

GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES  
DEPARTMENT OF HEAVY INDUSTRY  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 866**  
ANSWERED ON 19.09.2020

**DROP IN SALES OF AUTOMOBILES**

866. SHRI V. VIJAYASAI REDDY:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) the reasons for massive drop in automobiles sales, particularly during last four to five months;
- (b) whether as per Society of Indian Automobile Manufacturers, there is 20 per cent drop in automobiles sales in July and the drop is increasing;
- (c) the manner in which Ministry is looking at this negative growth and remedial measures proposed to help auto sector;
- (d) the reasons behind Finance Ministry's willingness to reduce GST only on two wheelers; and
- (e) the manner in which Ministry is going to convince Finance Ministry to extend GST reduction to all vehicles, including small, medium and large trucks?

**ANSWER**

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

(a): There has been a slowdown in the automotive sector. There are various financial, regulatory and perceptual reasons for this slowdown that include:

- Reduction in finance availability to Auto Sector
- Increase in Axle Load limit for commercial vehicles by up to 25%. This expanded freight capacity led to shrinkage of new vehicle demand
- High ownership cost of vehicle, due to upfront collection of 3<sup>rd</sup> party insurance, transition to BS VI emission norms etc.
- Negative consumer sentiments due to the corona pandemic

(b): As per information provided by Society of Indian Automobile Manufacturers (SIAM) on domestic sales of vehicles, there has been a 3.86% Year on Year (YoY) drop in the sales of passenger vehicles, 77.16% YoY drop in sales of three –wheelers and 15.24% YoY drop in sales of two-wheelers, in the month of July 2020 vis-a-vis July 2019. This drop has not increased in August 2020. Instead, there has been a 14.16% YoY rise in the sales of passenger vehicles, 75.29% YoY drop in sales of three –wheelers and 3% YoY rise in sales of two-wheelers, in the month of August 2020 vis-a-vis August 2019.

(c): The Government, as a policymaker, always attempts to sustain and improve momentum of the economy through a package of measures for comprehensive and continued development of the sector.

(d) & (e): GST rates are prescribed on the basis of recommendations of GST Council.

\*\*\*\*\*