

# Two-wheelers, cars to become cheaper

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Mumbai, September 2

**BUYERS OF SMALL** cars, sports utility vehicles, compact sedans and almost every kind of two-wheeler can expect a big relief as Goods and Services Tax (GST) on them is set to be slashed to 18% from the current 28%.

Passenger vehicles (PV) powered by petrol, LPG and CNG having engine capacities less than 1,200cc and diesel not bigger than 1,500cc and both measuring not more than 4 meters will attract the lowered GST of 18%, a source said.

The rate reduction will address nearly 60% or 2.52 million of India's PV market. This segment, which is based on length and engine size of the vehicle, was created in 2006, and is defined as the small car segment.

Maruti Suzuki is set to become the biggest beneficiary of the rate cut as the company controls 50% of the small

## STEAL DEAL



**18% GST on petrol, LPG, CNG PVs having engine capacities < 1,200cc and diesel not > than 1,500cc**

■ Rate slashing to address 60%/ 2.52 mn of India's PV market

■ Maruti Suzuki set to gain most from rate cut

■ Revised rate of 18% GST on two-wheelers having engine capacities < than 350cc

car segment with sales of 1.26 million, followed by Tata Motors which has a 20% share of the segment.

Two-wheelers having

engine capacities less than 350cc will see the revised GST rate of 18% from the current 28%.

About 19 million or 97% of India's two-wheeler sales belong to this segment, according to data shared by the Society of Indian Automobile Manufacturers.

Apart from Hero MotoCorp in the budget bike segment, Royal Enfield will become the biggest beneficiary in the premium bike segment with this reduction as a majority of its bikes come fitted with engines just below the 350cc.

Its direct competitors like Bajaj-Triumph and Harley-Hero have motorcycles powered by engines bigger than 350cc.

All other internal combustion engine (ICE) cars, SUVs and vans and all other two-wheelers will attract 40% GST. Large SUVs, sedans and mid-capacity and large capacity locally built and imported bikes will carry 40% GST.