

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
LOK SABHA
STARRED QUESTION NO. 131
ANSWERED ON 09.12.2025

**IMPACT OF GST REDUCTION ON AUTOMOBILE AND TRANSPORTATION
EQUIPMENT SECTOR**

***131. SHRI RAMVIR SINGH BIDHURI:**

Will the Minister of HEAVY INDUSTRIES be pleased to state:

- (a) the percentage of growth in sales recorded after the reduction in GST rates, particularly in the automobile and transportation equipment sectors;
- (b) whether the reduction in GST rates also boosted 'Make in India' initiative; and
- (c) whether the reduction and simplification of GST rates increased competition among domestic manufacturers, thereby passing the benefits on to consumers?

ANSWER
THE MINISTER OF HEAVY INDUSTRIES
(SH. H.D. KUMARASWAMY)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 131 FOR 09.12.2025 ASKED BY SHRI RAMVIR SINGH BIDHURI REGARDING “IMPACT OF GST REDUCTION ON AUTOMOBILE AND TRANSPORTATION EQUIPMENT SECTOR”

(a): As per data at Vahan portal, there has been a 41.3% increase in the total number of vehicles sold in October 2025 vis-à-vis corresponding month of the previous year. The total number of vehicles sold in October 2025 were 40,55,559 nos. as compared to 28,70,120 nos. of vehicles sold in October 2024.

(b) & (c): The GST rates on small passenger vehicles, three wheeled vehicles, motorbikes not exceeding 350 cc, and commercial vehicles (motor vehicles for the transport of goods), parts of automobiles and two-wheelers have been rationalized from 28% to 18%. This reduction in GST rates has brought down the prices of vehicles, leading to higher domestic sales, which is likely to increase competition in the sector. This higher sales volume should enable manufacturers to achieve greater economies of scale in local production, making Indian manufacturing globally competitive. The OEMs have extended the benefits of reduced GST to customers.
