

# Auto industry weighed down by forex pressure

India's auto industry — especially the high-end and luxury cars — is facing forex pressure as the Indian currency depreciates against both the US dollar and the euro. Most of the luxury cars are imported from Europe, either in completely-knocked-down (CKD) form and assembled in local plants, or as completely-built-units (CBUs). With the rupee (₹) sliding vis-à-vis the Euro by almost 15 per cent year-to-date, the luxury original equipment manufacturers (OEMs) are feeling the pressure.

“The buoyant effect of the price drop on demand for luxury vehicles may not continue in the coming quarters, as the price of luxury cars will eventually rise from their current levels, due to depreciating forex movements among other factors,” Santosh Iyer, MD & CEO, Mercedes-Benz India told *Business Standard*.

He added that they will be ‘forced’ to adjust the pricing, and are mulling a price correction from January 2026 for its model range to offset the rising cost pressures. Another German OEM too confirmed that they are also contemplating a price hike from January, and are working on deciding the quantum of hike.

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