

With GST cut coming, buyers hit auto showrooms

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Expecting a decline in vehicle prices with the government proposing a reduction in the Goods and Services Tax, for the first time this year automobile dealers are seeing a spurt in footfalls at showrooms with customers making enquiries and test driving various models, especially small cars.

The customer interest follows the government announcing GST reforms that could bring down the tax on automobiles to 18 per cent from 28 per cent now. A price reduction of ₹50,000-80,000 is expected, depending on the model. Since the GST reform announcement earlier this month, dealerships are reporting over 20 per cent increase in footfalls to enquire about the expected price re-



IN DEMAND. Dealers see heightened demand for small cars

duction on specific models, colour availability, financing options and delivery period.

FIRST THIS YEAR

"The announcement on the GST cut has been very positive for automobile dealers as we are witnessing a sudden increase in consumers approaching showrooms, calling us and inquiring about specific passenger vehicles and two-wheeler models. This is happening for the first time this year, with people who were holding

back on big purchases since last year contemplating buying," Sachin Vasantrao Mahajan, Chairperson of the Federation of Automobile Dealers Association (FADA) Maharashtra, told *business-line*. "The footfall usually increases at the start of the festival season, but this is a sudden surge, with walk-ins increasing 20 per cent month-on-month," added Mahajan.

Dealers are seeing heightened demand for small cars, where demand

has been sluggish over the past few years due to the shift towards SUVs and repeated price hikes.

Apart from affordability, heatwaves and unseasonal rain had affected footfalls at showrooms.

FADA had earlier stated that the dealer sentiment for July-September showed 63 per cent of dealers forecasting growth and 27 per cent expecting flat performance, while 9 per cent were bracing for a de-growth.

EARLY IMPLEMENTATION

However, while enquiries and footfalls have gone up, consumers are holding back till the new GST rates kick in.

FADA representatives have met Commerce Minister Piyush Goyal to seek quicker implementation of the GST reforms to coincide with the festival season, which starts on Wednesday with Ganesh Chaturthi.