



Policy Stability and the Future of India's Car Market

*From taxation clarity to technology neutrality and infrastructure readiness, the trajectory of India's car market increasingly depends on predictable policymaking that strengthens customer confidence, supports industry planning, and unlocks sustainable growth opportunities across segments, writes **Vivek Datta**, MD & CEO, Globe Toyota (JCBL Group).*

India's car market is growing at a strong pace. More people today are stepping into the car market as first-time buyers, upgrade buyers, families looking for safer and more comfortable options. And you can see the shift clearly. Earlier, the conversation was mostly around price. Now, it's about safety features, fuel efficiency, technology - people are asking sharper questions. Add to that rising incomes, better highways, and easier financing, and you have a market that's not just growing, but maturing.

Why Policy Matters

If you look at how this industry works, nothing moves overnight. A new product, a new plant, even a dealership expansion, it all takes years of planning and significant capital. You're not just building cars; you're building capabilities, supply chains, and people.

Now imagine you've planned an entire product cycle or invested in a new facility, and suddenly there's a sharp policy shift. It disrupts everything like cost structures, timelines, even customer expectations. We've seen phases like this in the past.

On the other hand, when there is a clear and stable policy direction, the industry responds very differently. Investments flow more confidently, planning becomes sharper, and even customers feel more assured about their decisions. Stability, in many ways, creates momentum.

Role of Taxation Stability

Taxation is where policy becomes real for both businesses and customers. A small change in GST or road tax may look incremental on paper, but on the ground, it can immediately shift pricing, demand, and buying behaviour

You often see this in showrooms that customers start asking, "Should I buy now or wait?" That hesitation itself slows the market.

From an industry lens, this is where things start getting tricky. Inventory planning, dealer strategies, even how you communicate with customers - everything gets impacted. When tax structures keep shifting, you're constantly adjusting instead of focusing on growth.

But the moment there is stability, the entire system settles. Companies can price with clarity, dealers can plan their pipeline better, and customers don't feel the need to second-guess when to buy. Decisions become simpler and that's when the market moves.

India's Car Market Today

If you look at the numbers, the Indian car market is at a very interesting point. We've crossed around 4.3 million vehicles in 2024-25, the highest ever and if the current momentum continues, touching 5 million units by 2026 doesn't seem unrealistic.

But what's important to understand is that this growth hasn't come by chance. It has come in phases where the industry had clarity on where things were headed. One of the best examples is the shift from BS4 to BS6.

I still remember that phase - there were concerns, there were cost implications, but there was also a clear timeline. Because of that clarity, manufacturers invested, suppliers aligned, and customers adapted much faster than expected.

That phase reinforced something we often see in this industry - give it a clear direction, and it will respond with both speed and scale.

Different Technologies, One Road

If there's one thing we've learnt over time, it's that India cannot move on a single technology track. The country is too diverse - what works in a metro may not work in a Tier 2 or rural market. Electric vehicles are definitely gaining traction, especially in cities where charging infrastructure is improving. But at the same time, concerns around cost and range are still very real for many customers.

That's where hybrids make a lot of sense. They offer a practical balance - better fuel efficiency, lower emissions, and no range anxiety. In many ways, they fit very naturally into Indian usage patterns.

CNG is another example. As infrastructure expands, it continues to be a strong, cost-effective option for a large segment of buyers. And then you have ethanol blending, which is gradually building its own role in reducing fuel dependence.

What Customers Want

When a family decides to buy a car, it's rarely an impulsive decision. It's thought through, discussed, and often planned over months. It's not just about buying a vehicle, it's about committing to something that will be part of their daily life for years.

And you can see how customer thinking has evolved.

■ Fuel Efficiency and Running Costs

One of the first questions today is always about running costs. With fuel prices where they are, customers are very aware of what they'll spend month after month. That's why options like hybrids, CNG, and more efficient petrol engines are getting serious attention, they make a visible difference in daily usage.

■ **After-Sales Service and Maintenance**

Very quickly, the conversation moves beyond the car itself to the ownership experience. Customers want to know -how easy is it to service, how much will it cost, and can they rely on the network? A strong service ecosystem often becomes the deciding factor.

■ **Resale Value and Reliability**

There's also a long-term lens now. People think ahead -if I upgrade after a few years, what value will I get? Brands that are known for reliability and strong resale naturally build more trust.

■ **Ease of Financing and Ownership**

Financing has made cars more accessible, no doubt. But even here, customers are careful. They look at EMLs, insurance, and the total cost of ownership -not just the upfront price.

And one thing we consistently observe-when there is uncertainty around policies, customers pause. They wait, they reassess. But when there is stability, decisions come much faster. In that sense, policy doesn't just shape the industry - it quietly shapes customer behaviour as well.

Infrastructure Shapes Car Buying

We often focus a lot on the vehicle itself, but in reality, the decision to buy a car is shaped just as much by everything around it. Roads, charging points, fuel access - all of this plays a role. For most customers, the question is quite straightforward: how easy will it be to actually use this car every day?

■ **Road and Highway Development**

If you look at how highway connectivity has improved over the years - now touching around 146,000 km - it has quietly changed behaviour. Distances feel shorter, intercity travel feels more manageable, and people are more willing to use their cars beyond just city limits. That shift alone has encouraged many families to consider owning a car.

■ **Charging and Alternative Fuel Infrastructure**

At the same time, the success of newer technologies depends heavily on how strong the supporting ecosystem is. Electric vehicles, for instance,

will only scale as fast as charging infrastructure becomes reliable and accessible. Schemes like FAME have helped move things forward, but from a user's perspective, it ultimately comes down to convenience.

■ **Urban Mobility and Last-Mile Connectivity**

Within cities, the challenges are different. Parking availability, traffic conditions, and how easily you can complete that last stretch of the journey - all of this influences the ownership experience. If daily usage feels like a hassle, it quickly reflects in buying decisions.

At the end of the day, strong infrastructure does one thing really well - it removes doubt. And once that uncertainty goes away, people are far more comfortable taking the decision to own and use a vehicle.

Aligning Policies Across States

One challenge we often see on the ground is the gap between central intent and state-level execution. On paper, the direction may be clear, but when you move from one state to another, the reality can change - different incentives, different regulations, and very different levels of infrastructure readiness.

A technology that works well in one state may struggle in another, simply because the ecosystem isn't aligned. If we want the automotive sector to grow as one cohesive national market, greater coordination across states will be important. When policies move in the same direction, scale becomes easier-for both businesses and customers.

India on the Global Stage

Over the last few years, India's role has clearly started shifting. We are no longer just a consumption-driven market, we are becoming a serious part of the global automotive supply chain.

In 2024-25, India exported around 7.7 lakh vehicles to markets across Latin America, Africa, the Middle East, and parts of Europe. And this is not just about cost competitiveness anymore. It reflects improvements in quality, safety standards, and overall manufacturing capability.

Globally, there is also a visible shift. Companies are looking to diversify their production bases, and in many of those conversations, India is firmly in the mix. We have the talent, the supplier ecosystem, and steadily improving infrastructure.

Building Investor Confidence Through Consistency

At the end of the day, this industry runs on long-term investment. Whether it's a global OEM setting up capacity or a domestic supplier expanding operations, these are decisions made with a 10-15 year horizon. And what investors look for first is predictability. When policies are stable, it builds trust. It tells investors that they can commit capital without worrying about sudden shifts in direction. That confidence translates into new plants, better technology, stronger supply chains - and of course, more jobs. In many ways, policy stability is not just about regulation -it's about signalling. It tells the world how serious we are about building this sector for the long term.

The Road Ahead

The next decade is going to be a defining one for the automotive sector. We'll see faster adoption of electric vehicles, more digital integration across the buying and ownership journey, and new mobility formats taking shape.

But transitions like these don't happen in isolation - they need a steady hand. From an industry perspective, what matters most is consistency. When the direction is clear, manufacturers are more willing to invest, dealers can plan with confidence, and customers don't feel the need to hold back their decisions. In many ways, policy stability sits quietly in the background, but it drives everything forward. It's not just an enabler- it's the base on which the next phase of India's car market will take shape.

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