

Siam pushes for GST reduction on low-carbon 2Ws

SURAJEET DAS GUPTA

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The Society of Indian Automobile Manufacturers (Siam) has written to the Ministry of Heavy Industries, seeking a reduction in the goods and services tax (GST) on low-carbon two-wheelers.

These include internal combustion engine (ICE) flex-fuel two-wheelers and ICE compressed natural gas (CNG) two-wheelers, from 28 per cent to 18 per cent without any cess on 350-plus cc two-wheelers, until the GST base rate for all two-wheelers is lowered to 18 per cent.

Once the GST base rate for all two-wheelers is reduced to 18 per cent, GST for low-carbon emission two-wheelers needs to be further reduced to 12 per cent to maintain a differential between normal two-wheelers and low-carbon two-wheelers. Siam says that this is the most direct and cleanest method for achieving the desired outcome without the need for subsidy.

If implemented, this move will benefit Bajaj Auto, which is ready to launch a CNG-powered electric scooter (e-scooter) very soon. Bajaj is already the third-largest player in e-scooters, where the GST is only 5 per cent.

In its letter, the apex national body representing all major vehicle and vehicular engine manufacturers in India, highlighted the high GST on two-wheelers compared to other countries, such as 28 per cent in India versus 9.25 per cent in Brazil, 10 per cent in Vietnam, 7 per cent in Thailand, and 11 per cent in Indonesia, among others.

Siam added that India should reduce the GST across all two-wheelers from 28 per cent to 18 per cent, a long-standing demand from the industry. Operating expenses for CNG are half that of petrol emissions, and closer to electric vehicle levels, without the safety, range, charging, and battery disposal concerns associated with electric two-wheelers.