Together to the next level

WHEELS & AMBITION

A Research Report on
India's Vehicle Finance Landscape
(Auto, Two Wheeler, Commercial Vehicle, and Used Car Loans)

August 2026 (Data as of Jun'26)

ABOUT THIS REPORT

Driven by rising disposable incomes, economic growth driving demand for personal and commercial vehicles, and easier financing options, Wheels Finance remains a healthy and expanding credit segment. It broadly keeps pace with overall retail credit growth, though its internal mix is shifting meaningfully.

- **Commercial vehicle loans** are the clearest growth engine **(20.1% 5 Yr CAGR)**.
- **Used car loans** **(26.2%% 5 Yr CAGR)** are emerging as the fastest formalizing opportunity.
- **Auto loans** are showing signs of premium led recovery.
- **Two wheelers** continue to serve as a large volume entry product **(80% new to product borrowers)**.

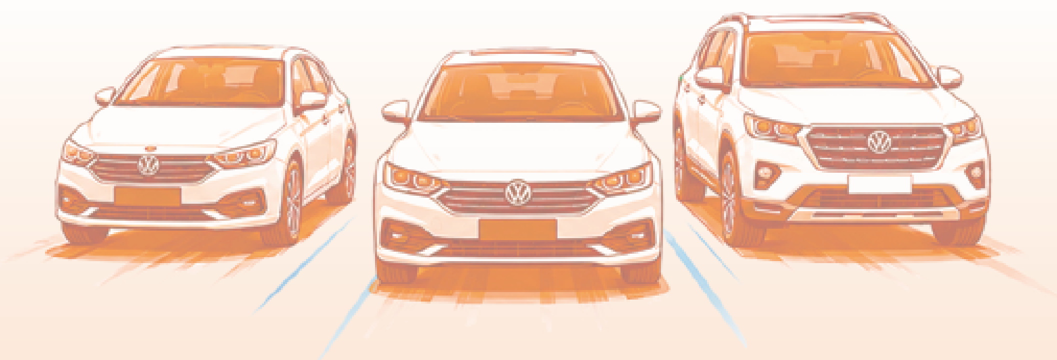
Borrower volumes have expanded strongly across segments, with two wheelers still the largest base **(3.6 crore borrowers as of Jun'26)** and used car loans showing the fastest proportional growth **(borrower base up 2.4x)**.

Average ticket sizes are rising, active loans per borrower are increasing in some segments (especially commercial vehicle loans), and a growing multi loan borrower cohort suggests deeper lender relationships - but also highlights the need for tighter bureau level concentration checks. The share of borrowers with 2+ active loans in Commercial Vehicle Loans (CVL) rose from 15.7% to 19.9% between Jun'21 and Jun'26.

From a risk perspective, the portfolio is stabilizing overall, with later stage delinquency improving across products. Auto loans remain the strongest asset class on quality, commercial vehicles carry the highest early bucket stress, two wheelers show relatively higher unsecured dependency two-wheeler borrowers have 17.4% of exposure in unsecured loans, the highest in Wheels Finance, and used car loans appear promising as both a growth and risk controlled segment.

Strategic takeaway: Wheels Finance is no longer just a volume story; it is evolving into a segmented growth market. Lenders should lean into **commercial vehicles** for macro led growth, **used cars** for scalable expansion, and **premium auto / premium two-wheelers** for value growth - while applying finer borrower segmentation to manage concentration, strengthen opportunities, and mitigate delinquency risk.

This report aims to assess how the Wheels Finance market is evolving across growth, borrower behavior, originations, and risk, and to identify where lenders can selectively scale.



REPORT NAVIGATION GUIDE

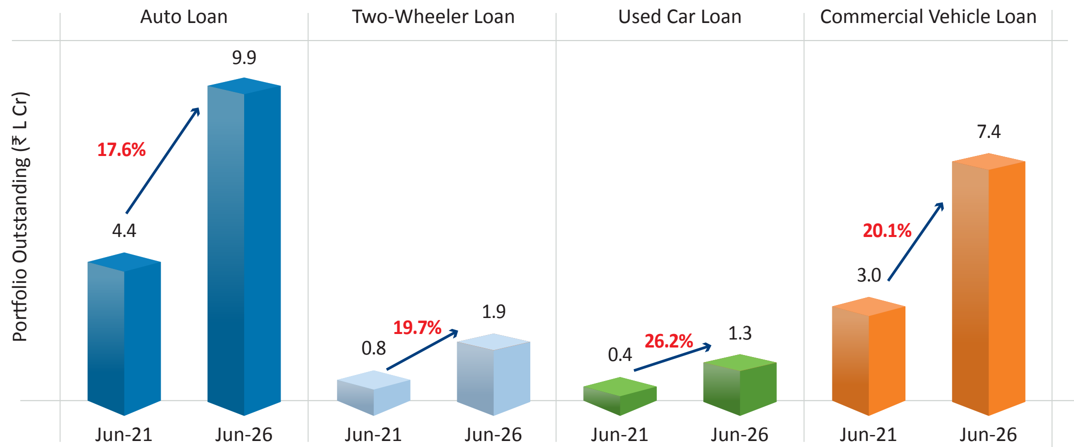
This report covers the below themes:

CHAPTER 1:

WHEELS FINANCE -
Landscape

Landscape: The vehicle financing sector is healthy and keeping pace with an expanding retail market, driven heavily by commercial vehicles and the formalization of the used car market, while auto loans lean toward premiumisation to recapture momentum.

Wheels finance - Five-year growth (June-21 - June-26)

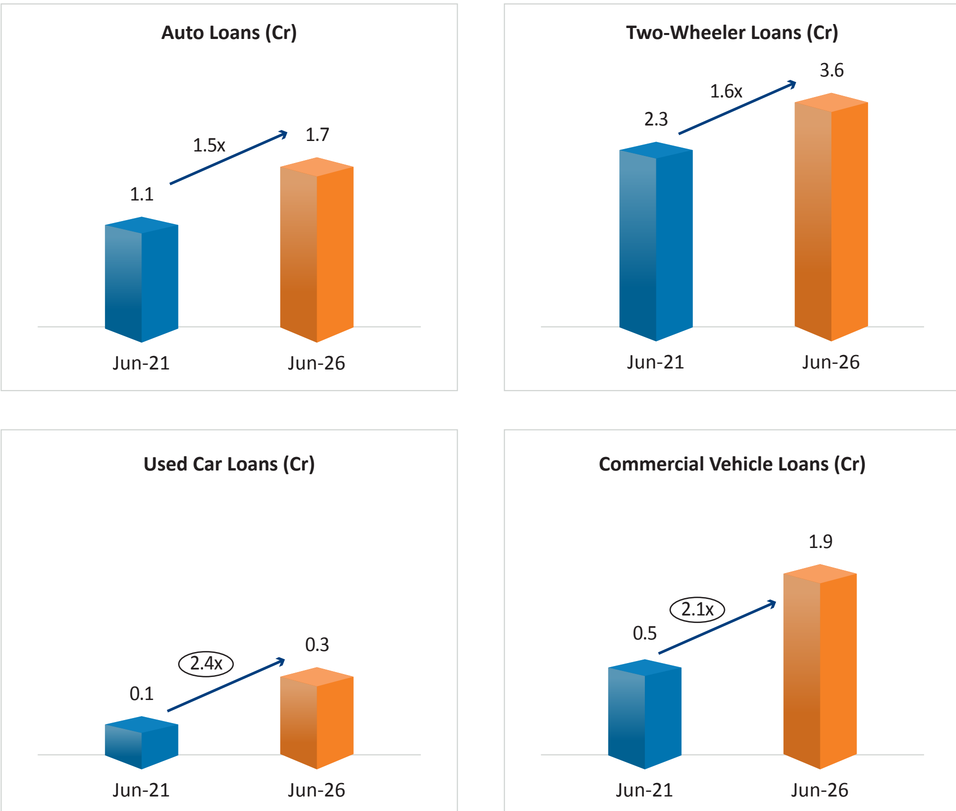


Overall retail growth CAGR between Jun-21 and Jun-26: 19%

Wheels finance as a share of retail (%)

	Share of retail POS (June-21)	Share of retail POS (June-26)	Key Implications
Auto loans	*5.9%*	*5.5%*	*With a slightly lower CAGR than the industry and a moderating POS share (as a share of retail), the segment offers further scope for expansion through premiumisation*
Two-wheeler loans	*1.0%*	*1.1%*	*Share remains almost stable indicating utility driven segment*
Used car loans	*0.5%*	*0.7%*	*Formalizing and moving into the mainstream, indicating its emergence as a scalable credit segment.*
Commercial vehicle loans	*4.0%*	*4.2%*	*A growing share with a 20% 5-Yr CAGR reflecting stronger growth engine and macro health.*
Total wheels finance	*11.4%*	*11.4%*	

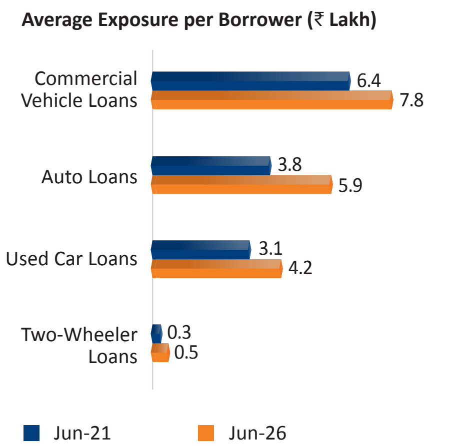
Borrower analysis: Borrower volumes in used car and commercial vehicle loans have recorded the strongest growth over the past five years, while two-wheelers loans have added the highest number of borrowers (2.3 Cr to 3.6 Cr)—underscoring their role as a low ticket, high volume product type.

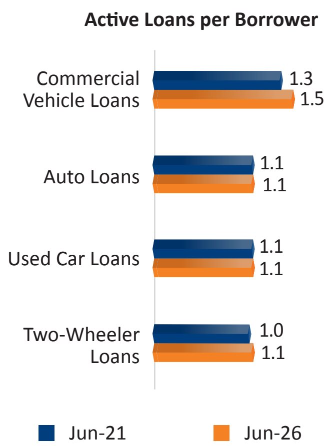


HIGHLIGHTS

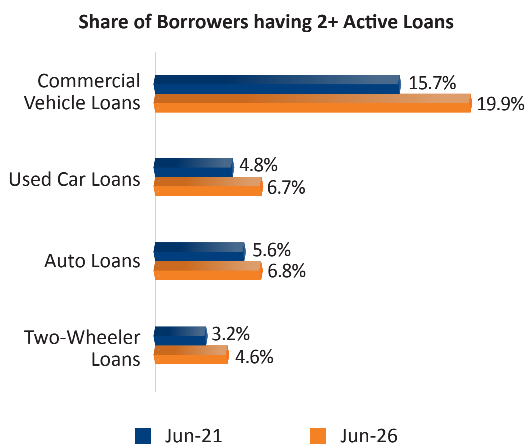
- **Two wheeler loans** remain the largest borrower segment, expanding from ~2.3 crore to ~3.6 crore borrowers, underscoring their role as the mainstay credit type for adding new borrowers.
- **Used car loans** recorded the fastest growth at ~2.4x between Jun-21 to Jun-26, reflecting rapid expansion from a low base and signalling more borrowers entering the segment.

Borrower level exposure: Average exposure has increased across product types, led by Auto Loans (9.2% five year CAGR). Active loans per borrower have risen in CVL, reflected in the higher share of CVL borrowers holding two or more loans within the segment.



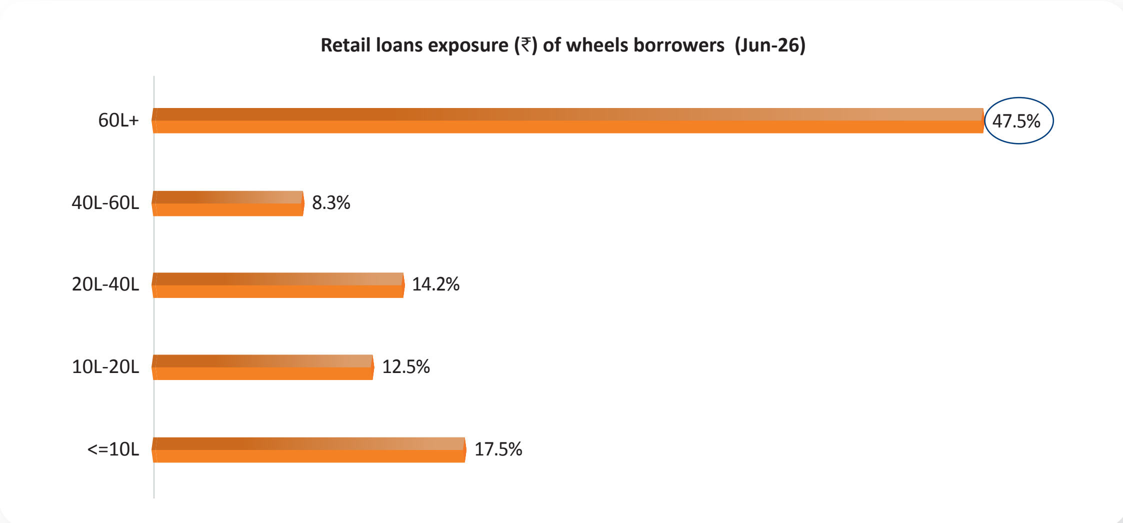


Auto loans average exposure grew by *9.2% CAGR* between Jun'21 and Jun'26 and *for used car loans grew by 6.3% CAGR* indicating rising premiumisation and used car growing as a structural credit segment, respectively.

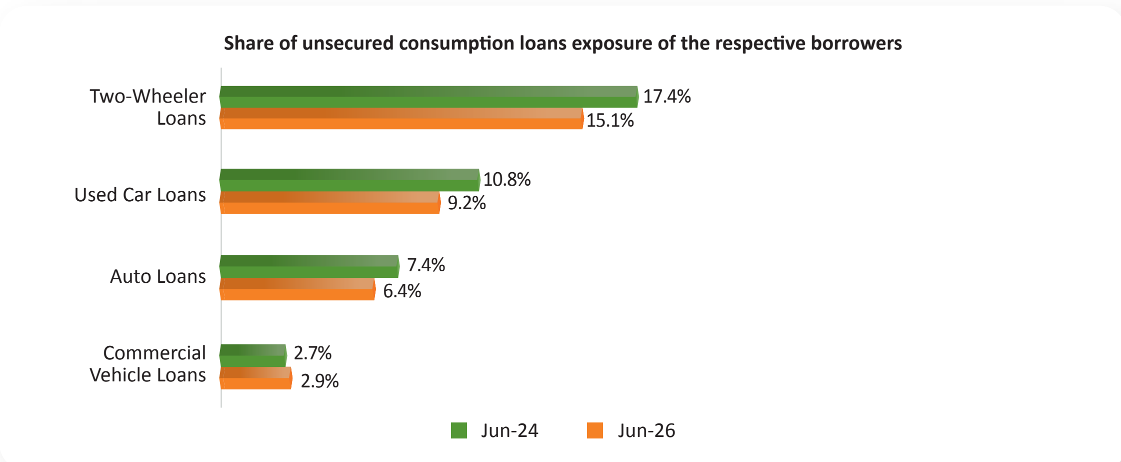


*Within the borrower base, **a growing micro segment of multi loan borrowers is emerging,** underscoring the need for deeper bureau checks to assess concentration risks.*

Credit relation of borrowers: Nearly half of wheels finance borrowers hold credit exposures of ₹60 lakh or more, reflecting strong and established credit relationships driven by high-ticket loans such as housing finance alongside vehicle financing.



Share of unsecured consumption loans* of wheels finance borrowers (as a % of retail portfolio outstanding)



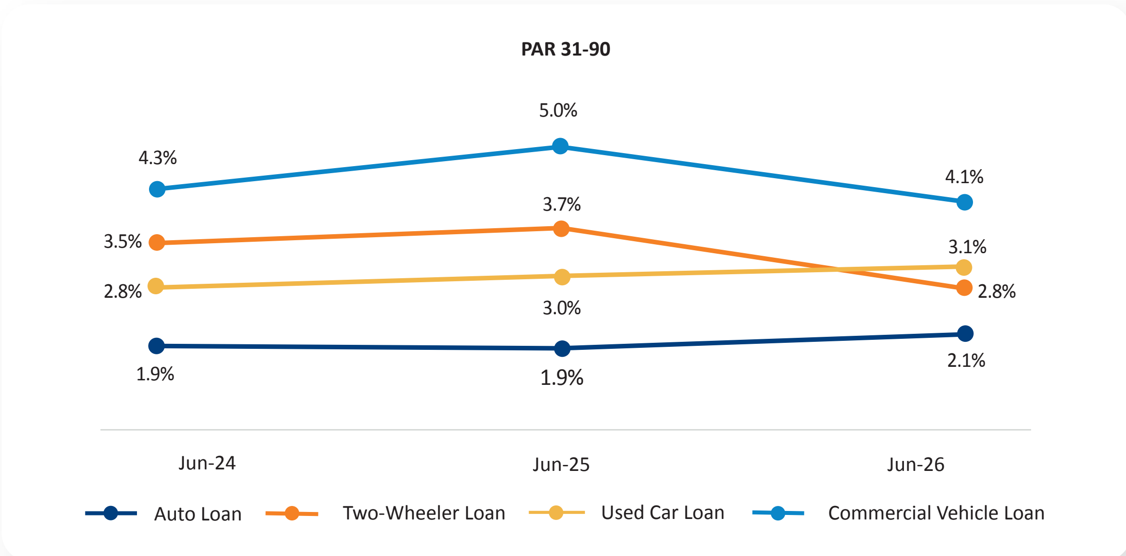
*Unsecured consumption loans include Personal loans, Consumer Durable loans and credit cards

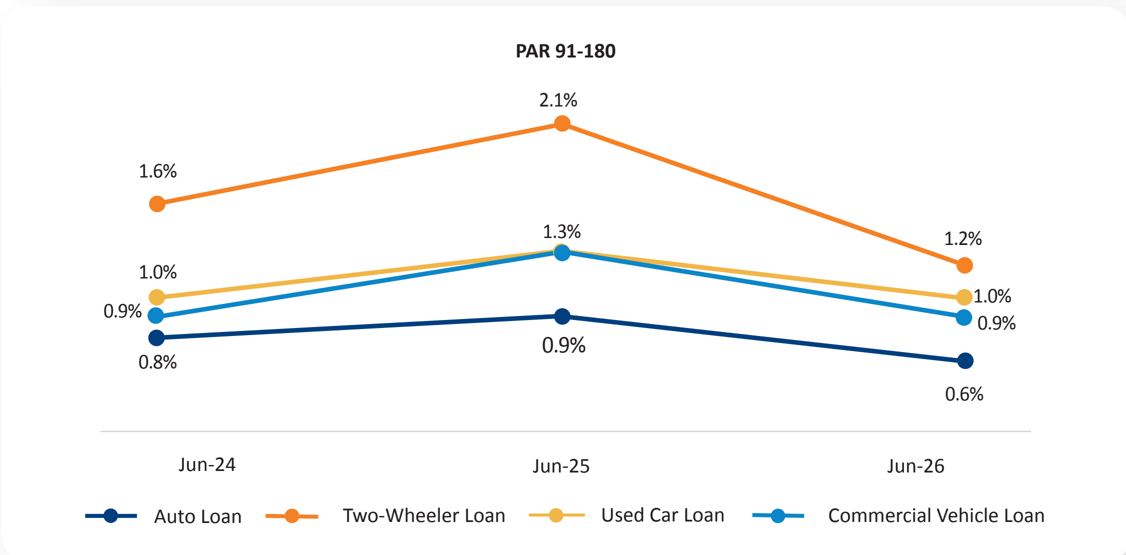
Unsecured Lending Share: The Share **of unsecured lending exposure among vehicle loan borrowers has declined across product types,** reflecting lenders' efforts to de-risk their exposure.

Two-wheeler loan borrowers, however, continue to carry a relatively **higher share of unsecured lending,** highlighting the need for differential risk monitoring and more granular borrower segmentation.

Performance: Each vehicle asset type carries distinct risk characteristics: CVL shows higher **early** delinquency risk, while auto loans remain the lowest across PAR 31-90 and PAR 91-180. Two-wheeler delinquency improvements are largely driven by portfolio recalibration, whereas used car loans demonstrate improvement with lower PAR 91-180 - an optimistic sign for the product type.

Early and late bucket delinquency for the products





Overall, the risk environment is stabilizing, with later-bucket delinquencies improving across product types. Auto Loans stand out with the strongest asset quality, likely driven by more resilient borrower profiles.

INDUSTRY ACTION PLAN MATRIX

High growth

Commercial vehicle loan (Macro anchor)

GROWTH METRICS

- **POS CAGR: 20.1%** (5-Yr)
- **Retail Share: 4.2%** (Up from 4.0%)
- **Borrower Base: 2.1x** expansion
- **Velocity: Increasing** | Active loans per borrower up to 1.5 (From 1.3 in June '26)

RISK

- **Concentration: High | 20.0%** multi-loan borrowers indicate high concentration
- **Exposure: Minimal** | Unsecured exposure kept low at **3.0%**
- **Delinquency:** PAR 31-90 at **4.1%** (Highest among all vehicle segments); PAR 91-180 remains controlled

Used Car loans (Rising catalyst)

GROWTH METRICS

- **POS CAGR: 26.2%** (5-Yr) - Strongest
- **Exposure Growth: 20.0%**
- **Borrower Base: 2.4x** expansion (5-Yr)
- **Inflow: 75.0%** of accounts are new-to-product

RISK

- **Concentration: Moderate** | Multi-loan borrowers (2+) rising to **6.7%** (Up from 4.8%)
- **Exposure: Derisking** | Unsecured borrower share dropped sharply to **9.2%** (Down from 11.0%)
- **Delinquency:** Higher PAR 31-90 at **3.1%;** PAR 91-180 remains controlled

Moderate growth

Two-wheeler loan (Highest unsecured exposure)

GROWTH METRICS

- **POS CAGR: 20.0%** (5-Yr)
- **Market Share: Stagnant** | Flat at **~1.0%** share of total retail
- **Velocity:** Volume-led expansion with lower exposure per borrower

RISK

- **Concentration: MINIMAL** | Only **4.6%** of borrowers hold multiple loans
- **Exposure: High | 15.1%** of borrowers have high unsecured exposure
- **Delinquency:** Higher PAR 91-180 compared to all other vehicle types

Auto loans (Premiumization dependency)

GROWTH METRICS

- **POS CAGR:** 17.6% (5-Yr) — Lowest growth rate among all vehicle product types
- **Retail Share:** Declining | Share dipped down from 5.9% to 5.5%
- **Key Driver:** Value-led | Ticket size and vehicle price growth remain primary drivers

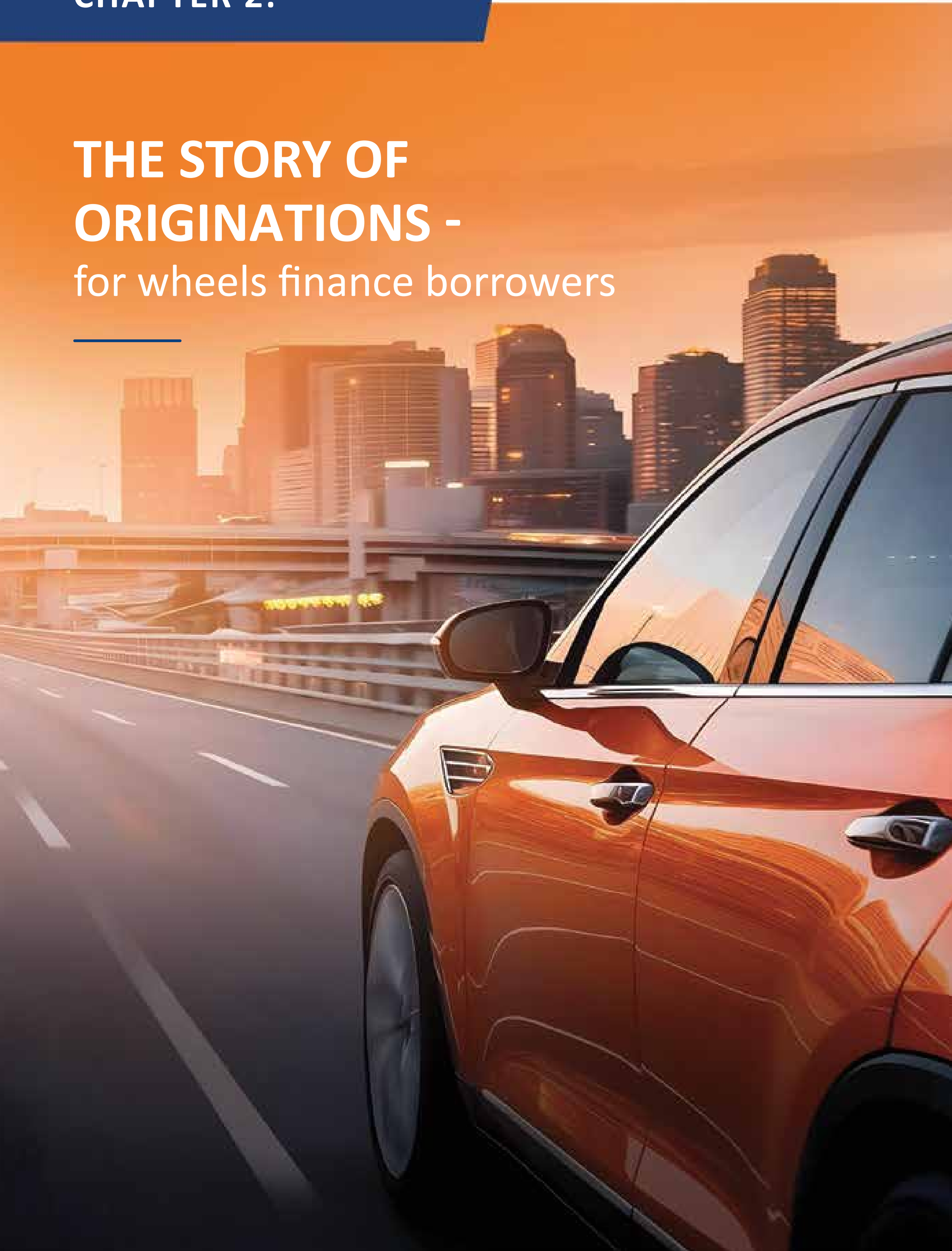
RISK

- **Concentration: Low** | Minimal risk with only **6.8%** of borrowers holding multiple loans
- **Exposure: Low** | Only **6.4%** of borrowers have unsecured exposure
- **Delinquency:** Best performing asset class across all vehicle product types

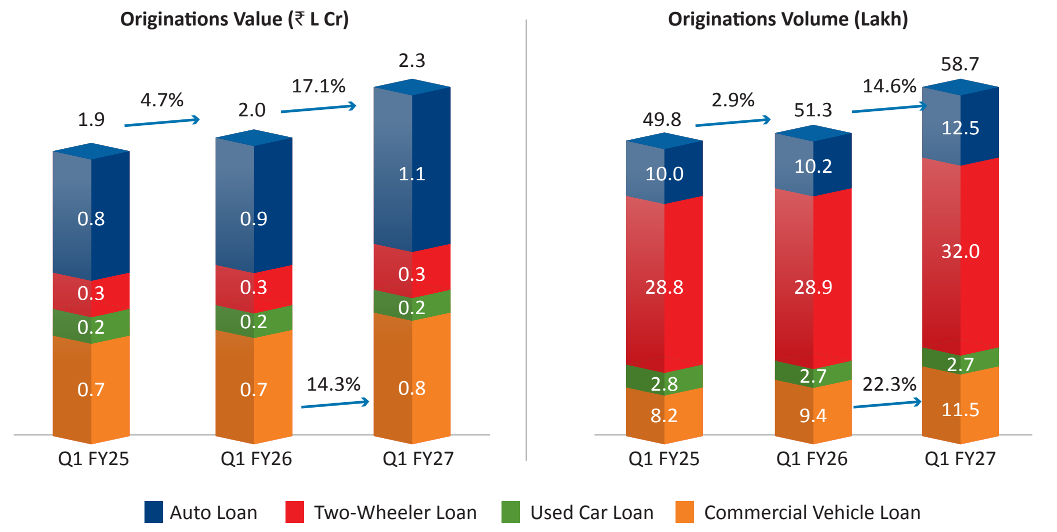
Used car financing presents a potential next best opportunity, combining high growth potential with controlled risk.

CHAPTER 2:

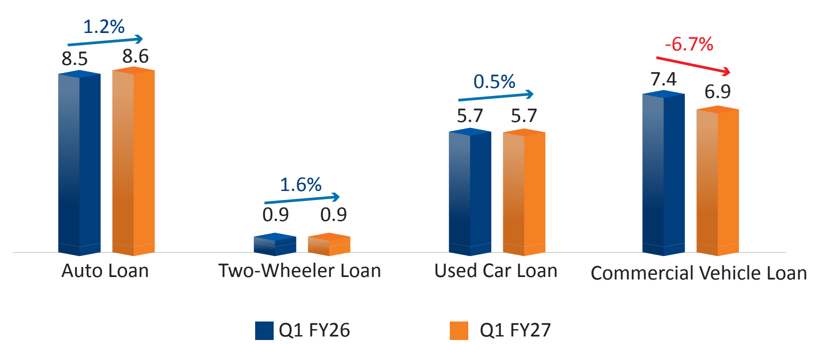
THE STORY OF ORIGINATIONS -
for wheels finance borrowers



Overall originations: Originations value grew 17.1% YoY in Q1 FY27, driven by larger auto loan ticket sizes rising to ₹8.6 lakh (up 1.2% YoY), while used car loan, two-wheeler loan, and CVL contributed more significantly through volume in originations.

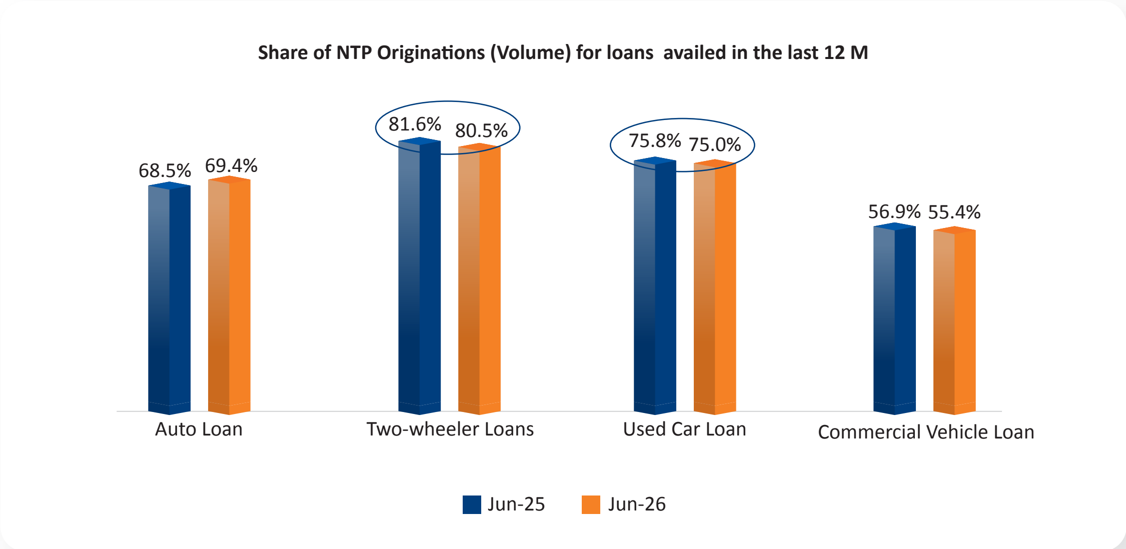


Average Ticket Size (₹ Lakh)

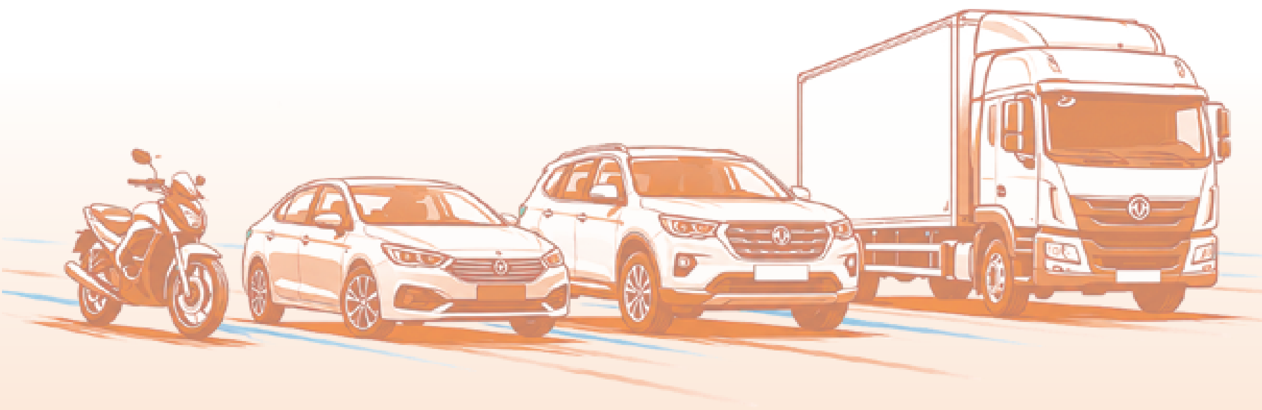


CVL average ticket size declined 7% in Q1 FY27, **highlighting robust volume growth of 22.3% YoY that outpaced value growth of 14.3% YoY.**

New To Product-basis share of accounts

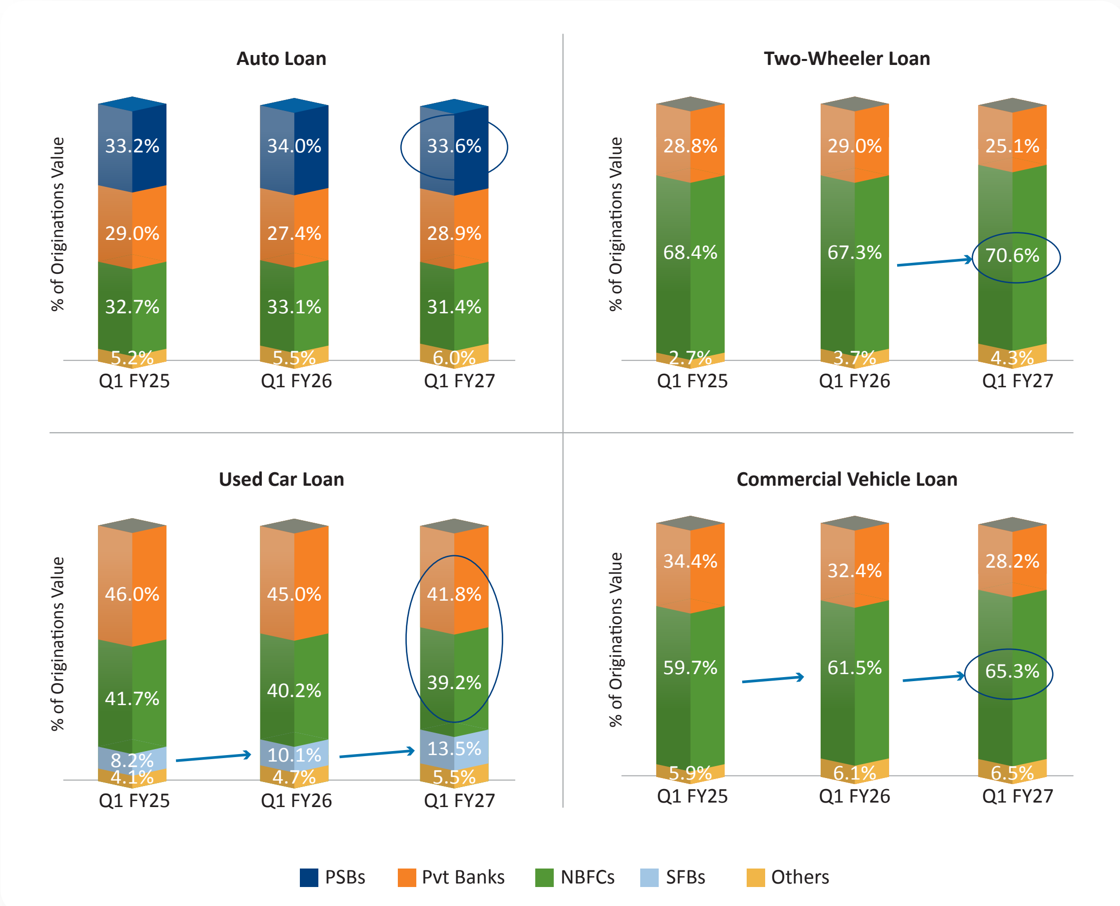


Beyond two-wheelers, **used car loans are emerging as a strong new-to-product driver, with 75% of originations** coming from these borrowers in this segment.



Lender-type trends in originations: NBFCs are steadily growing in dominance and participation. While PSBs lead Auto Loans (33.6% share) and private banks drive Used Car Loans (41.8% as of Jun-26), NBFCs hold the majority share in Two-Wheelers and CVL (65–70%) and also maintain a significant presence in Auto Loans (30%) and Used Car Loans (40%). Meanwhile, SFBs are witnessing rising participation in Used Car Loans, now at 13.5%.

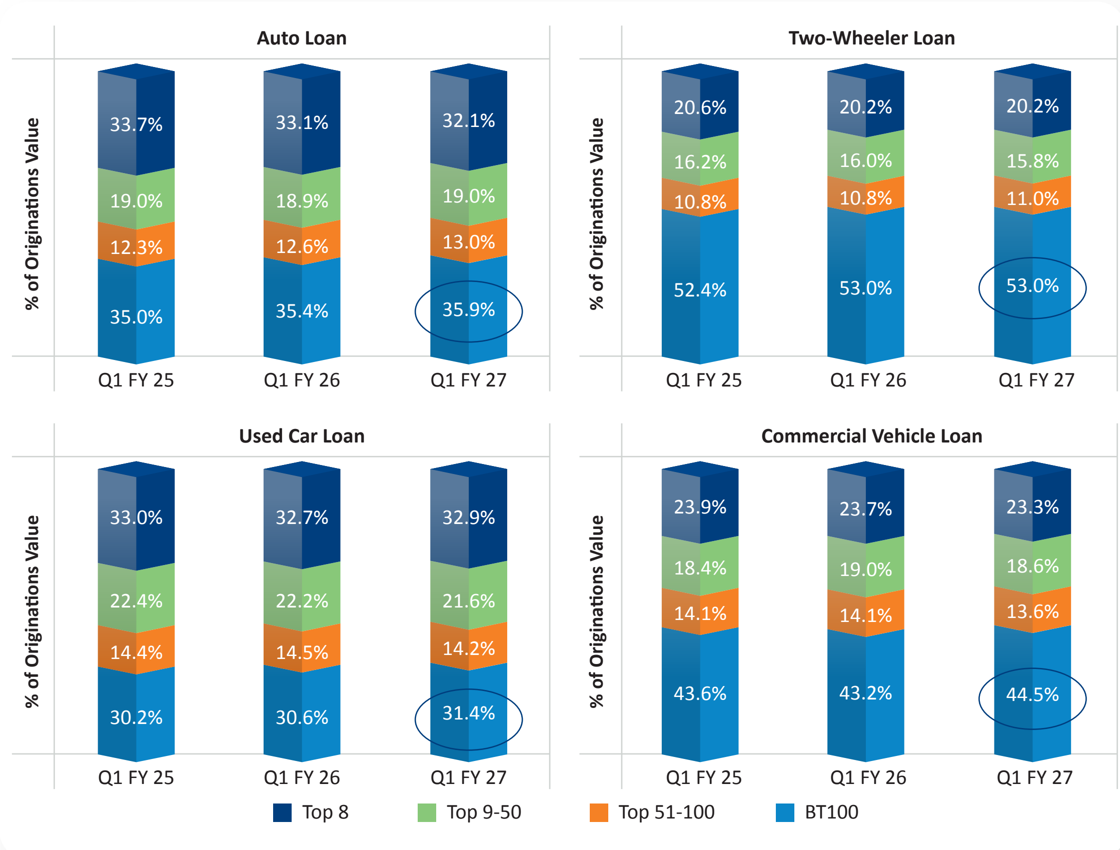
Originations by lender type



City classification-type trends in originations: The rising share of BT 100[1] geographies across all wheels finance originations underscore deeper lender penetration into remote markets, driven by mobility-led credit demand beyond major urban centers.

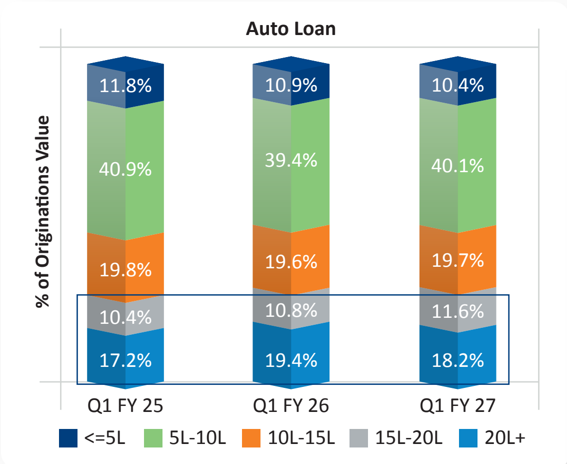
Two-wheeler loans (53%) and CVL (45%) show the strongest BT 100 presence, while Auto Loans and used car loans continue to retain about one-third of their share in Top 8 metro cities.

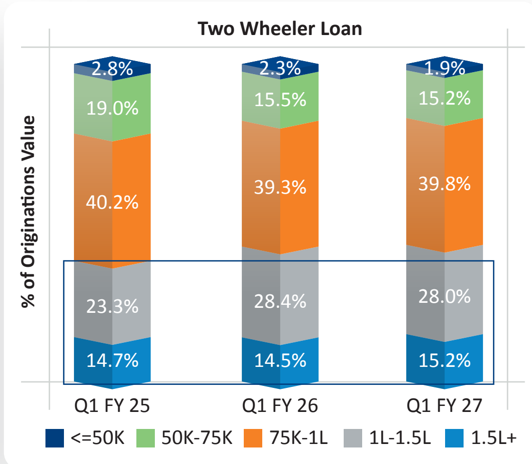
Originations by City Classification



[1] BT 100 definition: Top 8, Top 9-50, Top 51-100 and Beyond Top 100 (BT100) cities are classified based on highest aggregated portfolio outstanding of consumer loans reported to CRIF High Mark, at the end of the financial year

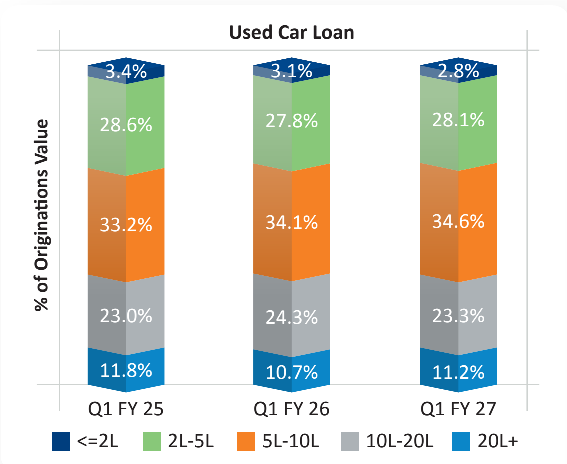
Originations by Ticket Size

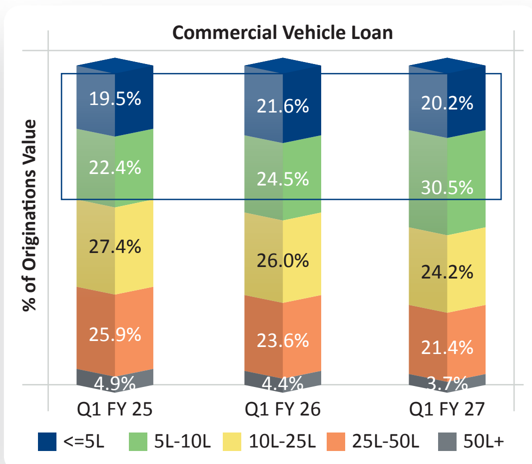




Premiumisation: Auto loans above ₹15 lakh (15L–20L and 20L+) collectively increased their share from 27.6% in Q1 FY25 to 29.8% in Q1 FY27.

A strong consumer upgrade cycle is underway, with **premium and electric two wheelers (>₹1 lakh) rising from 38% to 43%,** prompting lenders to recalibrate risk models for larger average exposures.





Stabilizing: High-ticket segments (above ₹10L) consistently command over one-third of the entire portfolio value (~34.5%).

Structural shift: The ₹5L–₹10L ticket segment expanded from 22.4% in Q1 FY25 to 30.5% in Q1 FY27, reflecting a clear move toward **light and medium CV financing**.

CHAPTER 3:

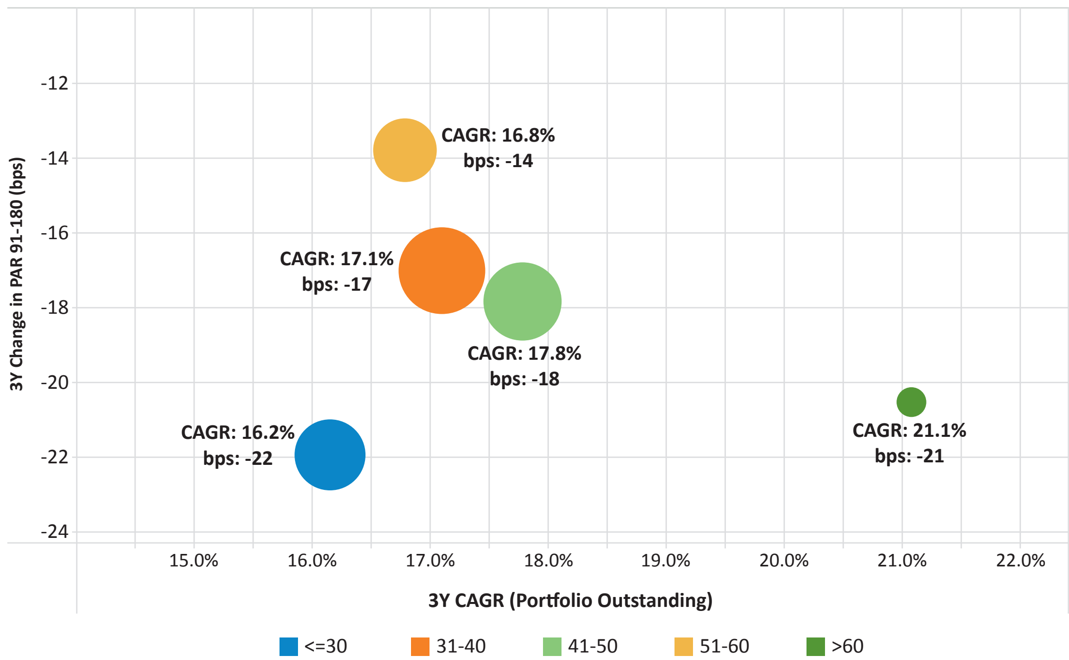
BORROWER PROFILE -

Which is the promising demographic?

DEMOGRAPHIC ACTION PLAYBOOK
RISK VS GROWTH BY PRODUCT TYPE

This analysis compares the risk return profiles of vehicle loan products-starting with Auto Loans-across borrower age groups. By combining growth, risk improvement, and portfolio size in a single view, it helps identify growth segments, track risk improvement, and highlight areas that require tighter underwriting or stronger collection controls.

For Auto loan



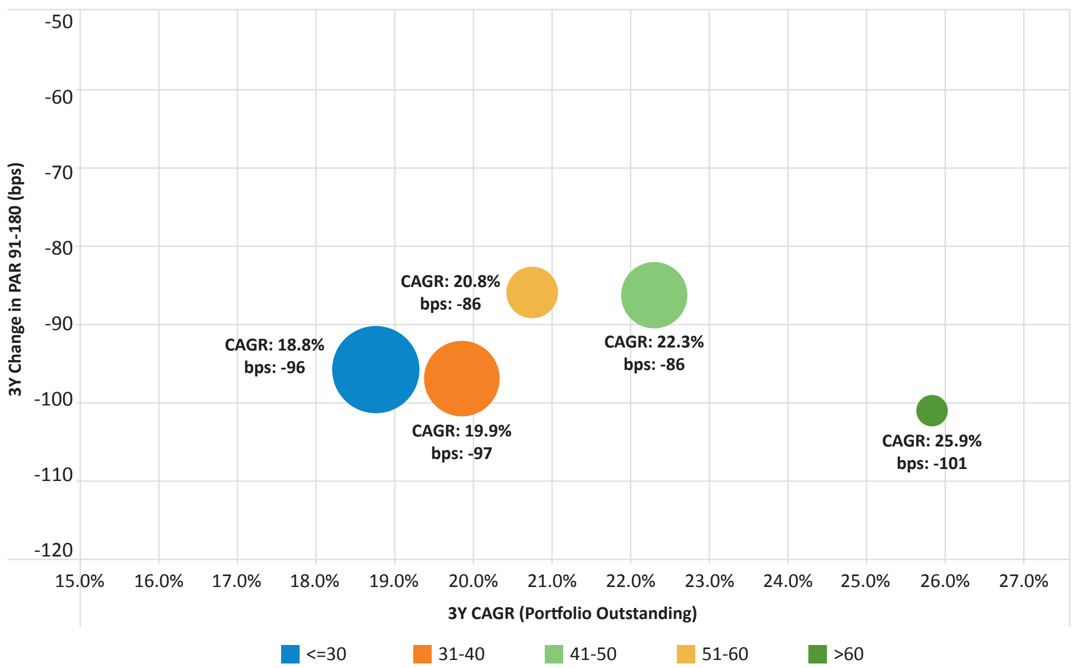
i Bubble size represents the share of POS as of Jun'26 for each age category and accordingly 31-40 is the dominant age category for Auto loans

ii Decline in delinquency represents improvement in the PAR bucket

HIGHLIGHTS

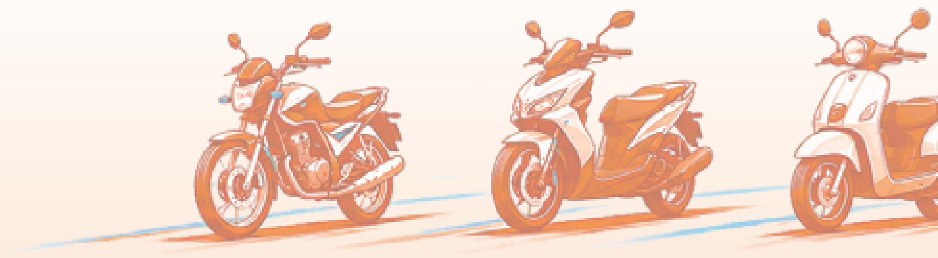
The **31-40 and 41-50 age** bands continue to represent strong potential segments, balancing growth with risk. The ≤30 segment shows greater improvement but still records a higher delinquency (PAR 91-180) rate of 1.0%, as of Jun-26, compared to <=0.6% in the other segments in the same period.

For TWL (Two-wheeler loan)

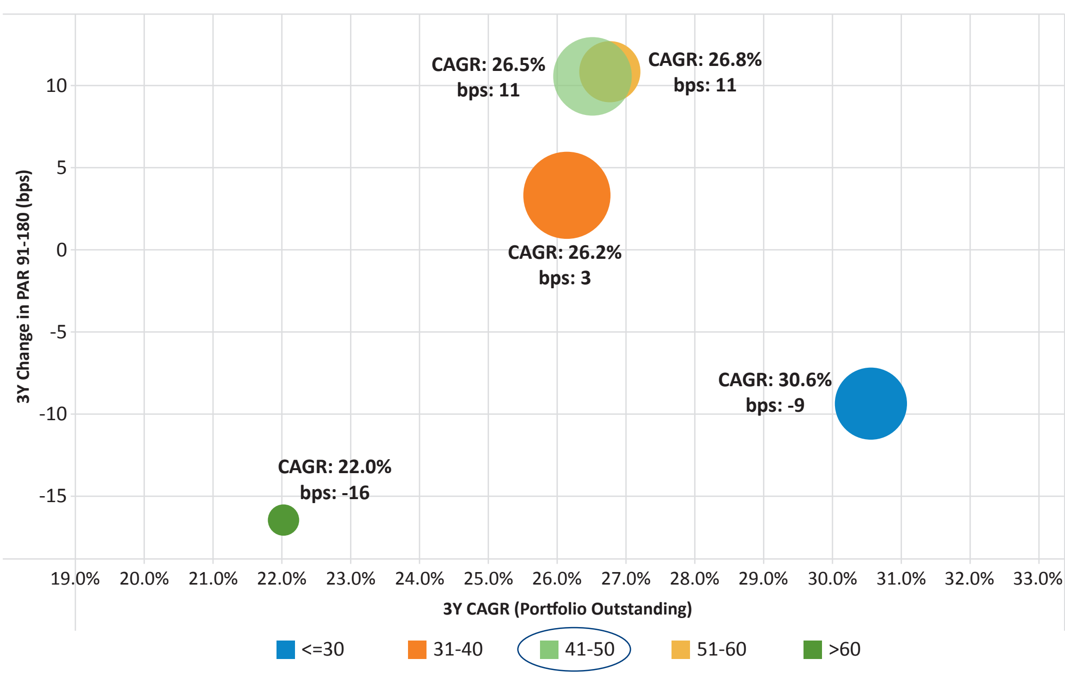


HIGHLIGHTS

While younger borrowers account for the majority of POS share, the **31-40 age** group has particularly demonstrated **stronger risk recovery and growth, followed closely by the 41–50 segment.** High risk recovery could also be attributed to the portfolio recalibration efforts.

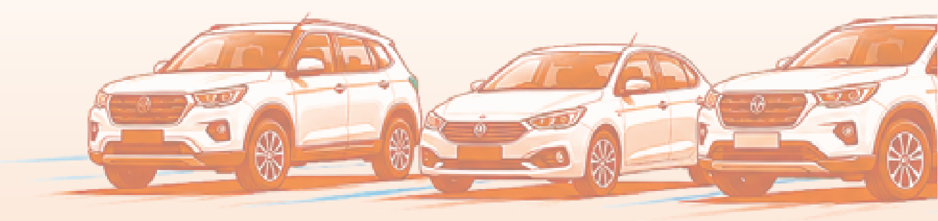


For Used Car loan

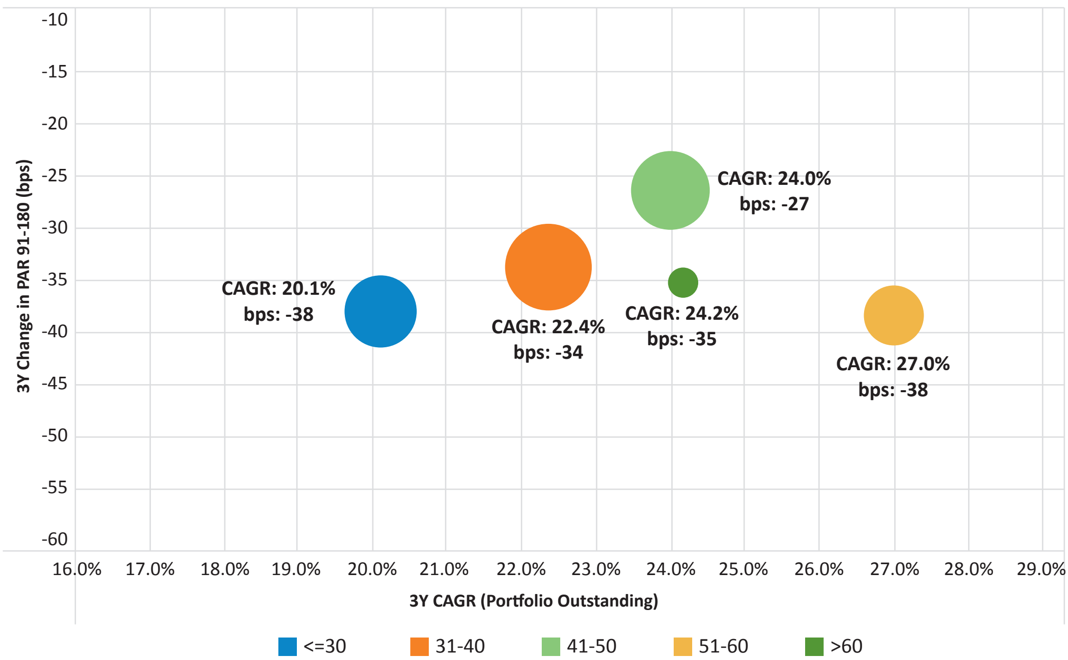


HIGHLIGHTS

The 31-40 and 41-50 borrower segments are emerging as strong growth engines, with aggressive expansion of around 27%. This growth, however, has also contributed to a **slight rise in delinquency (by 3-11 bps),** underscoring the need for more granular, age segmented underwriting and collection strategies.



For Commercial Vehicle Loans



HIGHLIGHTS

Asset quality improvements (-27 to -38 bps) across almost all age brackets provide a secure buffer to confidently optimize capital allocation toward high-velocity growth segments.

APPENDIX

Product wise top states performance, growth and delinquency as of Jun-26

Auto Loan

State	% Share of POS	5Y CAGR	PAR 91-180
MH	**12.8%**	***18.6%***	**0.5%**
UP	9.6%	*20.0%*	0.7%
GJ	8.0%	*16.6%*	0.4%
KA	7.8%	*18.4%*	0.6%
TN	6.9%	*17.5%*	0.8%
RJ	**5.7%**	***19.7%***	**0.5%**
KL	5.4%	*13.5%*	0.5%
TS	5.0%	*15.2%*	0.5%
DL	5.0%	*18.0%*	0.6%
HR	**5.0%**	***20.8%***	**0.6%**
Top 10	**71.1%**	***17.9%***	**0.6%**
Rest of India	**28.9%**	***16.8%***	**0.6%**
Pan India	**100.0%**	***17.6%***	**0.6%**

Two-wheeler Loan

State	% Share of POS	5Y CAGR	PAR 91-180
UP	**11.7%**	***23.8%***	**1.3%**
MH	11.2%	*20.9%*	1.3%
TN	**8.9%**	***22.1%***	**0.8%**
BR	**6.5%**	***22.6%***	**1.4%**
KA	6.2%	*19.8%*	1.4%
MP	**5.9%**	***23.7%***	**1.8%**
WB	5.9%	*15.6%*	0.9%
GJ	5.6%	*19.7%*	1.3%
RJ	4.8%	*21.1%*	1.7%
KL	4.3%	*12.5%*	0.8%
Top 10	**71.1%**	***20.6%***	**1.3%**
Rest of India	**28.9%**	***17.9%***	**1.2%**
Pan India	**100.0%**	***19.7%***	**1.2%**

Used Car Loan

State	% Share of POS	5Y CAGR	PAR 91-180
MH	**12.0%**	***27.0%***	**0.9%**
GJ	10.2%	*25.3%*	1.0%
TN	9.7%	*18.6%*	0.7%
TS	7.9%	*29.7%*	1.0%
KA	**7.9%**	***31.0%***	**1.0%**
RJ	7.6%	*25.8%*	1.0%
KL	7.0%	*23.8%*	1.1%
UP	6.4%	*32.6%*	1.3%
DL	5.0%	*19.3%*	0.9%
PB	**4.7%**	***26.6%***	**0.9%**
Top 10	**78.4%**	***25.5%***	**1.0%**
Rest of India	**21.6%**	***29.1%***	**1.1%**
Pan India	**100.0%**	***26.2%***	**1.0%**

Commercial Vehicle Loan

State	% Share of POS	5Y CAGR	PAR 91-180
MH	11.9%	*17.3%*	0.8%
GJ	**10.4%**	***22.3%***	**0.7%**
TN	8.8%	*22.6%*	1.1%
TS	7.7%	*19.8%*	0.8%
KA	**7.5%**	***24.9%***	**0.9%**
RJ	6.7%	*21.0%*	0.7%
KL	**5.3%**	***22.6%***	**0.9%**
UP	5.1%	*20.3%*	0.7%
DL	4.9%	*21.0%*	1.0%
PB	4.4%	*21.2%*	0.6%
Top 10	**72.7%**	***21.0%***	**0.8%**
Rest of India	**27.3%**	***17.8%***	**1.0%**
Pan India	**100.0%**	**20.1%**	**0.9%**

Analytical Contact

CRIF High Mark

Reach us at research@crifhighmark.com for any queries

About CRIF High Mark

CRIF High Mark Credit Information Services Private Limited is one of the leading Credit Information Company (CIC) licensed by the Reserve Bank of India under the Credit Information Companies (Regulation) Act, 2005. Established in March 2011, the company plays a critical role in strengthening India's credit ecosystem by promoting responsible lending, financial inclusion, and informed decision-making.

CRIF High Mark delivers comprehensive credit information and analytics solutions to banks, financial institutions, NBFCs, housing finance and microfinance institutions, insurance companies, as well as MSMEs, corporates, and individual consumers. Its offerings are designed to enhance access to credit for underserved and previously excluded segments, while ensuring compliance with regulatory frameworks and data governance standards.

Powered by advanced technology, robust information management practices, and a culture of continuous innovation, CRIF High Mark supports lenders across the credit lifecycle from credit appraisal and risk assessment to portfolio monitoring. Its credit information database is enriched by contributions from over 5,000 member institutions, enabling data-driven insights that support a more resilient, transparent, and inclusive financial system in India.

CRIF HIGH MARK - PRODUCT SUITE

Commercial Report

- Commercial CIR includes CRIF India Business Rank (CIBR), which is a 13-Rank Assessment model to gauge a Business entity's Credit repayment ability based on its credit profile, credit history and other factors.

Consumer Report

- Detailed Information of a borrower's credit history & financial behavior. These details are utilized by the lenders & financial institutions to evaluate credit worthiness of the borrower.

Microfinance Report

- Detailed microfinance credit report providing borrower-level loan history, group lending insights, and recent repayment information to support micro lending decisions.

Commercial Lite

- Synopsis of credit facilities with respect to Member and Off-member exposures, exposures on CC/OD facilities, Total Banking Exposure.

Grameen Score

- Specialized score designed for rural borrowers to support inclusive lending decisions using historical bureau-led insights.

Portfolio review

- The data output represents Offline bulk credit information of their customer base with Lending Institutions.

Market Insights

- Market Insights products, offer insights on broader market trends and consumer behavior, using aggregated credit data.

Alerts

- Event based triggers for near real time and effective monitoring of borrowers, post disbursement.

Lending Index

- Advanced loan-level risk assessment solution delivering sharper underwriting insights and stronger predictive differentiation.

Comprehensive CCIR

- Consolidated view of consumer, microfinance, and commercial credit linkages to support holistic credit assessment and portfolio monitoring.

Together to the next level

PRESENTS

CREDIT GOES TO HER

Women in Credit, Credit for Women

Credit Goes to HER is an invite-only community, anchored by CRIF India for women shaping the future of India's evolving credit ecosystem. It is women in credit and credit for women. Designed to foster meaningful conversations, the community brings together women from across the country interested in elevating their career game and being part of invigorating conversation with executive leaders in credit.

Scan to join the LinkedIn community

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Together to the next level

CRIF India, 402-A, Fulcrum, Hiranandani Business Park,
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