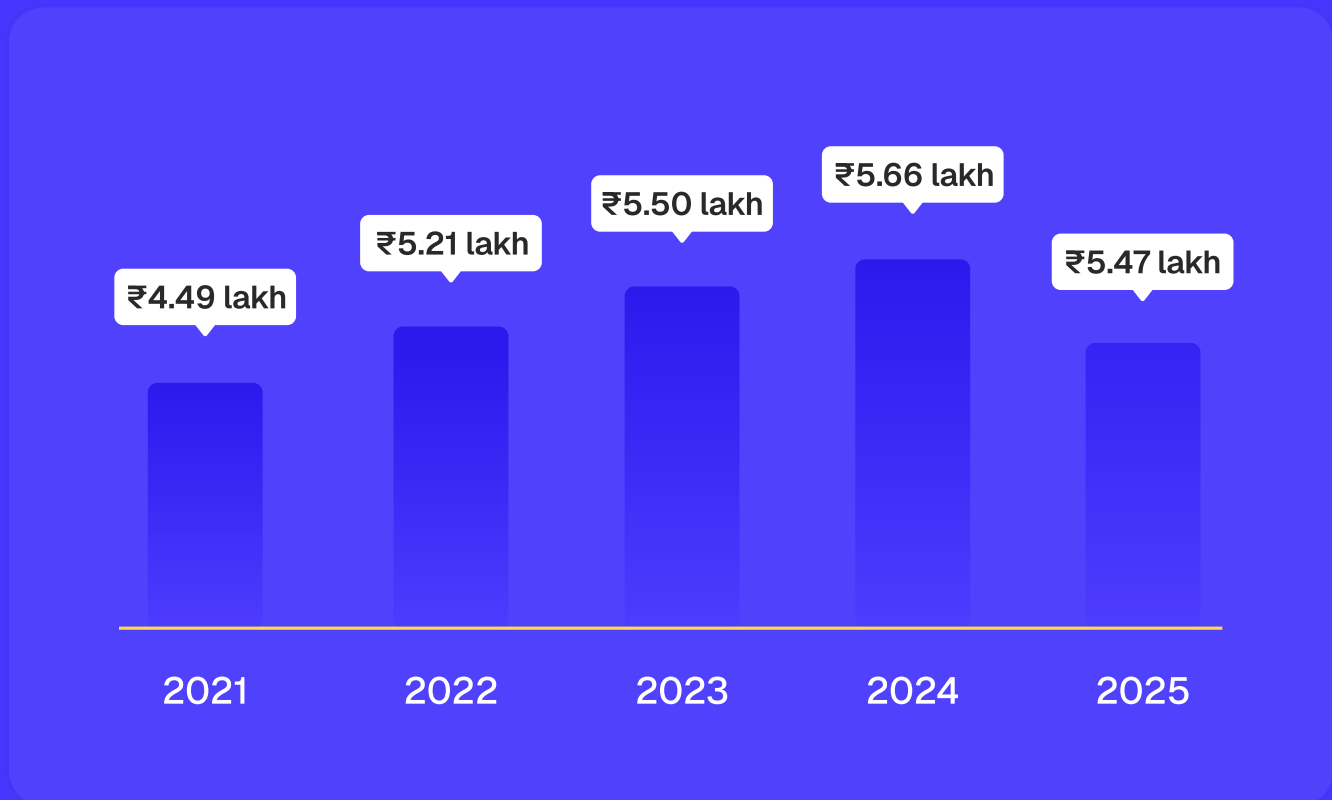
Top premium used models:



Insight

- Premium used-car demand is led by models such as Creta, City, Nexon and Elite i20, indicating strong appetite for feature-rich vehicles.
- Buyers are increasingly upgrading within a controlled budget, preferring newer-age vehicles with higher trims and better safety features.
- Premiumisation in the used-car market mirrors new-car trends but remains firmly value-oriented.
- Feature depth, safety credentials and brand trust are emerging as key decision drivers in premium used-car purchases.

India Is Spending More on Used Cars



Insight

- The average selling prices settling at ₹5.47 lakh, affordability is improving and demand remains strong.
- Lower GST impact compared to new vehicles continues to make used cars financially smarter in 2025. This advantage is especially important as households prioritise value amid rising living costs.
- Consumers are choosing feature-rich vehicles while staying within practical budgets. This shift shows aspiration rising without compromising affordability.
- Given there is an impact of GST cuts, Used car prices have gone down only compared to last year/quarter. Hence, EMIs haven't changed much.

But Spending on Used Cars Isn't The Same Everywhere

(ASP comparison top 5 states)



Insight

- Karnataka leads in ASP, As there are newer models in the market.
- Tamil Nadu and Maharashtra, supported by strong mid-to-premium demand.
- Uttar Pradesh remains value-led, with lower ASPs due to older and entry-level vehicle mix.
- ASP variation reflects vehicle mix and age, more than transaction volume alone.

Factors Behind The Average Selling Price Increase

a) Shift towards newer model years

- Increasing share of 2022–2025 vehicles
- Newer cars command higher resale values

b) Rising demand for premium body types

- Strong traction for SUVs and premium hatchbacks
- These models inherently sit at higher price bands

c) Feature and variant premiumisation

- Higher ASPs visible for:
 - Automatic transmissions
 - Petrol variants
 - Higher trims (variant column)

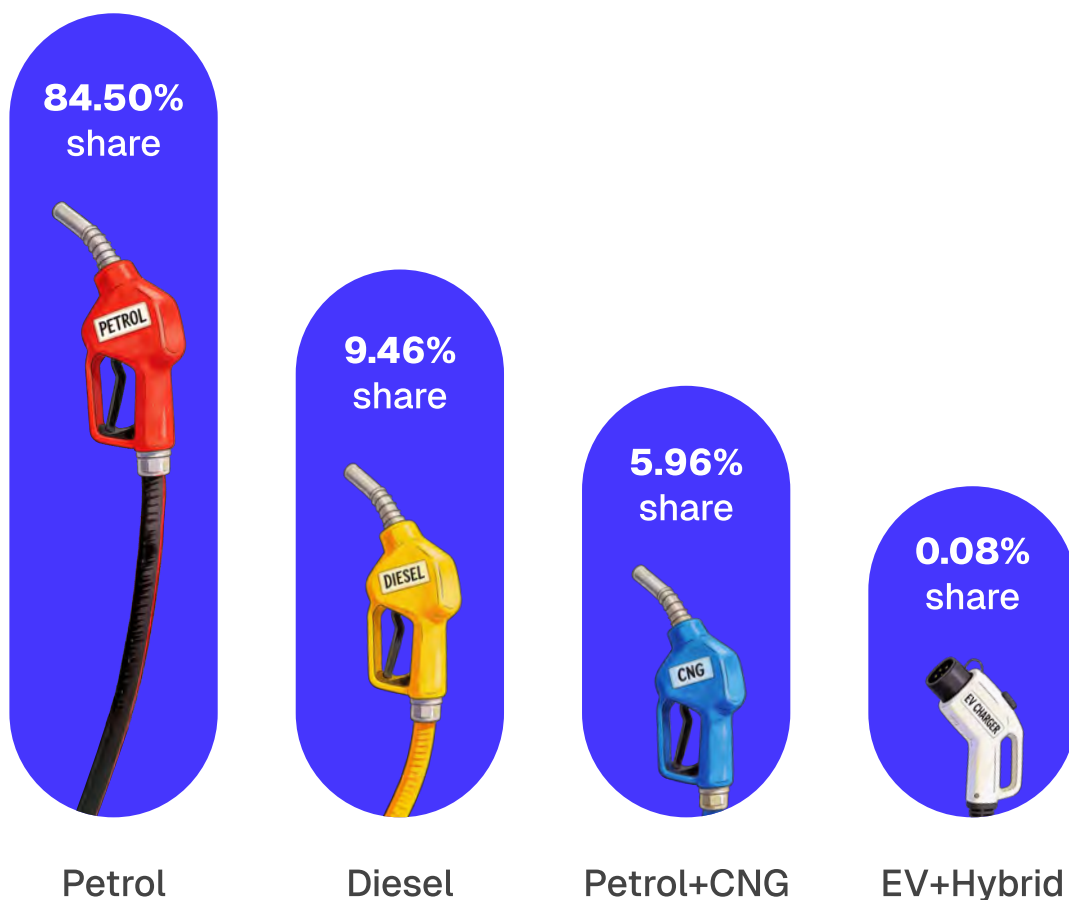
d) Supply constraints in newer vehicles

- Limited availability of lightly-used, recent model-year cars pushes prices upward



Petrol Remains The Fuel of Choice

Petrol leads the market, followed by diesel; CNG and EV remain emerging



Insight

- Petrol continues to dominate the used car market due to its versatility and suitability for urban usage.
- Diesel remains relevant, particularly in larger vehicles'
- CNG demand exists but is limited to specific geographies with supporting infrastructure.
- EVs remain at a low base in the used-car ecosystem, functioning more as an early signal than a volume driver.

India Is Still Clutching Hard (Preferred Transmission Type)

72%

Manual

28%

Automatic



Transmission preference by age, gender & region

1 By age group

- Under 35 years: Higher preference for automatics
- 35–45 years: Mixed preference
- 45+ years: Strong focus towards manuals

2 By gender

- Female buyers: Higher automatic penetration than overall average
- Male buyers: Manual-heavy, but automatic adoption is rising

3 By region (Metro vs Non-metro)

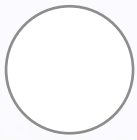
- Metro markets: Significantly higher automatic share
- Non-metro markets: Manual remains dominant

Insight

- Manual transmissions still account for the majority of used-car sales, especially in non-metro markets.
- Automatic adoption continues to rise, driven by younger buyers and urban commuters. Female buyers show a higher-than-average preference for automatic vehicles.
- Traffic conditions, driving convenience and lifestyle factors are accelerating the shift toward automatics.

Silver Is Leading In Used Car Market Too, Becomes The Preferred Colour of Choice

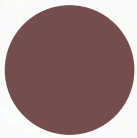
Silver remains the clear favourite, chosen by over **30% of used-car buyers**



Following closely is **white**, valued for its elegance and low maintenance.



Red remains a bold choice, appealing to buyers seeking energy and style.



Brown has marginally overtaken black, though the gap between the two remains narrow.

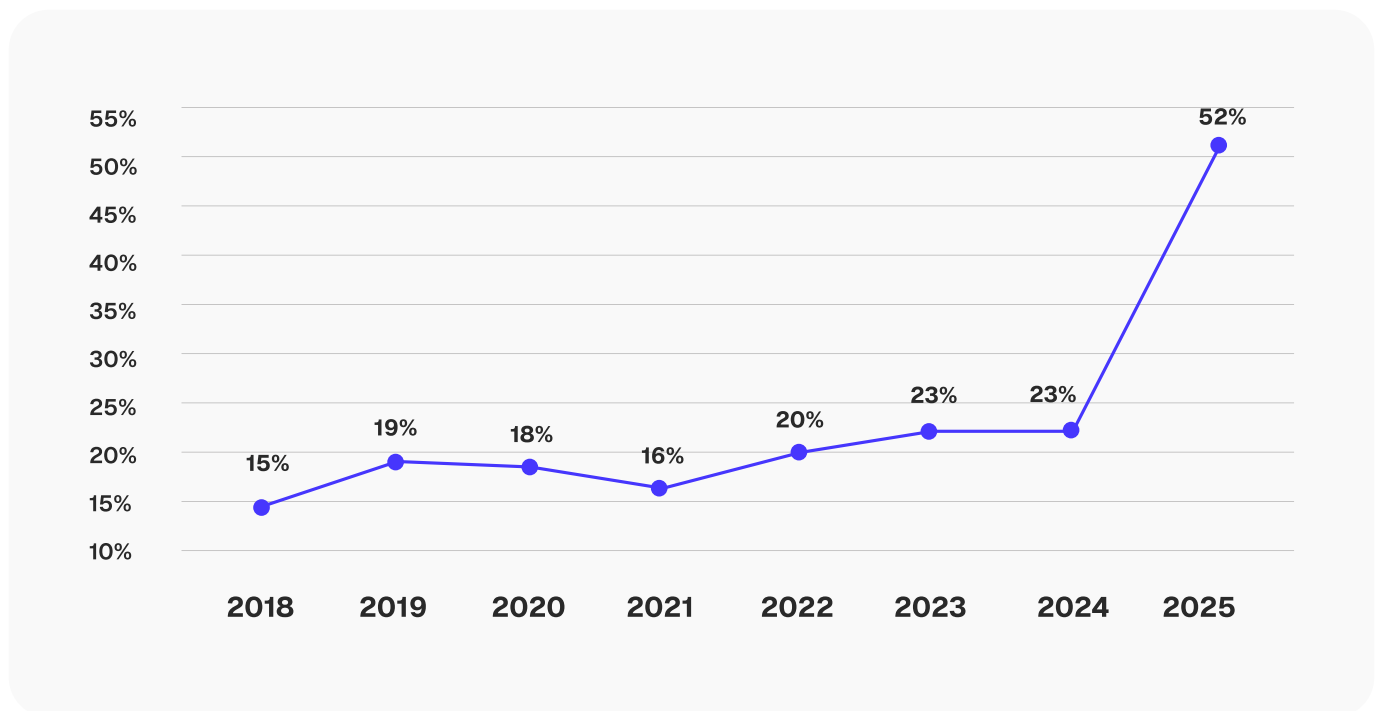


Silver and white together account for **57%** of total cars, reinforcing India's strong preference for neutral, resale-friendly colours.

Used Car Buying Is Now EMI-Led

Financing continues to be a key driver of used car buying in 2025, with over half of all retail deliveries supported by credit. This underlines how central affordability and easy access to loans have become in enabling car ownership.

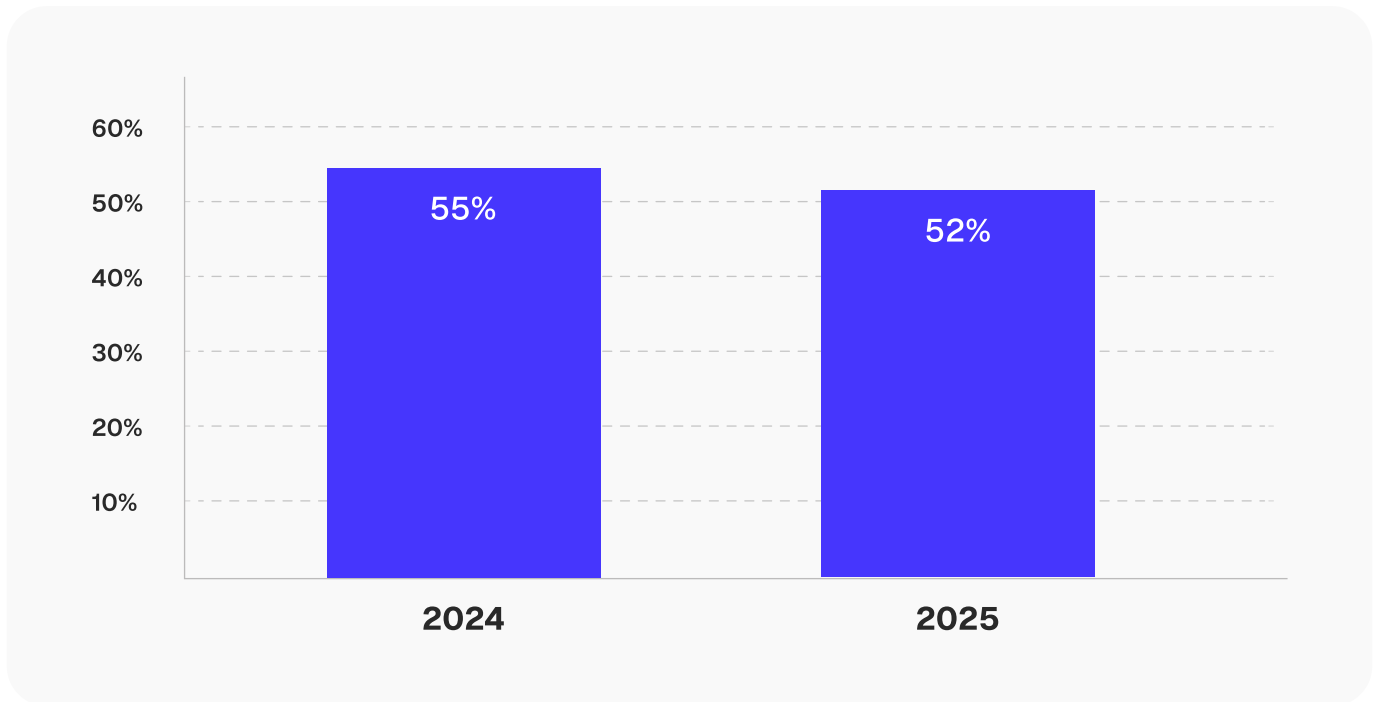
Financing Penetration: 2025 Snapshot



In 2025, around **52% of used-car buyers opted for financing**, showing sustained demand for credit-led purchases across India.

The average monthly EMI for a used car stands at **₹11,400 per month**.

While this is marginally lower than 2024 levels, financing remains the **dominant purchase enabler** in the category.



Compared to 2024, financing penetration saw a **moderation of about 3–4%**

This reflects a mix of demand shifts and more selective lending in certain customer segments, rather than any structural slowdown in credit appetite.

Metro vs Non-Metro: A Clear Divide

Metro markets

accounted for the majority of sales in 2025, with **about half of buyers choosing financing.**

Non-Metro markets

despite lower absolute volumes, showed **significantly higher financing adoption close to 58%.**

This reflects a mix of demand shifts and more selective lending in certain customer segments, rather than any structural slowdown in credit appetite.

Digital Lending Is Doing the Heavy Lifting

Among customers who apply for loans:

- A large share of approvals are completed entirely through digital credit assessment
- Approval rates are strong once applications move past initial eligibility checks



Rising Car Prices Are Boosting Financing Demand

Cars priced above ₹7 lakh now make up a **meaningful share of total sales**, and this segment shows **higher financing adoption** than the market average.

With targeted finance offers, financing uptake in this higher-price segment:

- Rose steadily through late 2025
- Crossed **60% by early 2026**

This signals that as used-car prices rise, **well-designed financing options can significantly improve conversions.**

2025 accelerated a fundamental shift in how India approaches car ownership. Buyers are more informed, more value-conscious, and more confident than ever before. Ownership is smarter. Decisions are data-driven. Trust is non-negotiable.

Pre-loved cars are no longer a second choice made on compromise. They are the smarter first move, balancing aspiration, value, and reliability.

The future of mobility isn't coming. It's already here. And it's being driven by trust, intelligence, and choice.





Source:

Cars24 Internal Data,
as of December 2025,
comprising over 33 Million users

Disclaimer:

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