

# Fall in ₹ win some, lose some for auto industry

While exporters benefit, import-dependent firms expected to struggle

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For India's automobile industry, the depreciation of the rupee against the dollar is expected to be a mixed bag. Export-driven domestic manufacturers are likely to benefit, while companies reliant on imports, including electric vehicle (EV) makers, luxury carmakers, are expected to be affected the most. However, experts suggest that an immediate impact on components is unlikely, as most imports are insured, with some covered by long-term contracts that shield them from currency fluctuations.

This depreciation is advantageous for firms like Bajaj Auto, which exported 1.37 million two-wheelers and commercial vehicles from April to November, and Maruti Suzuki, which posted a 21 per cent rise in exports — 247,496 units from April to December compared to 204,327 units during the same period last year. Other export-focused players are also expected to benefit.

On the other hand, luxury carmakers, such as Mercedes-Benz, BMW, Audi, and Volvo, face added cost pressure as most of their components are imported. Amid inflationary pressures due to the rupee's depreciation, rising material costs, and escalating operational expenses, Mercedes-Benz India and BMW India have announced price hikes of up to 3 per cent across their model ranges, effective January 1.

"It's a mixed bag... EV makers importing several components for high-end EVs will face challenges. In 2025, the upcoming launches are all higher-end EVs. One saving grace is that the crude prices are declining, which offsets some inflationary pressures," said Puneet Gupta, director, S&P Global Mobility.

Rajesh Jejurikar, executive director and



**MIXED BAG**  
India's auto exports

	Jan-Nov		% change	
	2023	2024		
(PV)	Cars	384,401	370,182	-3.70
	UVs	225,534	287,101	27.30
	Vans	6,659	7,365	10.60
	<b>Total ▶</b>	<b>616,594</b>	<b>664,648</b>	<b>7.79</b>
(2W)	Scooters	455,943	530,435	16.34
	Motorcycles	2,497,422	3,065,550	22.75
	Mopeds	2,796	6,166	120.53
	<b>Total ▶</b>	<b>2,956,161</b>	<b>3,602,151</b>	<b>21.85</b>

Data for BMW, Mercedes, JLR, Volvo Auto not available; Data for Tata Motors available from Jan-Sep only Source: Siam

chief executive officer of Mahindra & Mahindra's (M&M's) auto and farm sectors, echoed a similar sentiment.

"Usually, with our suppliers, the forex is indexed with a lag, so it's an automatic correction that happens. We also hedge ourselves on the things we directly import. So not much of a net impact we see," said Jejurikar.

Between April and December 2024, M&M's exports rose 22 per cent to 24,101 units. In January, Union Minister for Commerce and Industry Piyush Goyal said India exports roughly 14 per cent of the vehicles produced domestically, with a goal to reach 25 per cent.

Passenger vehicle (PV) exports during

the first 11 months of 2024 grew 7.79 per cent, while two-wheeler shipments surged nearly 22 per cent. Currently, the country exports about 14.6 per cent of the PVs and 16.34 per cent of the two-wheelers manufactured between January and November, according to an analysis of data from the Society of Indian Automobile Manufacturers (Siam).

"The exchange rate is an outcome of inflation differential and interest-rate differential. There are positives and negatives to this. Exports will get better realisation, imports in any case are coming down as there is a lot of focus on Make in India," said Vinod Aggarwal, MD and CEO of Volvo-Eicher Commercial Vehicles.