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## Govt. must unveil stimulus to spur demand: MPs' panel

'Slashing GST rates on autos will aid the sector's recovery'

SPECIAL CORRESPONDENT  
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The Parliamentary Standing Committee on Industry has asked the government to announce a stimulus package focused on generating demand, stressing that its responses so far have focused only on the supply side.

The panel has also asked for GST rates levied on automobiles to be rationalised from the present 28% tax rate with an additional compensation cess ranging from 1-22%, to 18%, to spur demand for new vehicles and help the sector overcome the present slump.

In its report on 'Downturn in Automobile Sector - Its Impact and Measures for Revival' submitted on Tuesday, the committee headed by Rajya Sabha MP K. Keshava Rao, pointed out that the cost of BS-VI vehicles was expected to be 10-15% higher due to upgraded technology, which could be mitigated by reducing the GST rate to 18% from 28%.

"The increased sale due to the reduction in GST rate, will cover up the loss in GST revenue," the committee noted, adding that a similar



**Key to growth:** Cutting GST on used cars sales will make the segment more organised, the panel said. • GETTY IMAGES/ISTOCK

reduction in the GST levied on used car sales from 12%-18% to a flat 4% would help make the segment become more organised.

"Further, the committee recommends that the government may consider rationalisation in GST rates on internal combustion engine vehicles based on their size, CC, price brackets, seating capacity, etc., rather than having a fixed slab on all categories without distinction of standard, popular, luxury etc., in order to raise the demand for newer vehicles," the committee said.

While the stimulus package announced by the Centre had 'infused a fresh lease of life amid the gloom',

the committee stressed that it fell short of addressing the auto industry's concerns as the measures were aimed at boosting only the supply side of the economy.

### 'Allow BS-IV sales'

The panel also suggested that the government request the Supreme Court to allow sales of BS-IV vehicles that couldn't be sold due to the pandemic and lockdown.

The committee suggested that the Department of Heavy Industries must impress upon the SC that the scrap policy for the NCR, applicable on diesel vehicles older than 10 years and petrol vehicles older than 15 years, must be revisited.