

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
RAJYA SABHA
UNSTARRED QUESTION NO. 864
ANSWERED ON 10.02.2020

PROBLEMS FACED BY AUTO SECTOR

864. SHRI A. K. SELVARAJ:

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

- (a) whether it is a fact that according to industry sources, over regulation is creating problems for Indian auto sector;
- (b) whether it is also a fact that the auto industry demanded a long term direction or a policy guideline to help the auto sector; and
- (c) if so, the steps taken by Government in this regard to help the ailing auto sector in the country?

ANSWER

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

(a) to (c): There are multiple regulations arising due to requirement of meeting internal Standard of Safety, fuel economy, environment etc. across various sectors including Automobile Sector. These are statutory regulations and cannot be termed as over regulation. Moreover, current problems being faced by Auto Industry cannot be attributed to regulatory issue.

The Government, as a policymaker, always attempts to keep and improve momentum of the economy through a package of measure through stakeholder consultations 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:

- Corporate Tax has been reduced to 22% resulting into more savings for the Manufacturing Companies. This move will help in uplifting the market and promote future investments in turn providing a boost to the economy.
- Government has clearly indicated that Internal Combustion Engine (ICE) and Electrical vehicles (EVs) will be continued to register in future. This clarification will clear doubts among the end consumers and hence will help in boosting the sale of ICE and EVs.

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- Government is working on a 'Scrappage Policy'. Ministry of Road, Transport & Highways (MoRTH) being the nodal ministry has almost finalized the Scheme. This policy would help to get unfit vehicles off the roads and thus increase the demand for new vehicles.
- Government has announced that funds worth Rs. 70,000 crores would be released for PSU banks' recapitalization. This would improve the liquidity situation of the banks resulting into more finances available for dealers and end- consumers hence increasing demand for new vehicles.
- RBI has announced that the interest charged for vehicle purchased has to be linked to the Repo rate announced by the Central Bank. This would mean that banks would have to reprice the interest rates on loans every three months resulting in lesser burden for consumer.
