

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY
LOK SABHA
STARRED QUESTION NO. 327
ANSWERED ON 17.03.2020

DECLINE IN AUTO SALES

327. DR. SHASHI THAROOR:

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

- (a) whether the Government holds cab-aggregators and different mindset of millennial generation, as the main reasons for debilitating decline in overall auto sales across the country;
- (b) if so, the details thereof including other factors responsible for low sales in smaller towns as cab-aggregators are largely restricted to metro cities;
- (c) if not, all the relevant factors responsible for such decline;
- (d) whether the sales of two-wheelers/tractors which are the key barometer of rural economy, have also dropped by 22.24 per cent;
- (e) if so, the details of sales of two-wheelers/tractors during the last three years and the current year, State/ UT-wise;
- (f) whether the Government is considering revival measures such as GST cut from 28 per cent to 18 per cent for automobile sector to reduce vehicles' cost and in turn, create demand thereof; and
- (g) if so, the details thereof and if not, the reasons therefor?

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

(a) to (g): A statement is laid on the Table of the House.

STATEMENT

Statement referred to in reply to parts (a) to (g) of Lok Sabha Starred Question No. 327 for 17.03.2020 asked by Dr Shashi Tharoor regarding “Decline in Auto Sales”

(a) to (g): There are cyclical slowdowns across various sectors, including the automotive sector for the last few months. Changing millennial preferences and cab aggregators may be amongst the various reasons for this slowdown, which include:

- BS VI vehicle inventory adjustments by OEMs
- Increase in Axle Load limit for commercial vehicles by 25%. This expanded freight capacity has led to shrinkage of new vehicle demand
- Increase in vehicle cost due to Hon’ble Supreme Court’s order for upfront collection of long-term 3rd party insurance premium for 3 years (new cars) and 5 years (new two-wheelers)
- Introduction of new safety and emission norms.

The detail of sales of two-wheelers and tractors during the last three years is as under:

Domestic Sales	2017-18	2018-19	2019-20(till Jan 20)
Two-wheelers	2,02,00,117	2,11,81,390	1,52,55,979
Tractor	*	786,381	6,16,076

*Data not available

Source: SIAM& Tractor Manufacturers Association

The Government is committed to support and further encourage the auto sector through a number of policy interventions like reduction in corporate tax, increased budgetary outlay on infrastructure sector, increase in liquidity to financial institutions and linking of repo rate to interest charged on vehicle loans, reduction in GST for e vehicles and rebate in Income Tax etc.
