

GST cuts, festive cheer drive Sept auto sales

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PASSENGER VEHICLE DISPATCHES from manufacturers to dealerships rose 4.4% year-on-year in September, signalling a strong start to the festive quarter for the auto industry. According to data released by the Society of Indian Automobile Manufacturers (SIAM), a total of 372,458 passenger vehicles were dispatched last month, compared to 356,752 units in September last year.

The surge, though modest in percentage terms, is significant as it coincides with the implementation of the GST 2.0 reform and the onset of the festive season. "In spite of the new GST rates coming into effect from September 22, that is, for only nine days of the month, passenger vehicles, two-wheelers and three-wheelers have already posted their highest-ever sales for September," SIAM president Shailesh Chandra said.

Two-wheeler sales reflected even stronger momentum, rising 6.7% year-on-year to 2,160,889 units from 2,025,993 units a year ago. The three-wheeler segment also maintained its recovery path, growing 5.5% to 84,077 units from 79,683 units in the same month last year.

DEMAND REVIVAL



■ Sept 2025 sales ● % chg (y-o-y)

PVs	4.4	372,458
3Ws	5.5	84,077
2Ws	6.7	2,160,889

Source: SIAM

SHAILESH CHANDRA,
PRESIDENT, SIAM

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Chandra described the GST rate cut as a landmark decision that will not only lift the auto sector but also energise the broader economy.

Under the revised tax structure effective September 22, small cars with a length under four metres and engine capacities up to 1,200 cc for petrol and 1,500 cc for diesel now attract an 18% GST rate, down sharply from the previous 29-31%. Larger vehicles, previously taxed at 50% including cess, now face a reduced 40% rate following the Centre's withdrawal of the compensation cess.

The September revival came

after two months of subdued sales in the July-September quarter. Passenger vehicle sales during the quarter stood at 1,039,200 units, down 1.5% from the same period last year, though late-September rebound has lifted industry sentiment.

"The first two months of the quarter were soft, but with GST reduction, improved consumer sentiment and festive buying, September marked a turnaround," Chandra said. The rural markets have begun showing stronger traction following a good monsoon, while urban demand has stayed steady, he said.