



Finance Industry Development Council

(A Representative Body of Assets and Loan Financing NBFCs)

101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: directorgeneral@fidcindia.org.in



www.fidcindia.org.in

18th May, 2022

The Joint Secretary (MVL, Transport & Toll)

Ministry of Road Transport and Highways

Transport Bhawan

Parliament Street

New Delhi-110 001

Email: comments-morth@gov.in

Sub: Representation in respect of draft rules for amending the Central Motor Vehicles Rules, 1989 - G.S.R. 340 (E) dated 5th May, 2022

Ref: MINISTRY OF ROAD TRANSPORT AND HIGHWAYS NOTIFICATION - G.S.R.340 (E) dated 5th May, 2022

Respected Sir,

With regard to the above referred draft rules, we wish to submit our feedback/suggestions as under:

1. **Finance Industry Development Council (FIDC)** is a Representative Body of Asset and Loan Financing of the NBFCs registered with the Reserve Bank of India and operating across the country. FIDC was formed 18 years ago and is the recognized face of the NBFC sector. We have been engaged in regular interaction both with Reserve Bank of India and Govt. of India, which include pre-budget meetings and also important policy related meetings with RBI. Almost all the leading NBFCs and a large number of small and medium sized NBFCs are our members. FIDC's main aim is to aid, help, encourage the business of Non-Banking Financial Companies engaged in the business of leasing, hire purchase, hypothecation, loan securitization, investments, asset management services and to devise and set





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code of conduct and to set standard practices and systems for the member Finance Companies, which are an integral part of the Indian Financial Sector. Our main objective also includes protecting the interests of members. Our Members play an important part in the economic progress of the Country and huge amounts are lent to borrowers.

2. We submit that most of our members are asset financing companies and their main business is to lend money to the intending borrowers on the security of motor vehicles. Whenever default is committed by a borrower, our first recourse is to enforce the security by seizing the hypothecated vehicles. When the hypothecated vehicles, after seizure of the same under the terms of the agreements, are to be brought to the yard of our members for proceeding further with the terms of the agreements, our members, being the financiers, may not possess the vehicular documents such as original RC, permit and/or insurance etc. In such case, Rule 41 (h) of the MV Act enables the financiers to remove the vehicles to the yard as the trade certificate protects them to move the vehicles without vehicular documents.
3. We submit that we went through the provisions of the subject notification. We note that Point no.13 mentions about the amendments proposed to Rule 41 of the Central Motor Vehicles Rules, 1989. Sub-point no.13 (b) goes on to read as follows:

(b) for clause (h) following clause shall be substituted, namely: -

“(h) for proceeding to or returning from the place of demonstration of vehicle for sale purpose or for keeping vehicle for display at such place of demonstration.”





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With regard to the above, we hereby submit that the existing sub-clause (h) of Clause 41 (as extracted hereunder) actually enables the financier to remove a vehicle after it has been taken repossession by or on behalf of them by exercising the rights under the agreement of hire, lease or hypothecation.

(h) for removing the vehicle after it has been taken possession of by or on behalf of the financier due to any default on the part of the other party under the provisions of an agreement of hire-purchase, lease or hypothecation

As we could understand, the proposed amendment is intended to deal with the situations regarding demo vehicle, which is actually dealt in clause (g). Hence the relevant sub-clause “clause “g” ought to have been referred to in the draft rules in place of clause “h”. We are afraid that the proposed amendment will take away the right of financiers to be protected during repossession of the vehicles which is a recognised right under the MV Act.

We request your good office to take note of the same and for appropriate instructions for amendment of the actual clause without touching upon the enabling provision in respect of the rights of the financiers.

Thanking you,

Yours Faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR
DIRECTOR GENERAL
9820035553**

