

Luxury car purchases to rise with GST 2.0: Mercedes-Benz

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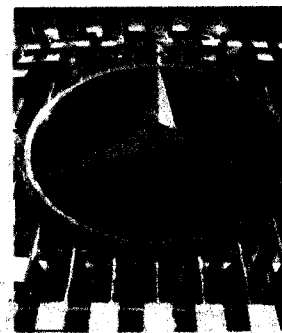
German luxury carmaker Mercedes-Benz believes that with the implementation of GST 2.0, more consumers will prefer to purchase luxury cars in the country.

"We did a study which showed that due to GST reduction, an average household will get 2 to 3 per cent more income, which translates into ₹10,000-15,000 EMIs; ₹15,000 EMI translates into one additional room when you're buying a house or upgrading from a scooter to a car, or a car to a premium car and from a premium car to a luxury car. With more income available and prices coming down and affordability increasing, there would be a positive im-

pact in terms of consumption across categories and for Mercedes-Benz," Santosh Iyer, CEO of Mercedes-Benz India, told *businessline* on the sidelines of a Mercedes-Benz-Hurun India Wealth Report & Luxury Consumer Survey 2025 launch event.

With the reduction of GST, consumers would have additional money, and along with EMIs coming down, discretionary spending is expected to see an uptick this festival season.

Iyer pointed out that demand in August was slow due to consumers delaying their purchases. "July was a good month, but August was a complete slowdown because of the postponement of purchases. The news was already out, and we had a natural postponement of purchases



to September. So if I look at September, October, and November, this should be the best festival season. Our outlook for the festival season was more flattish, but because of the change, we expect growth for this quarter," he said.

The wealth report revealed that India now has 8,71,700 millionaire house-

holds, up 90 per cent from 2021's 4,58,000, representing 0.31 per cent of all households. Maharashtra leads with 1,78,600 millionaire households (194 per cent growth since 2021), with Mumbai alone hosting 1,42,000, underpinned by 55 per cent GSDP growth to ₹40.5 lakh crore.

"There is almost wealth worth 1 trillion to be changed hands between generations in India, just in the India rich list. That is almost 1/4 of India's GDP. Once that happens, a lot more professionals will take a front seat as well. In India, you would see in the next 10 years, a lot more wealth distribution happening from promoters to employees to teammates to higher income. It all translates to a huge snowball effect in terms of overall dis-

posable income levels. In 10 years, you will see more affordability, the country getting wealthier, more disposable income, and investments maturing," said Anas Rahman Junaid, Founder and Chief Researcher, Hurun India.

PRICE INCREASE

While Mercedes-Benz said it is expecting sales to pick up, the continuous change in the currency exchange rate is likely to increase luxury car prices in 2026. "Whether the growth can continue for next year, we do not know. We are still under pressure on the exchange rate, and it has gone up to ₹104. With a deteriorating rupee, we will be forced to further increase prices. This is the best time to purchase before the prices increase again," added Iyer.