

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
RAJYA SABHA
STARRED QUESTION NO. 90
ANSWERED ON 10.02.2020

SALES OF CARS IN THE COUNTRY

90. SHRI RIPUN BORA:

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

- (a) whether Government is aware that the sales of cars in the country has dipped over sixty per cent in last nine months period;
- (b) if so, the details thereof and whether Government is also aware that the private car manufacturers have started retrenchment of workers in the country;
- (c) if so, the details of information received so far and action taken by Government thereon; and
- (d) the details of proposal of Government on its commitment of creating/sustaining employment therein?

ANSWER

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

(a) to (d) A statement is laid on the table of the House.

STATEMENT

Statement referred to in reply to parts (a) to (d) of Rajya Sabha Starred Question No. *90 for 10.02.2020 asked by Shri Ripun Bora regarding “Sale of Cars in the Country”

(a)&(b) There is cyclical slowdown across sectors including automobile sector since last a few months. The Automobile sector which has been growing at approximately 7-8% p.a. has witnessed a sluggish rate of sales of car during the last nine months (April – December 2019), wherein the sale of Passenger Vehicles has declined to 2.1 million from 2.5 million during the same period in 2018. Retrenchment of temporary workforce has been reported by the industry. However, no confirmed data on job loss is available with the Government.

(c)&(d) The Government, as a policymaker, 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:

- 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.
- Government is working on a 'Scrapage 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.
