

FIDC

## Finance Industry Development Council

*(A Representative Body of NBFCs in India)*

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

Tel: 022 21029898/9820035553 • E-mail: [directorgeneral@fidcindia.org.in](mailto:directorgeneral@fidcindia.org.in)



[www.fidcindia.org.in](http://www.fidcindia.org.in)



November 25, 2024

**Shri Nitin Gadkari ji**

Minister of Road Transport and Highways

Transport Bhawan

1, Parliament Street

New Delhi – 110 001

### **SUB: CHALLENGES FACED IN FINANCING OF ELECTRIC VEHICLES THAT IMPACT THE SALE OF ELECTRIC VEHICLES**

Hon'ble Shri Nitin Gadkariji,

**Finance Industry Development Council (FIDC)** is a Representative body of the NBFCs registered with the Reserve Bank of India. FIDC was formed 20 years ago and is the recognized face of the NBFC sector. Almost all the leading NBFCs and a large number of small and medium sized NBFCs are our members. FIDC is actively working to seek approval from RBI to be the Self-Regulatory Organization (SRO) for the NBFC sector.

It is a well-established and recognized fact that a vast majority of vehicles sold in our country are financed by banks and NBFCs. It was the NBFCs that pioneered the art of automobile financing in India and have thus played a key role in the growth of this important sector of our economy. In order to address the growing concerns related to environmental pollution, electric vehicles are the most preferred ones. The Government of India has been pushing and promoting the sale of EVs in the country.

We are giving hereinbelow the challenges being faced by the Finance Companies in the financing of Electric Vehicles and the suggested remedies to overcome these challenges:

#### **1. Challenges in the sale of Repossessed Electric Vehicles**

Section 51 of the Motor Vehicles Act, 1988 (MV Act) has **Special provisions regarding Motor Vehicles that are financed by way of hire purchase / lease / loan against hypothecation agreements**. Sub-Section 5 of Section 51 specifically provides for the cancellation of Certificate of Registration in the name of the registered owner and the issuance of a fresh certificate of Registration in the name of the Financier. Form No. 36 has been duly prescribed



under the Central Motor Vehicles Rules, 1989 for the issuance of fresh Certificate of Registration in the name of the Financier.

Now the problems being faced by the finance companies are as follows:

- Form No. 36 cannot be submitted online unlike all the other forms. Now that majority of the registration related requests can be made online by submission of prescribed forms, non-acceptance of Form No.36 online defies the purpose.
- Transport Departments/ RTOs insist on the physical presence of the registered owners as a mandatory requirement before issuing the fresh certificate of registration in the name of the financiers. This stance taken by RTOs / Transport Departments is violative of the provisions of the MV Act, as the act merely mandates sending a notification to the registered owner and does not require his /her physical presence.
- Many RTOs do not entertain the process of Form No. 36 which is violative of The MV Act.

**We therefore request the Ministry to implement the following recommendations:**

- **Submission of Form No. 36 should be made online as is the case with all the other forms.**
- **Appropriate measures should be taken so as to ensure that Instead of the requirement of the physical presence of the registered owner at the RTO office, the process of sending a Notice as prescribed in Form No. 37 should be done by the RTOs through electronic modes like email, WhatsApp etc.**
- **After the due process for which the time limit of seven days may be prescribed, the Registration Certificate/ Smart Card in the name of the financier should be sent by registered post to the address of the financier as is the case when the vehicles are transferred from one person to other and the RC/ Smart Card is sent by registered post to the transferee.**

**The above suggested process would greatly help in the reduction of NPAs of the Finance Companies, increase in the sale of EVs and at the same time, bring more transparency & efficiency in the sale of repossessed vehicles.**



## 2. Inclusion of Battery Number in the Registration Certificate of Electric Vehicles

As you are aware, the most important component in an electric vehicle is the battery which has a unique number. Now the problems being faced by the finance companies are as follows:

- The borrowers after getting the vehicle financed sell the batteries in the grey market and start running the vehicles on swappable batteries.
- The borrowers replace the original high-cost batteries with low cost used batteries available in the market thereby considerably reducing the value of the financed electric vehicle.
- On defaulting in the repayment of instalments, the borrowers sell the batteries in the grey market and surrender the electrical vehicles without batteries to the financier.

**To overcome the issues mentioned above, we hereby request the Ministry to implement the following measures:**

- **Addition of battery number in the registration particulars/ data base of the electric vehicles (in case of vehicles fitted with fixed batteries) just like the chassis number and engine number in the case of vehicles run on other fuels.**
- **If there is a space constraint in the Smart Card, then in the case of electric vehicles battery number should be made mandatory instead of the engine number (which is irrelevant in the case of electric vehicles)**

**The above suggested measure would help in the identification of the electric vehicle through the battery number especially in the case of used electric vehicles. Secondly the illegal/unauthorized sale of the batteries in the grey market will be stopped as the roots of the battery can be traced from the manufacturer of the vehicle / manufacturer of the battery. Already in the case of vehicles run on other fuels, if the engine or the chassis of a vehicle is replaced then the number of the new engine or the chassis has to be endorsed in the Registration Certificate of the vehicle.**

**By incorporating these measures, we can ensure the traceability and accountability of critical EV components, thereby enhancing safety and consumer confidence in the electric vehicle market.**

FIDC

## Finance Industry Development Council

(A Representative Body of NBFCs in India)

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

Tel: 022 21029898/9820035553 • E-mail: [directorgeneral@fidcindia.org.in](mailto:directorgeneral@fidcindia.org.in)



[www.fidcindia.org.in](http://www.fidcindia.org.in)



**We are confident that these proposals, if implemented, would significantly improve the efficiency, transparency, and security of vehicle ownership transfers, particularly in the rapidly evolving electric vehicle sector. We would welcome the opportunity to engage further with the Ministry to discuss these proposals in more detail and to contribute any additional information that may be required.**

Thanking you,

Yours Faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR  
DIRECTOR GENERAL  
9820035553**