

# Domestic car sales skid 7% amid GST conundrum

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New Delhi, 1 September

Domestic passenger-vehicle (PV) sales by companies to dealers dropped 7.3 per cent year-on-year (Y-o-Y) in August to around 330,000 units, primarily due to customers waiting for a decision by the Goods and Services Tax (GST) Council on September 4 on decreasing the tax on automobiles from 28 per cent to 18 per cent.

Maruti Suzuki India Ltd (MSIL), India's largest carmaker, recorded a drop of 7.5 per cent Y-o-Y to 144,145 units.

Partho Banerjee, senior executive officer (marketing and sales), said in August the company calibrated its dispatches in accordance with demand from consumers. "Till August 15, there was good traction in terms of bookings," he said in a press conference.

In his Independence Day address, Prime Minister Narendra Modi had announced the GST structure would be streamlined with just two main tax slabs (5 per cent and 18 per cent) plus a higher bracket (of 40 per cent) for luxury or harmful items. This will effectively replace the four-tier structure currently in place.

The GST Council will hold its meeting on September 3 and 4 on rate rationalisation.

Automobiles come under 28 per cent and are expected to go to 18 per cent slab.

"Once GST reforms are announced, we



## Taking a hit

Domestic passenger vehicle (PV) sales in units

	Aug '25	Y-o-Y chg in %
Maruti Suzuki	144,145	-7.5
Hyundai	44,001	-11.2
Tata Motors	41,001	-7.1
Mahindra & Mahindra	39,399	-9.0
Toyota	29,302	2.5

Source: Companies

expect good sales," Banerjee noted.

He said in August last year domestic PV sales stood at 356,113 units. In August this year they dropped to about 330,000 units, plus or minus 5,000 units, he added.

Many automobile companies, he said, took a conscious decision in August to not push vehicles to their dealers.

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### Net GST revenues up 10.7%, refunds dip

India's net revenues from the goods and services tax (GST) rose at a three-month high pace of 10.7 per cent in August even as growth in gross collections slowed to 6.5 per cent from 7.5 per cent in the previous month, thanks to a nearly 20 per cent decline in refunds to taxpayers during the month.

■ Mfg PMI at 18-year high

■ MGNREGA work demand down 26%

■ UPI transactions top 20 billion mark

## SECTION II, 1

### DII buying streak continues

Domestic institutional investors (DIIs) poured in ₹94,829 crore of fresh money into Indian equities in August, the second-highest monthly inflow after record ₹1.07 trillion influx in October 2024. Over the last 25 months, DIIs have put ₹11.4 trillion into domestic stocks.

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“We should not read too much into dispatches this month (in August). The real picture about demand will become clear once the GST rate is rationalised. Bookings are still very good. People continue to come to our showrooms,” he noted. Saket Mehra, partner, Grant

Thornton Bharat, stated while anticipation on GST was a key factor behind the slowdown, this trend was not limited to the auto sector. “Similar patterns are being observed in consumer durables, where categories like air conditioners and refrigerators — currently

taxed at 28 per cent — have seen reduced footfalls on major ecommerce platforms. Consumers across multiple discretionary spending sectors appear to be deferring high-value purchases in anticipation of price corrections,” he added.

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