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FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS

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**FOR IMMEDIATE RELEASE**

## **FADA raises voice against sales of 2Wheelers by Unauthorized Multi-Brand Outlets**

**9<sup>th</sup> May 2023, New Delhi:** The Federation of Automobile Dealers Associations (FADA), in collaboration with the **Delhi & Mumbai State Transport Department**, has expressed concerns over the illegal practices of **unauthorized multi-brand outlets (MBOs) selling two-wheelers**.

FADA has reported that these MBOs are acquiring unregistered vehicles in bulk from dealers and reselling them to customers at discounted rates, higher than the prices offered by original equipment manufacturers (OEMs) through authorized dealers, without any commitment to after-sales service. This has not only impacted the legitimate dealerships but has also shaken customers' confidence in the brand and dealer partners. Furthermore, these MBOs indulge in evasion of GST, income tax, issuance of fake/ undervalued insurance policies, delivery of vehicles without registration/ HSRP and helmets, resulting in revenue loss on various fronts.

FADA has reached out to **Shri Eknath Shinde, Honorable Chief Minister, Government of Maharashtra, Mr. Vinod Aggarwal, SIAM President, and the Transport Commissioners of Mumbai and Delhi**, urging them to take stringent action against these MBOs and ensure their compliance with industry standards and regulations.

The Hon'ble Chief Minister of Maharashtra and Transport Commissioners of Mumbai and Delhi have initiated action against this illegal practice. The Delhi transport department is also taking stringent action against the outlets operating such illegal trade practices. The authorities had already issued notice on Trade Certificate cancellation to such business units.

**Commenting on the stringent actions being taken by the transport department, Mr Kailash Gahlot, Hon'ble Transport & Environment Minister of Delhi** said "Delhi govt will not tolerate any such illegal activity or corruption. We are committed to take action against any such instance".

**Mr. Ashish Kundra, Principal Secretary cum Transport Commissioner, Transport Department of NCT Delhi, acknowledged FADA's contribution and said,** "FADA has been working closely with the Dealer fraternity and the government to maintain a healthy and lawful business environment in the region. A legal notice has been issued to all the involved parties, and their respective trade certificates have been put under the scanner."

**Mr Vivek L Bhimansar, Transport Commissioner, Maharashtra said,** "The Maharashtra Transport Authority is committed to offering a legitimate business environment in the region. We appreciate FADA's effort in working with us to eliminate the MBO threat from the state and for bringing in our attention to persistent illegal business practices in the region. All parties concerned have been given legal notice. We have cancelled the trade plate of dealers supplying vehicles to Unauthorized Multi-Brand Outlets ( MBO's)& have impounded vehicles stationed at such unlawful outlets. we have impounded over 6,000 vehicles, and trade certificates of over 50 dealers have been suspended for a week as of now".



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**Mr. Manish Raj Singhania, President of FADA said,** “We have raised the issue of unauthorized multi-brand outlets (MBOs) in the 2-wheeler industry, which are not certified as bona fide dealers and sell unregistered vehicles without any trade certificates or after-sales services. This has caused many legitimate two-wheeler dealerships to shut down, making their businesses unviable. Such activities not only tarnish the image of dealerships but also harm brand image and values.

The dealership business is dynamic and contributes consistently to the economic development of the nation, generating significant employment opportunities in the sector. Illegal practices such as this cause massive losses to the government and society and lead to significant loss of motivation among dealers, leading to greater loss of employment opportunities.”

FADA has urged all 2W dealerships to remain vigilant and report any instances of unauthorized purchases or sales to the appropriate authorities. FADA has also written to SIAM, the association of OEMs, requesting them to raise the issue with concerned OEMs to amend their sales process, ensuring no supply of new/unregistered vehicles to unauthorized outlets. This will have a great impact in eliminating the multi-brand outlet menace and building the credibility of the entire Auto Industry.

FADA is committed to creating a fair and transparent business environment for the automobile industry, where customers can trust the brand, and dealerships can operate legitimately and sustainably.

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

### ***About F A D A India***

Founded in 1964, Federation of Automobile Dealers Associations (F A D A), 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. F A D A India represents over 15,000 automobile dealers having 25,000 dealerships including 30 Associations of Automobile Dealers at the Regional, State and City levels accounting for 90% of market share in India. Together we employ over 2.5 million direct employees and another 2.5 million as indirect employees, making it a total of ~5 million people in the country at dealerships and service centres.

F A D A 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.