

# FIDC

## Finance Industry Development Council

*(A body incorporated as a Self Regulatory Organisation for Registered NBFCs – AFCs)*  
101/103, Sunflower, 1<sup>st</sup> Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077 (India)  
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October 09, 2014

**Shri Nitin Jairam Gadkari,  
Minister of Road Transport & Highways,  
Transport Bhawan,  
1, Parliament Street,  
New Delhi – 110001.**

Respected Sir,

### **RE : Road Transport & Safety Bill 2014 – Suggestions and Request For an Appointment**

The Asset Financing Non-Banking Finance Companies (NBFCs) registered with Reserve Bank of India have joined hands and formed a Self Regulatory Organization (SRO) under the name of **Finance Industry Development Council (FIDC)**. NBFCs have been recognized for their role in credit delivery in remote corners of India and have carved a niche for themselves in the semi-rural and rural segments of the country. NBFCs are also playing a vital role in furthering the cause of Financial Inclusion and in credit dispensation to the poor states/credit starved areas for over 6 decades.

This has reference to the **Road Transport & Safety Bill 2014**, the draft of which has been uploaded on the Ministry's website inviting suggestions from stakeholders and public at large. We sincerely appreciate the initiative taken by the Government to draft a comprehensive legislation covering all aspects of road transport including safety of the road transport users.

Following are our suggestions in this regard:

#### **1. Recognition of “Financier” As An Important Stakeholder**

Though the term stakeholder is not defined in the Bill, the stakeholders mentioned under relevant sections do not include “financier” i.e banks and NBFCs.

Sir , it is an established fact that more than 90% of the vehicles plying on Indian roads are purchased by availing finance from banks and NBFCs. Further NBFCs have been the pioneers in vehicle financing, specially the commercial vehicles, and have played a key role in the development of road transport sector.

#### **2. Provisions under Section 50 & 51 of The Motor Vehicles Act 1988 To Be Carried Forward in The New Bill**

The entire success story of vehicle financing in India has been largely possible due to the statutory

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provisions under section 50 & 51 of The Motor Vehicle Act 1988, which is perhaps the only legislation which recognizes the stake of a financier in the vehicle by having clear provisions for marking the lien in the vehicle registration certificate in favor of the financier. Unfortunately these provisions are missing in the new Bill and need to be carried forward in their present form under Section 99 of the new bill.

*We are enclosing herewith a detailed note on the various sections of the new Bill and our suggestions thereof.*

### **Request For An Appointment**

The financial sector, particularly NBFC sector is one of the pioneers of financial inclusion and has commenced it as back as six decades. The NBFC sector has thus been able to evolve a frugal trustworthy model for financial inclusion over a period of time which has been lauded from time to time by the Government of India and RBI also.

The Regulatory authorities have to broaden the horizon of concept of 'credit to productive purposes' in order to continue to enable the NBFC- AFCs to help serve the customers at the bottom of pyramid as desired by the Government of India.

**We hereby request you to kindly give us an appointment at an early date so as to enable us to present our views that need urgent consideration, in detail and in person.**

We look forward to an **immediate positive response** and are confident that we are in the process of a long and beneficial relationship.

Thanking you,

Yours sincerely,

**FOR FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR**  
Director General