



One Nation | One Association

FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS

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FOR IMMEDIATE RELEASE

FADA advocates for a much-needed GST rate reduction on Two-Wheelers from 28% to 18% for a timely revitalization of the segment

18th May 2023, New Delhi: The Federation of Automobile Dealers Associations (FADA), the leading body of Automobile Retail in India, has submitted a critical representation to the GST Council, urging an immediate reduction in the GST rate on two-wheelers from the current 28% to 18%. This timely and decisive intervention is aimed at making two-wheelers more affordable, reviving demand and reinvigorating an industry that has seen a significant slump in sales over the past few years.

FADA President Mr. Manish Raj Singhanian affirmed, "The two-wheeler industry is at a critical juncture, grappling with unprecedented challenges such as rising inflation, stringent emission norms and the post Covid-19 effects in *Bharat* of India. Now is the opportune moment for the GST Council to reduce the GST rate on two-wheelers, making them more accessible for the common man, thereby providing the much-needed boost to the industry, generating employment opportunities and fostering India's overall economic growth."

FADA's compelling appeal has been forwarded to the Finance Minister, chair of the GST Council, all GST Council members, the Ministry of Heavy Industries, which supervises the automobile sector and the Ministry of Road Transport & Highways. This action underscores the urgency and significance of the issue.

Over the past few years, the prices of various two-wheelers have risen significantly, impacting their affordability for consumers across India. This surge in prices can be attributed to multiple factors, including the rising cost of raw materials, stricter emission norms and higher taxes and levies. For instance, the price of the popular Honda Activa has escalated from Rs. 52,000 in 2016 to Rs. 88,000 in 2023. Similarly, the Bajaj Pulsar has witnessed a substantial increase from Rs. 72,000 in 2016 to Rs. 1,50,000 in 2023. The Hero Splendor and TVS Jupiter have also experienced considerable price hikes over the same period, with their prices soaring from Rs. 46,000 to Rs. 74,801 and Rs. 49,000 to Rs. 88,498, respectively. The continuous rise in two-wheeler prices has consequently led to a decline in sales, emphasizing the pressing need for intervention and GST rate reduction to restore the industry's growth trajectory.

In 2016, two-wheelers accounted for 78% of the total automobile sales in India. However, due to continuous price increases since 2020, this contribution has fallen to 72% in FY23, underlining the impact of the steep price hike.

FADA believes that a reduction in the GST rate will address several critical issues facing the industry, including rural distress, the transition from BS-4 to BS-6 emission norms and the sharp increase in two-wheeler prices. Lowering the GST rate will enhance the competitiveness of two-wheelers compared to other transportation modes, thereby increasing sales and revenue for the industry.

Two-wheelers play a pivotal role in providing affordable mobility to a large segment of India's population, especially in rural areas where public transportation is sparse. **FADA strongly asserts that two-wheelers, being essential for millions, should not be categorized as sin goods or luxury items for GST taxation purposes.**



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Moreover, the reduction in GST on two-wheelers will also positively influence the environment, as they are more fuel-efficient and emit fewer pollutants compared to other transportation modes. This move will promote the use of two-wheelers and contribute to a cleaner environment.

FADA anticipates that the GST Council and the concerned ministries will seriously consider their appeal and take the necessary steps to reduce the GST rate on two-wheelers. This measure will not only benefit the industry but also the common man, the environment, and the Indian economy at large.

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Media Kit

FADA Logo	Mr. Manish Raj Singhania, President – FADA
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About F A D A India

Founded in 1964, Federation of Automobile Dealers Associations (F A D A), is the apex national body of automobile retail industry in India engaged in the sale, service and spares of 2 and 3 Wheelers, Passenger Cars, UVs, Commercial Vehicles (including buses and trucks) and Tractors. F A D A India represents over 15,000 automobile dealers having 25,000 dealerships including 30 Associations of Automobile Dealers at the Regional, State and City levels accounting for 90% of market share in India. Together we employ over 2.5 million direct employees and another 2.5 million as indirect employees, making it a total of ~5 million people in the country at dealerships and service centres.

F A D A India, at the same time also actively networks with the industries and the authorities, both at the Central & State levels to provide its inputs and suggestions on the Auto Policy, Taxation, Vehicle Registration Procedure, Road Safety and Clean Environment, etc. to sustain the growth of the Automobile Retail Trade in India.