

Cabinet Mulls Subsidizing Car Loans

By [The Moscow Times](#)

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Vladimir Filonov

Prime Minister Dmitry Medvedev has ordered a study to determine whether the government should reinstate the program of subsidized car loans, according to the Cabinet's website.

The order is part of a slate of instructions that follow an auto industry meeting in Nizhny Novgorod earlier this month.

A similar program kicked off in 2009 and drew to a close at the end of 2011. It covered Russian-made cars and light commercial vehicles that cost no more than 600,000 rubles (\$20,000).

The government subsidy amounted to two thirds of the Central Bank's refinancing rate, which now stands at 8.25 percent.

More than 100 banks participated in the program, issuing about 490,000 loans.

Subsidized loans would be effective in supporting car sales, said VTB Capital analyst Vladimir Bespalov, Vedomosti reported.

In Russia, about 40 percent of sales are on credit, while the number reaches 85 percent abroad, he said.

Car sales dropped 4 percent in March, compared with the same month last year, the Association of European Businesses said. The group expects the market to remain unchanged this year.

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