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Car prices could come down by up to Rs 45,000 and bus and truck prices by as much as Rs 2 lakh if manufacturers pass on the full benefit from the 4% cut in excise duties announced by the government on Sunday.

Maruti Suzuki India (MSI), the country's largest car maker, announced it was cutting prices effective from midnight.

"We are looking at passing on the entire benefit to the customers. We shall be cutting down prices in the range of 3.5-4% from midnight and most of our vehicles will be cheaper by that percentage," MSI chairman R C Bhargava said.

Tata Motors, India's largest commercial vehicle and second largest passenger vehicle maker, also announced a transfer of all excise benefits to the customers.

"Tata Motors will pass on to customers the benefits that will come in through the cut in Cenvat for all our products — passenger and commercial vehicles — immediately. We are working out the details to ascertain the exact quantum of details of the benefits to be passed on to the customers," the company said.

Officials say cars and sports-utility vehicles (SUVs) could see cuts ranging between Rs 8,000 to 45,000, while in case of trucks and buses, the cuts could be between Rs 30,000 and Rs 2 lakh if manufacturers decided to pass on the full benefit of the duty cut to customers. Two-wheelers could see price cuts of between Rs 1,500 and Rs 3,000.

"This will definitely help cars and two-wheelers. It will help provide a soft landing, but it will not make negative growth positive," said Venu Srinivasan chairman and managing director of TVS Motors.

Other carmakers said they were studying the impact of the move. Mahindra & Mahindra and Hyundai Motor India have in-principle decided to cut prices, but shied away from announcing an immediate cut.

“We will be working out the exact amount of price changes in a day or two, but meanwhile we have decided that the top-end variants of our products like Scorpio, Logan will have bigger price changes than the entry-level models,” Rajesh Jejurikar, chief of operations for M&M’s automotive sector said.

Companies such as Honda Sael Cars and Toyota Kirloskar Motor, whose products have a high import component, are looking at adjusting the excise benefits against the rising cost of imports because of weakening of rupee against dollar and other currencies.

“We may not go for a price increase in some models and will be offering competitive prices after the excise cut. We will moderate the excise cuts against the already announced price increase of our vehicles. All other models — City, Civic, Accord — except for Honda CRV, which is a fully imported vehicle, will be considered for change in prices,” said Jnaneshwar Sen, vice president for sales and marketing at Honda Sael.

The Indian unit of Toyota, which had been considering a 3% price hike for its Innova and Corolla Altis models again because of rising import costs, said it would now study the situation in the wake of the excise duty cut.

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