

From budget to luxury, cars to get pricier in Jan

Maruti, Tata, M&M, Audi cite cost pressure for pushing up prices

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Mumbai, 27 November

Come January, car buyers will be shelling out more for their new ride. At least four automakers have announced plans to raise prices because of cost pressure and overall inflation.

Maruti Suzuki India Limited (MSIL), the country's largest passenger carmaker, on Monday said that it would raise prices for its models in January. Tata Motors Limited (TML), the leading maker of electric passenger vehicles, will also go for price hikes across its range in January, although it is yet to divulge the extent of the increase. Mahindra & Mahindra, too, will increase the prices of its automotive products in the new year.

Luxury car buyers will also need to dig deeper into their pockets. Audi India has announced a price increase of up to 2 per cent across models from January. When contacted, a Mercedes-Benz India spokesperson said the company was contemplating a price hike in the new year.

The carmakers cited high cost pressure, driven by overall inflation and increased commodity prices, behind the price hike plans.

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COST CONUNDRUM

LME base metals (\$/tonne)

	Price	1-yr chg (%)	
Aluminium	2,179.0	-7.0	<div style="width: 100%;"><div style="width: 93%;"></div></div>
Copper	8,300.0	3.9	<div style="width: 100%;"><div style="width: 103.9%;"></div></div>
Lead	2,189.0	2.9	<div style="width: 100%;"><div style="width: 102.9%;"></div></div>
Nickel	15,935.0	-39.1	<div style="width: 100%;"><div style="width: 60.9%;"></div></div>
Tin	24,050.0	7.1	<div style="width: 100%;"><div style="width: 107.1%;"></div></div>
Zinc	2,544.5	-12.6	<div style="width: 100%;"><div style="width: 87.4%;"></div></div>
Carbon black (CNY/tonne)	9,900.0	-23.8	<div style="width: 100%;"><div style="width: 76.2%;"></div></div>
China HR steel (CNY/tonne)	4,009.0	3.8	<div style="width: 100%;"><div style="width: 103.8%;"></div></div>
RSS3 rubber (JPY/kg)	267.3	25.0	<div style="width: 100%;"><div style="width: 125%;"></div></div>

Note: Prices as on Nov 27

Source: Bloomberg

well-fed and have enough water to drink. If it had rained this year, I would have worked on the farm and harvested the produce. But now, I am confined to the house and cannot earn,” Swapnali Bhagat of Rajuri village complained.

A single Savitribai in her seventies, who lost mobility in one of her legs when a cow kicked her, is facing a similar challenge. “I am dependent on my brother now. We sold some cows because we could not afford to buy water for them. My sustenance is only dependent on two goats,” a teary-eyed Savitribai said.

Cars...

MSIL said in a regulatory filing: “The company has planned to increase the prices of its cars in January 2024 on account of increased cost pressure driven by overall inflation and increased commodity prices.” It further said while MSIL makes “maximum efforts” to reduce cost and offset the increase, it may have to pass on some increase to the market. The price increase will vary across models. A TML spokesperson said: “We are considering a price hike across our passenger and electric vehicles in January 2024. The extent of the hike and exact details will be announced in a few weeks.”

Shashank Srivastava, senior executive officer, marketing & sales, MSIL, pointed to volatility in commodity prices. He said an estimation was made on what has been the overall cost increase, and based on that a decision for a price hike is

taken. MSIL had raised prices by 0.8 per cent in April this year.

Based on the inflation and commodity prices outlook, “we intend to take a price increase for our automotive products effective January 2024,” said Nalinikanth Gollagunta, CEO (automotive division), Mahindra and Mahindra. The details will be announced “closer to the time”. As for Audi India, the ex-showroom prices of their vehicles will increase by up to 2 per cent from January 1. Balbir Singh Dhillon, head of Audi India, said: “Due to rising supply-chain-related input and operational costs, we have effected a price correction across our model range, maintaining the brand’s premium price positioning.” At the retail end, dealers said the overall growth momentum would likely continue in December.

FPIs...

Like China, Indian bonds will have a 10 per cent weighting.

In the current financial year, between April and November (until November 26), net FPI inflows into debt securities were ₹43,703 crore, a stark contrast to net outflows worth ₹883 crore during the same period a year ago. Foreign investors have pumped ₹47,105 crore, so far, into the Indian debt market in the current calendar year – most in the past six years. In contrast, 2022 saw net FPI outflows worth ₹5,706 crore.

For the first time in four years, FPIs emerged as net purchasers of Indian debt in 2023. The last instance of FPIs being net buyers was in 2019 when they invested ₹25,882 crore in

