

Audi India to hike prices even as demand picks up

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With the Indian automobile industry hit by constant changes in the geo-political scenarios, semiconductor constraints, inflation and commodity prices, prices of luxury vehicles could rise in coming quarters.

"I do see a hike in prices. We try and absorb the price hike at our end, so as to not pass it on to consumers, but not everything can be absorbed," said Balbir Singh Dhillon, Head of Audi India.

SEMICONDUCTORS

The German luxury carmaker, a part of Volkswagen Group, locally assembles about 85 per cent of its vehicles. Fluctuations in semiconductor and commodity prices have also impacted the pricing of its cars.

"The last one-and-a-half years have been a challenge on the semiconductor side, but the situation is improving. There are challenges that are global — including sub-suppliers based in



Balbir Singh Dhillon, Head,
Audi India KAMAL NARANG

Ukraine, fluctuation of currency, shipping line availability with the cost, and metal costs. Due to these pressures, over the last two years, most of us have had to raise prices mainly due to commodity prices and other issues," said Dhillon.

SURGE IN DEMAND

The industry is witnessing a surge in demand for luxury vehicles post-coronavirus which has led to a double-digit growth for automobile companies.

"The luxury segment has been leading the overall automotive industry growth. For

Audi, we grew by 101 per cent last year and for the first nine months, we clocked 29 per cent growth. The demand in the last quarter has also been good," said Dhillon.

SUPPLIES

Despite an uptick in demand for luxury vehicles, companies continue to witness an impact on the supply of vehicles.

"Stock levels are historically low at our end or the dealer's end. It is just a replenishment of existing orders. There is high demand but limited supply. We are hopeful that in the next three quarters the situation will improve," said Dhillon.

With introduction of the PLI scheme, the luxury car maker is hopeful that semiconductor constraints will be resolved. "Semiconductor manufacturing is very intensive on initial investments, and it takes time. With the PLI scheme, India will also become a manufacturing hub. However, the problem will continue for some months next year as well. We are not completely out of the woods," said Dhillon.