

Quote by Nikhil Dhaka, Vice President, Primus Partners India

Published in CW Construction

March 25, 2025 | 20:03 IST

Car prices are set to rise again in April. We explain why

The carmakers generally hike PV prices twice every year, first in January and then in April.

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Car prices will rise up to 4% in April.

Read on: <https://www.indiatoday.in/auto/cars/story/car-prices-are-set-to-rise-again-in-april-we-explain-why-2698964-2025-03-25>

Come April, most of the original equipment manufacturers (OEMs) will increase the prices of their passenger vehicles (PVs), owing to a plethora of reasons, from rising input and operational costs to currency depreciation and even to enhance their profitability.

The carmakers generally hike PV prices twice every year, first in January and then in April. While Maruti cars will witness a price hike of up to 4% in April, Hyundai, Mahindra, Kia and BMW cars will become expensive by up to 3%. This will be the second time in four months that PV prices will rise.

Car price hike: Quantum

Company	January 2025	April 2025
Maruti Suzuki India	Up to 4%	Up to 4%
Hyundai Motor India	Up to Rs 25,000	Up to 3%
Tata Motors	Up to 3%	Quantum not disclosed
Mahindra & Mahindra	Up to 3%	Up to 3%
Kia India	Up to 2%	Up to 3%
BMW Group India	Up to 3%	Up to 3%

Source – Industry

Car price hike: Reasons

Primus Partners Vice President Nikhil Dhaka told India Today that the carmakers are raising prices again in April, just months after a hike in January, mainly due to rising input and operational costs, currency depreciation, and global supply chain disruptions.

"The weakening of the Indian rupee against the US dollar has made imported components more expensive, while raw material costs and logistics expenses have continued to climb. These cumulative pressures have left manufacturers with little choice but to pass on some of the burden to consumers, despite a relatively slow market," he added.

According to experts, commodity prices have witnessed a significant jump, putting the margins of the carmakers under pressure. For reference, aluminium prices have risen 10.6% year-on-year, while rubber prices have surged nearly 27% year-on-year.

S&P Global Mobility Director Puneet Gupta said that the Indian rupee has depreciated almost 3-4% over the past 6-7 months. "Nowadays, cars have 30-50% electronic components, which are mostly imported. With a depreciating rupee, the costs of the imported components have gone up," he noted.

Car price hike: Low sales and high discounts

The price hikes come at a time when the industry is struggling with relatively lower sales. According to data from the industry body Federation of Automobile Dealers Associations (FADA), PV retails dropped 34.88% month-on-month and 10.34% year-on-year to 3,03,398 units in February.

In order to enhance sales and clear the existing inventory, carmakers have been offering heavy discounts over the past 6-7 months. However, the inventory levels still stood at 50-52 days in February. An ideal inventory level is around 28 days for dealerships.

"The OEMs know that the demand will now be driven by Navaratri (March 30-April 7) and the upcoming marriage season. It will be a good time for them to boost profitability. It is very much possible that they might have to continue discounting throughout the year as most of the factors are negative," S&P Global's Gupta observed.

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