

India automotive sector: Industry momentum and the road ahead



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As FY2026 begins, India's automotive industry is demonstrating measured, disciplined growth; a sign of structural maturity rather than cyclical volatility. Passenger vehicle dispatches are registering low single-digit year-on-year growth, two-wheelers are advancing in the mid-single digits, and commercial vehicle volumes remain stable. The strategic emphasis has shifted from aggressive expansion to capacity utilisation, operational efficiency, and calibrated premiumisation.



Passenger vehicles: Efficiency and lubrication trends

Compact SUVs continue to anchor passenger vehicle demand. With Bharat Stage VI emission standards firmly embedded, OEM engine designs increasingly favor lower-viscosity lubricants such as 0W-20 and 5W-30 to meet fuel-efficiency and emission objectives. This has accelerated the penetration of synthetic and semi-synthetic formulations, particularly in urban markets where extended drain intervals and improved thermal stability are valued. The shift reflects tighter engineering tolerances, turbocharging prevalence, and the need to balance wear protection with reduced frictional losses.

Commercial vehicles: Drain intervals and TCO optimisation

In commercial vehicles, fleet operators remain focused on total cost of ownership (TCO). Utilisation across major logistics corridors is estimated at 80–85%, sustaining demand for heavy-duty diesel engine oils capable of extended drain intervals, often up to 100,000 km in modern engines operating under controlled conditions. Lubricant selection is increasingly data-driven, incorporating used oil analysis, telematics inputs, and maintenance planning systems. Oxidation stability, soot handling capability, and shear resistance have become critical technical parameters as fleets aim to maximise uptime while complying with emission norms.

Two-wheelers: Volume base and quality migration

Two-wheelers account for more than 70% of India's vehicle sales, forming the structural base of lubricant consumption. The dominance of four-stroke engines has raised demand for higher-performance 4T motorcycle oils with improved thermal stability and clutch compatibility. Even in price-sensitive segments, there is growing awareness of specification compliance

and performance differentiation. This gradual quality migration supports higher additive treat rates and improved base oil selection across the category.

Electrification: Evolving lubricant requirements

Electric mobility, particularly in two- and three-wheelers, is expanding steadily under policy support mechanisms such as the FAME India Scheme. While battery electric vehicles reduce demand for conventional engine oils, they introduce new technical requirements for specialised greases, dielectric coolants, and e-transmission fluids. Thermal management, material compatibility, electrical insulation properties, and durability under high rotational speeds are emerging as focal R&D areas. Electrification is therefore reshaping lubricant demand patterns rather than eliminating them.

Raw materials and manufacturing resilience

The lithium price surge of 2021 highlighted vulnerabilities in grease thickener supply chains, prompting increased industry focus on raw material diversification and alternative chemistries. More broadly, the sector is investing in process optimisation, quality automation, and regional manufacturing scale to manage cost volatility and ensure consistent product performance.

As the Indian lubricant market matures, competitive differentiation is increasingly defined by formulation science, compliance with evolving specifications, supply-chain robustness, and transparent performance validation. Growth remains steady rather than explosive, but the technical depth of demand is clearly rising, signaling a market that is becoming more sophisticated, efficiency-driven, and performance-oriented.

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