

GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 318**  
ANSWERED ON 19.11.2019

**DECLINE IN AUTO SALES**

318. SHRI K. NAVASKANI:

SHRI BALUBHAU *ALIAS* SURESH NARAYAN DHANORKAR:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES भारी उद्योग एवं लोक उद्यम मंत्री be pleased to state:

- (a) whether it is a fact that India's auto sales has declined for the 11th straight month in September, 2019 and if so, the details thereof;
- (b) the reasons for the slumping down of automobile sales in the country which has consequently led to the loss of jobs in the auto sector; and
- (c) the steps taken by the Government to put a check on such a steep fall of auto sales?

**ANSWER**

**THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES**  
**(SHRI PRAKASH JAVADEKAR)**

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(a): There is cyclical slowdown across sectors including automotive sector since last few months. But the festival demand has shown YoY growth @ 0.3% in the Passenger Vehicle Segment.

(b): There are various financial and regulatory together with perceptual reasons for slumping down in automobile sales, which are as follows:

- Reduction in finance availability to Auto Sector
- Increase in Axle Load limit for commercial vehicles by up to 25% expanded freight capacity leading to shrinkage of new vehicle demand
- Increase in vehicle cost due to Supreme Court order for upfront collection of long-term 3<sup>rd</sup> party insurance premium for 3 years (new cars) and 5 years (new two-wheelers)
- Increase in collateral for dealers from 25% to 60% resulted in reduction in inventory finance to dealers
- Postponement of purchase in anticipation of discounts by OEMs for clearing of stock with BS IV norms (situation similar to the transition from BS III to BS IV)

(c): The Government, as a policy maker, always attempts to keep and improve momentum of the economy through a package of measure for comprehensive and continued development of the auto sector as and when required. Some of the steps taken by the Government to counter automotive slowdown can be summarized as under:

- Reduction in Corporate Tax to 22%
- Continuation of registration of ICE and EV in future
- Scrapage policy under consideration
- Proposed increase in registration of new cars deferred till June 2020
- Funds worth Rs. 70,000 crores released to PSU banks
- Linking of repo rate to interest charged for vehicle purchased

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