

Automobile buyers flood dealers with enquiries

Actual sales fall since August 15

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SENIOR FUNCTIONARIES OF the automotive dealer body will meet the Union ministers concerned on Wednesday to seek clarity on the proposed reduction in Goods and Services Tax (GST) as buyers shun purchases in the hope of a price cut.

Actual automotive purchases have dropped significantly since August 15, though there has been a marked rise in enquiry levels, said dealers. There are expectations of a steep cut in GST following Prime Minister Narendra Modi declaring the need for revamp in the eight-

PURCHASE FREEZE

Auto dealers meet ministers to seek GST clarity

Buyers postpone purchases expecting steep tax reduction	Festive demand uncertain as dealerships hold heavy stocks
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Two-wheeler makers may benefit most from tax cut



year-old indirect tax.

Small cars and two-wheelers could see the GST drop to 18% from the current 28% while bigger cars could attract a flat 40% tax instead of 43% to 50%, inducing buyers to put their purchases on hold.

CS Vigneshwar, president, Federation of Automobile Dealers Association, said, "The

walk-ins and enquiry levels have been very strong across dealerships during the last few days but actual purchases have been notably weak."

"FADA is meeting HD Kumaraswamy (minister of heavy industries and public enterprises) and Piyush Goyal (minister of industry) to seek clarity on how this will be imple-

mented," Vigneshwar added.

Ahead of the festive season which begins in the final week of August, dealers have urged vehicle makers to avoid adding to the stock levels in the wake of the announcement of the GST cut. Dealers of passenger vehicles are sitting on enough stocks which would last them for 55 days or

around 600,000 units.

"The old GST rate will have to be reversed on the existing stock if there is a cut in the rates. I am sure the government will take care of it," Vigneshwar added.

A large Maruti Suzuki dealer from the south of the country stated that the GST cut will work to uplift the buyer sentiment more than volumes themselves and that the real jump in sales can be seen only in the January to March quarter.

"As it is with a 10% discount, there is no enthusiasm among car buyers today. So, this is a sentiment drive that the government is creating to induce the buyer," the dealer said while acknowledging a surge in enquiries in the last few days despite a sharp drop in actual purchases.