

GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1194**  
ANSWERED ON 02.03.2020

**SLOWDOWN IN AUTOMOBILE INDUSTRY**

1194. SHRI ANAND SHARMA:

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

- (a) whether it is a fact that the Automobile Industry is witnessing an unprecedented slowdown;
- (b) if so, the details thereof and the reasons therefor;
- (c) the year-wise details of the commercial and passenger vehicles produced and sold during the last five years; and
- (d) the steps proposed by Government to revive the Automobile Industry?

**ANSWER**

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

(a) & (b): There are cyclical slowdowns across various sectors, including the automotive sector for the last few months. 17.1 million vehicles (all categories) were sold during April-December, 2019 as against 20.3 million vehicles during April-December, 2018.

There are various financial, regulatory and perceptual reasons for this slowdown, which include:

- Reduction in finance availability to Auto Sector
- Increase in Axle Load limit for commercial vehicles by up to 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 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% which has resulted in reduction of inventory finance to dealers
- Negative consumer sentiments and BS VI vehicle inventory adjustments by OEMs.

(c): Year-wise details of the commercial and passenger vehicles produced and sold during the last five years are as under:

Production (In Numbers)

Category	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger Vehicles	3,221,419	3,465,045	3,801,670	4,020,267	4,026,047
Commercial Vehicles	698,298	786,692	810,253	895,448	1,112,176

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Domestic Sales(In Numbers)

Category	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger Vehicles	2,601,236	2,789,208	3,047,582	3,288,581	3,377,436
Commercial Vehicles	614,948	685,704	714,082	856,916	1,007,319

Source: Society of Indian Automobile Manufacturers' Association (SIAM)

(d): The Government, as a policymaker, always attempts to sustain 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 the 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 fee 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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