

F.No. 7/11/2009-BOA
Government of India
Ministry of Finance
Department of Financial Services

New Delhi, dated 28th April, 2009

To

Director General
Finance Industry Development Council (FIDC),
180, Ashoka Shopping Centre
II floor, L T Road,
Near G.T. Hospital
Mumbai – 400 001

Recd
07.05.09

4th May

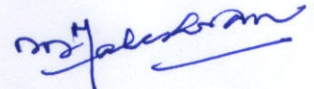
Sub: Issues related to financing of Auto Sector – RBI guidelines on repossession of vehicles financed by banks / NBFCs..

Sir,

Society of Indian Automobile Manufacturers (SIAM) has, in their representation to the Government, stated that 'in the absence of appropriate guidelines on repossession of vehicles the finance companies are not confident of this market and are not willing to enter this business anymore and banks have even pulled out of financing to this sector. To crystallize the related issues, meetings were held in this Department with the representatives of SIAM, FIDC, SBI, ICICI, RBI, etc. on 30.01.2009 and 10.02.2009, and the suggestions put forth by FIDC were sent to RBI for appropriate consideration and modification in their guidelines on repossession of vehicles financed by banks / NBFCs. RBI has issued a circular dated 24th April, 2009 captioned "Clarification regarding repossession of vehicles financed by NBFCs".

I am directed to enclose a copy of RBI circular dated 24.04.2009 for your information and comments, if any.

Yours faithfully,



(D.D. Maheshwari)
Under Secretary to the Government of India
Tel.No. 23748758