



One Nation | One Association

**FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS**

804-805-806, Surya Kiran, 19, K G Marg

New Delhi - 110 001 (INDIA)

T +91 11 6630 4852, 2332 0095, 4153 1495

E [fada@fada.in](mailto:fada@fada.in)

CIN U74140DL2004PNL130324

**FOR IMMEDIATE RELEASE**

## **Parliamentary Standing Committee for Industry recommends Franchise Protection Act for Auto Dealers**

**22<sup>nd</sup> December'20, New Delhi:** The Federation of Automobile Dealers Associations (FADA) today said that the Parliamentary Standing Committee (PSC) headed by Dr. K Keshava Rao has recommended that the Government of India should come out with Franchise Protection Act for Auto Dealers. This recommendation was part of suggestions made by the Standing Committee in its Report Number 303 titled “Downturn in Automobile Sector-Its Impact and Measures for Revival”.

Commenting on this, FADA President, Mr. Vinkesh Gulati said, **“I am grateful to the Standing Committee and specially the Chairman, Dr. K Keshava Rao, for strongly recommending Franchisee Protection Act for Auto Dealers.**

India does not have a Franchisee Law at present due to which the OEM - Dealer agreements are highly skewed towards manufacturers. This leads to a tussle in managing dealership operations in various ways, very short terms agreements and non-existence of a clearly defined exit policy. Many developed Countries like Mexico, Brazil, Spain, Albania, Russia, China, Indonesia, Malaysia, Japan, Australia, Italy, Sweden, and Belgium now have such rules to protect the franchisee's which started with USA introducing the same in 1980s.

There are various examples where Auto Manufacturers suddenly announced their exit from India leaving Auto Dealers high and dry with their investments going down the drain. Few examples of such exits since 2017 are General Motors India, Man Trucks (a VW Group Company), UM Lohia and Harley Davidson India.

Franchise laws will actually level the playing field between large automakers and local dealers. Currently, almost all auto dealerships are privately owned proprietorship or family owned businesses. Meanwhile, large automobile manufacturers are some of the biggest corporations in India and overseas. Because of the disparity in size and power between individual dealers and manufacturers, the Government need to accept the Standing Committee Recommendation and bring in Franchise Protection Act to level the playing field between Auto OEMs and Auto Dealers.

Therefore, a fair competition Franchisee Act will not be just a win-win for both the Auto OEMs and Auto Dealers, it will also be beneficial to customers in long run. It will also provide continuing and necessary reliable services to the consuming public and also provide stable employment to the people the dealership employs and skills in the community without displacing them from their home locations.”

----- End of Press Release -----



**One Nation | One Association**

**FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS**

804-805-806, Surya Kiran, 19, K G Marg

New Delhi - 110 001 (INDIA)

**T** +91 11 6630 4852, 2332 0095, 4153 1495

**E** [fada@fada.in](mailto:fada@fada.in)

**CIN** U74140DL2004PNL130324

### **About FADA India**

Founded in 1964, Federation of Automobile Dealers Associations (FADA), is the apex national body of Automobile Retail Industry in India engaged in the sale, service and spares of 2/3 Wheelers, Passenger Cars, UVs, Commercial Vehicles (including buses and trucks) and Tractors. FADA India represents over 15,000 automobile dealers having 26,500 dealerships including multiple Associations of Automobile Dealers at the Regional, State and City levels representing the entire Auto Retail Industry. Together we employ ~4 million people at dealerships and service centres.

FADA India, at the same time also actively networks with the Industries and the authorities, both at the Central & State levels to provide its inputs and suggestions on the Auto Policy, Taxation, Vehicle Registration Procedure, Road Safety and Clean Environment, etc. to sustain the growth of the Automobile Retail Trade in India.