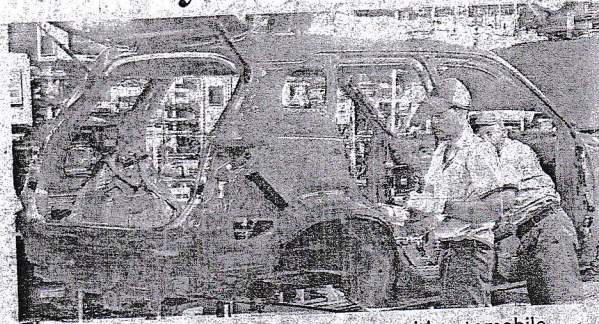


# Demand for entry-level cars to dip further

**Aroosa Ahmed**  
Mumbai

With major automobile companies set to increase vehicle prices from January 1, the demand for entry level and low-priced cars is expected to dip further. Original Equipment Manufacturers (OEMs), along with automobile dealers, are offering special discounts on the present inventory.

Industry experts suggest that the price hikes will increase the inventory with automobile dealers. Passenger vehicle inventory in November was between 61-64 days, while it went up to 63-66 days in October. "Demand is under



**WOOLING CUSTOMERS.** OEMs, along with automobile dealers, are offering special discounts on the present inventories

pressure, especially in the passenger vehicles category, where dealers are saddled with inventory on the lower end of the segment. Price hikes may make the situation even more

challenging, at least in the short term," said Hemal Thakkar, Director, CRISIL Market Intelligence and Analytics.

"Price hikes of 1 to 2 per

cent will not impact demand as a customer who is fine with buying a car more than ₹10 lakh; for the customer a slight price hike does not impact demand. However, in low-end price-sensitive models, price hikes play a big role in impacting demand. Since this market is de-growing, we are not concerned about demand," said Ashwin Patil, Research Analyst at LKP securities

## **HIKES PRICES**

Automobile companies, including Maruti Suzuki India Ltd (MSIL), Tata Motors, Volkswagen, Volvo cars, and Mahindra & Mahindra, announced price hikes on their vehicle offerings.