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TAXATION

ACMA calls for 18% GST on auto components

ENS ECONOMIC BUREAU
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INDIA'S automotive component industry on Monday asked for a uniform 18 per cent GST across the sector, stating that low taxation would lead to better compliance and larger tax base.

At present, 60 per cent of auto components attract 18 per cent GST rate, while the rest 40 per cent, majority of which are two-wheelers and tractor components, attract 28 per cent.

"The latter high rate has led to flourishing grey operations in the aftermarket. A benign rate of 18 per cent will not only ensure better compliance, but will also ensure a larger tax base," said Nirmal Minda, president, Automotive Component Manufacturers Association of India (ACMA).

ACMA also asked for creation of a fund to support indigenous research and development and technology creation in the component industry. For the development of electric vehicles, ACMA sought a clear technology-agnostic road map.

ACMA also informed that the component industry grew by 18.3 per cent to ₹3.45 lakh crore in FY 2017-18, despite facing several regulatory challenges. Exports of auto components grew by 23.9 per cent to ₹90,571 crore from ₹73,128 crore in 2016-17. Europe accounted for 34 per cent of exports followed by North America and Asia, with 28 per cent and 25 per cent respectively.

The industry contributes 2.3 per cent to India's GDP and has a share of 4 per cent in the country's overall exports.