

# MAHASANDESH

An in house Magazine of Madras Hire Purchase Association



## Importance of asset finance Industry in the Growth of Economy

Asset Finance Industry consisting of NBFCs, Individuals, Proprietorship Firms, Partnership Firms play a critical role in participating in the development of an economy by providing a fillip to transportation, employment generation, wealth creation and support the financially weaker sections of the society...



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## Editor Message

Greetings!

Asset Finance Industry consisting of NBFCs, Individuals, Proprietorship Firms, Partnership Firms play a critical role in participating in the development of an economy by providing a fillip to transportation, employment generation, wealth creation and support the financially weaker sections of the society. They supplement the role of the banking sector in meeting the increasing financial needs of the rural and urban areas by delivering credit even to the unorganized sector and to small local borrowers. Despite various odds and regulations on daily basis, this Industry has grown considerably.

Whatever the type of problems we have been facing, one thing is sure, our business grows on daily basis and we become more stronger by learning and accepting the challenges. In fact, we should be proud that we have been generating employment directly and indirectly, whenever we finance any asset.

The small and medium type of financiers like Individuals, Partnership Firms, etc. are asked to produce various documents or license for doing our business by various departments at various levels in some of the states.

Time has come to change, transform, evolve ourselves to meet today's challenges. I remember, most of our Guest speakers advising and suggesting all the individual and small type of financiers to convert themselves into NBFCs and step ahead to think big and be the part of the corporate world to provide better service and to emerge as a winner.

Recovery has become more challenging in the present time. The present pandemic situation has pulled back and wanted us not to pressurized our clients for the remittances. On one side, it is correct also to support our customers on every aspects in this pandemic situation. And we should be proud that we have supported all our operators and customers by providing moral as well financial support to all of them. On the other hand, the challenges are growing, our NPAs, huge outstanding recoveries are worrying us.

Our only advise is that, please support all our customers, go along with them, educate all our clients on how to come out of this situation. We are sure that we shall address all odds and challenges and come out as a winner.

Signing of on the last date to bid adieu 2020 and confident that 2021 will bring cheers through out the Globe. With all our good hearts and on behalf of Madras Hire Purchase Association (MAHA), please convey our new year wishes to all your customers and spread a feeling of positivity among them. We also wish you all a very happy and prosperous NEW YEAR 2021.

May God fulfill all your wishes and wishing you and your family all the very best in all your endeavors.

Regards and Jai Hind!

Dinesh Kothari

Editor – Mahasandesh



## President Message

**Rajesh Singhvi**  
President

Dear MAHA Members

It's a new day. A new world. A new normal.

The world has changed in the last eight months and what we have weathered, witnessed and traversed in the last six to eight months has transformed our perspective. As I write this letter we have only started to recover from the immediate impact of COVID-19. In a short time the pandemic has had a far-reaching impact on our asset finance business, economy, our society and human life in all aspects. And yet amidst all of this we have seen some magnificent examples of human resilience solidarity and innovation.

COVID -19 had brought with it the sharpest downturn on record for the asset financing industry. Our industry continues to face long term impact in terms of recovery, due to curbs, restrictions and safety concerns over human interaction for recovery of dues. However, at the same time, we being the last mile financiers have been able to provide finance and liquidity solutions to the people in dire need of funds.

Another positive aspect to the entire episode is the rate at which the recovery has progressed. Our industry is seeing recoveries improve much more quickly than expected.

Changes bring with it transitional challenges and with the RTO department going online, it is one of biggest changes over last few decades for our vehicle finance industry. We are accommodating and learning to the new VAHAN digital platform with the passage of time.

Insurance policies seem no longer being consumer friendly as more and more claims are getting rejected on technicality.

One solution to this new challenges with rapidly changing times is to constantly educate our clients/customers and ourselves. We have to be dynamic and ever learning in order to cope up with these rapidly changing times.

As planned by the Ministry of Road Transport and Highways, the scrap age policy is meant to flush out and phase out the old vehicles which are causing massive environmental damage. Though the implementation may take some time, the draft of the policy is expected to be rolled out very soon. We have to be vary of this while financing old vehicles as their value may reduce substantially.

E-Vehicles are the next big change in the auto industry. Inadequate charging infrastructure, reliance on battery imports, range anxiety and high prices are few of the problems in India's electric vehicles (EV) industry. Financing these vehicles isn't too easy either. But, as the future is based on this technology, our industry will evolve with the market and develop requisite financing and valuation norms.

The after COVID-19 world will see human experiences becoming more contact less yet even more connected. This is exactly where our competitive advantage will come to the fore: new age tech will determine who survives and thrives as much as tech for good(technology that changes people's everyday lives for the better) will distinguish who makes a difference.

Today, with the spirit of determination, I am confident of an early return to robust growth for assets finance community as whole.

Thank you for your support.



## Secretary Message

**Sheryans Sethiya**  
Secretary

It has been an extraordinary experience of being elected as the Secretary of the biggest Association of Automobile Financiers in India. I thank the President, all the Board Members and the Executive Committee of MAHA for entrusting faith in me. Hoping and expecting your support and guidance for our future endeavours as well.

I would like to start by wishing you and your families my personal best – for your health, safety and success in these difficult times. We know that despite the extraordinary uncertainty, we can chart a path forward, looking at how far we have made it.

This has been a very special year, with technology booming with new opportunities in all aspects with the Pandemic Lockdown. We have been exploring new ways to engage members virtually, with meetings, activities and webinars online. Henceforth, bringing to you the first E-issue of MahaSandesh for the year 2020-21, with much worked upon content for the benefit of all in the current scenario.

During this challenging time, let this year be the one for grace, gratitude, and love. For, we shall overcome and re-emerge as a stronger, more beloved business community, and nation at large.

Wishing you all a Prosperous New Year – 2021.

**SHREYANS SETHIYA,**

Secretary 2020-21, MAHA



## Executive Committee for the year 2020-2021



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1995 - 1997



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1997 - 1999



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1999 - 2001



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2001 - 2003



**Achha T.R.**  
2003 - 2004



**Jawaharlal Dugar**  
2004 - 2005



**Nitin Sogani**  
2005 - 2006



**Goutham Jangra**  
2006 - 2007



**Shantilal Roonwal**  
2007 - 2008



**Dinesh Kothari**  
2008 - 2009 & Editor



**Jawaharlal Bafna**  
2009 - 2010



**Somchand Nahar**  
2010 - 2012



**Vijaysingh Pincha**  
2012 - 2013



**Ajay Dugar**  
2013 - 2014 & RTO



**Ashok Chhajer**  
2014 - 2015



**Anurag Dugar**  
2015 - 2016



**Rekh Dhoka**  
2016 - 2017



**Sanjay Bhansali**  
2017 - 2018



**Rajendra Kumar Bagmar**  
2018 - 2019



**Subashchand Nahar**  
2019 - 2020

## Supreme Court allows service of summons via WhatsApp, Email, Fax

It has been brought to the notice of the court that it is not feasible to visit post offices for service of notices, summons, and pleadings.

New Delhi: In a first, the Supreme Court on Friday allowed the service of summons and notices, a necessity in almost all legal proceedings, through instant messenger like WhatsApp as well as by e-mail and fax.

A bench headed by Chief Justice SA Bobde observed that it has been brought to the notice of the court that it is not feasible to visit post offices for service of notices, summons, and pleadings. The bench also comprising Justices A S Bopanna and R Subhash Reddy observed that notice and summons should be sent through e-mail on the same day along with instant message through WhatsApp and other phone messenger services.

The bench clarified that all methods should be deployed for a valid service on the party. "Two blue ticks would convey that the receiver has seen the notice," noted the bench.

The bench declined the request of the Attorney General for specifically naming WhatsApp as a mode of effectuating service. The top court noted that it would not be practical to specify only WhatsApp. The apex court also permitted RBI to extend the validity of cheques in the backdrop of lockdown to contain the coronavirus outbreak.

Senior advocate V Giri representing RBI informed the bench that he had circulated the note regarding validity of a cheque as directions issued on the previous hearing.

The bench noted that it will be in discretion of the RBI to issue orders which are suitable to alter the validity of the period of a cheque.

During an earlier hearing on the matter on July 7, the Attorney General contended before the top court that the Centre had some reservations in connection with the utilization of mobile applications like WhatsApp and other apps for service of summons. The Centre's top law officer informed the apex court that these apps claimed to be encrypted, and they were not trustworthy.

The RBI counsel had contended before the top court that it was considering clarifying the validity of a cheque which has been reduced to 3 months from 6 months.

## Insurance companies cannot reject claims for not holding valid PUC certificate

A valid PUC certificate is required as a mandatory document at the time of renewal of the motor vehicle insurance. IRDAI, the insurance regulator clarified that a motor insurance company cannot deny any claim for not holding a valid PUC or Pollution Under Control certificate. PUC certificate is provided to vehicles that undergo the PUC test successfully.

The certification indicates that the vehicle's emissions are in alignment with standard pollution norms and are not harmful to the environment. It is mandatory for all vehicles on Indian roads to carry a valid PUC certification.

"It is hereby clarified that not holding a valid PUC certificate is not a valid reason for denying any claim under a motor insurance policy," said IRDAI in its release dated August 6 regarding valid PUC certificate at the time of renewal of motor vehicle insurance.

IRDAI relased the clarification amid some misleading media reports stating that there is if there is no valid PUC certificate at the time of accident, claim under the motor insurance policy is not payable by the insurance company. However, a valid PUC certificate is required as a mandatory document at the time of renewal of the motor vehicle insurance.

"General Insurance companies must ensure that the vehicle must have a valid PUC certificate at the time of renewal of motor vehicle insurance," said IRDAI in a circular dated July 6, 2018. This has been reiterated by the insurance regulator through another circular on August 20.

In August 2017, the apex court in M.C. Mehta vs. Union of India and Others case had directed insurers not to insure a vehicle unless it has a valid PUC certificate on the date of renewal of the insurance policy. It is mandatory for every vehicle owner to have a valid PUC certificate to comply with the prescribed emission norms. A vehicle without such certificate is liable to be prosecuted under the Motor Vehicles Act.

## **No GST will be applicable on penal interest on delayed loan payment**

The penal rate or penal interest is a type of penalty interest levied by the loan provider if a borrower does not pay the loan EMI as per the repayment schedule of the loan. Irrespective of whether you pay monthly EMIs or make the payment quarterly or annually, if the lender does not receive the loan payment by the scheduled date, you will be required to pay penal interest on the same.

However, is such penal interest liable to GST? Can the appellate ruling authority rectify their order when they have ruled that penal interest is liable to GST?

Section 102 of the CGST Act, pertains to rectification of an advance ruling. According to Section 102, the Authority or the Appellate Authority may amend any order passed by it under section 98 or section 101, so as to rectify any error apparent on the face of the record, if such error is noticed by the Authority or the Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer, the applicant or the appellant within 6 months from the date of the order.

However, no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made unless the applicant or the appellant has been given an opportunity of being heard.

Let us refer to the case of in Bajaj Finance Limited (GST AAAR Maharashtra), where an application was made for rectification of an order passed by the Appellate Authority of Advance Ruling (AAAR).

## ***Facts of the case***

- The Appellant is a non-banking financial company, engaged in providing various types of loans to the customers.
- The Appellant, enters into agreements with borrowers/customers for providing loans to them. The loan agreements provide for repayment of the outstanding dues/Equated Monthly Instalments (EMI) through cheque/ Electronic Clearing System (ECS)/ National Automated Clearing House (NACH) or any other electronic or clearing mandate.
- The instalment of a loan is computed by taking into consideration the amount of loan, rate of interest, duration for a loan etc. Generally, EMI paid by the customer is a fixed amount paid at a specified date. EMI includes the amount of interest and the principal amount.
- In case of delay in repayment of EMI by the customers, the Appellant collects penal/default interest as an additional interest for the number of days of delay as per terms of the agreements executed with the customers.
- The penal interest is calculated at a fixed percentage on the overdue loan amounts of the customer. The percentage of penal interest varies from customer to customer, and generally ranges between 2% to 4% per month depending on the product.
- The Applicants had contended that the amount charged in the nature of penal interest from its customers consideration received through the way of additional interest and the same would squarely fall under the exemption granted vide Serial No. 27 of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.
- The Appellate Authority of Advance Ruling (AAAR) rejected the appeal of the Applicants and held that the consideration received by the Applicants was for tolerating the act of its customers and would be covered by the entry 5(e) of Schedule II of the CGST Act, 2017.

## ***Provisions of Law***

Let us refer to the provisions of law before we move forward.

Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 provides exemptions from the levy of GST for certain services. According to Serial No. 27 of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, Services by way of: extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services); sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers are exempt from GST.

The appellant was of the opinion that amount charged in the nature of penal interest was exempt due to the above entry. However, AAAR held that the consideration received by the Applicants was for tolerating the act of its customers and would be covered by the entry 5(e) of Schedule II of the CGST Act, 2017.

Schedule II of the CGST Act, 2017 pertains to activities to be treated as Supply of Goods or Services. According to Entry 5(e), agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act shall be treated as supply of services.



However, the Central Government vide its Circular No. CBEC-102/21/2019-GST dated 28.06.2019 had issued certain clarifications in respect of the issue as involved in the present appeal. Vide the above circular, it has been clarified that the transaction of levy of additional/penal interest does not fall within the ambit of entry 5(e) of Schedule II of the CGST Act, 2017 as such levies are in the nature of “interest” as covered by the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

### ***Proceedings of AAAR***

The applicant, vide their application, submitted that the AAAR order needed to be rectified due to an error, which was apparent from the face of record, as the said impugned ruling was contrary to the Circular No. CBEC- 102/21/2019-GST dated 28.06.2019 issued by the CBIC, which clarified that the transaction of levy of additional/penal interest did not fall within the ambit of entry 5(e) of Schedule II of the CGST Act, 2017.

Whereas vide the AAAR order, it was held that Additional/Penal Interest charged by the Applicant from their customer for the delayed payment of EMI would fall under the ambit of entry 5(e) of the Schedule II to the CGST Act, 2017, and hence would be subject to GST.

The Applicant further argued that since the aforesaid Departmental Circular was merely clarificatory in nature, therefore the legal provisions in this regard remained the same.

As such no new facts or information had emerged.

Since the interpretation drawn in the impugned ruling was contrary to that of the above said Circular issued by the Board, and therefore, the same can be said to be the error apparent from the face of the record, which warranted rectification in terms of provision of section 102 of the CGST Act, 2017.

The Applicant had also argued that the beneficial Circulars/Notification issued by the Government had the retrospective effect. They argued that the aforesaid Circular would be deemed to be existing even at the time of passing the ruling. Thus, basis this deeming provision, they argued that the impugned ruling, which was contrary to the clarification issued vide the aforesaid Board’s Circular, deserves to be rectified.

In this regard, they also placed reliance upon the decision of the Supreme Court in the case of Suchitra Components Ltd. [2007 (208) ELT 321 (SC)] wherein it was held that beneficial circulars have to be applied retrospectively.

On perusal of the above contentions made by the Applicant, it was conceded that the Ruling made in the impugned AAAR Order was contrary to the interpretation of the legal provision as envisaged by the Board, and since the said Board Circular was beneficial in nature, the same needed to be applied retrospectively in keeping with the Apex Court Judgment, relied upon by the Applicant.

Therefore, AAAR intended to rectify the impugned AAAR Order and hold that the additional/Penal interest recovered by the Applicant from their customers against the delayed payment of monthly instalments of the loan extended to such customers, would be exempt from GST in terms of Sl. 27 of the Notification No. 12/2017-C.T. (Rate) dated 28.06.2017.

## Positive pay system for cheque payments to come into effect...

MUMBAI: In order to check banking fraud, the Reserve Bank of India (RBI) has decided to introduce from January 1, 2021, the “positive pay system” for cheque, under which re-confirmation of key details may be needed for payments beyond Rs 50,000.

Availing of this facility would be at the discretion of the account holder. However, banks may consider making it mandatory in case of cheques for amounts of Rs. 5 lakh and above.

Under the positive pay system, the issuer of the cheque will be required to submit electronically, through SMS, mobile app, internet banking or ATM certain minimum details of that cheque like date, name of the beneficiary, payee, amount to the drawee bank.

These details will be cross-checked before the cheque is presented for payment. In case any discrepancy is flagged by cheque truncation system (CTS) to the drawee bank and presenting bank, redressal measures would be undertaken, the RBI said.

Financier Continues To Be Owner Of Goods Which Are Subject Of Hire Purchase Agreement Until Hirer Pays All Installments: SC [Read Judgment]

<https://www.livelaw.in/top-stories/financial-owner-of-goods-which-are-subject-of-hire-purchase-agreement-until-hirer-pays-all-installments-163888>



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## Now No Need to Carry License, RC, Insurance from Oct 1 as Per New MV Rules

Vehicular documents found validated through electronic means shall not be demanded in physical forms for inspection with the new rules that will come into effect from October 1.

In a step towards easing commuter convenience, the central government is set to digitise documents including maintenance of vehicles, driving licences and e-challans that will now be done through an information technology portal from October 1, 2020.

Vehicular documents found validated through electronic means shall not be demanded in physical forms for inspection, it said and added that details of driving licences disqualified or revoked by the licensing authority will be recorded and updated chronologically in the portal.

"Ministry of Road Transport & Highways (MoRTH) has recently issued notifications regarding various amendments in Central Motor Vehicle Rules 1989 requiring the implementation of enforcement, Maintenance of Vehicular Documents and E-Challans through portal w.e.f 1.10.2020 for better monitoring and enforcement of MV Rules," MoRTH said in a statement. Use of IT services and electronic monitoring will result in better enforcement of traffic rules in the country and will lead to removing harassment of drivers and would facilitate the citizens, it said.

This was required after the Motor Vehicles (Amendment) Act 2019 was passed and was published on 9th August, 2019, the government said. "The amendment inter-alia provides for the definition for Challan, Portal inserted as a requirement for providing the services through IT and further the enforcement of electronic monitoring and enforcement," it added. Details of driving licences disqualified or revoked by the licensing authority shall be recorded chronologically in the portal and such record shall be reflected on a regular basis on the portal has been provided for, the government said and added, thus the record shall be maintained electronically and further the driver behaviour would be monitored. Provisions have been made for the procedure for Production and Obtaining Certificates in physical as well as electronic form, the validity, issuance of such documents and further the date and time stamping of inspection and identity of the Officer will be recorded, the statement said. It has been provided that if the details of the documents are found validated through the electronic means by the enforcement officer then physical forms of such documents shall not be demanded for inspection, including in cases where there is an offence made out necessitating seizure of any such documents, the statement said.

"Further upon demanding or inspecting any documents, the date and time stamp of inspection and identity of the police officer in uniform or any other officer authorized by the State Government, shall be recorded on the Portal.

This would help in unnecessary re-checking or inspection of vehicles and further would remove harassment to the drivers," the statement said. It has been provided that the use of handheld communications devices while driving shall solely be used for route navigation in such a manner that it shall not disturb the concentration of the driver while driving. The government also said that certain amendments in the Motor Vehicles (Driving) Regulations 2017 have been made to align it to the Amendment in the Act like use of handheld device, inspection of documents in electronic form etc.



## Everything you need to know about the new moratorium interest relief facility

### **Synopsis**

During the moratorium, borrower paid interest on the interest, or compound interest. This is because interest due every month got added to the total loan amount. Then, interest was charged on that higher principal for successive months, which means borrowers had to pay interest on the interest that got accumulated during the period.

The Finance ministry on Tuesday made available all relevant info on its moratorium relief plan for borrowers. Under the plan, ex-gratia payment will be provided to eligible borrowers to make up for the difference between simple and compound interest paid during RBI's moratorium period.

The government had announced last week that the difference between the compound interest and simple interest to all borrowers with loans up to Rs 2 crore for the six-month period will be reimbursed.

The facility is for borrowers with outstanding loans — as of February 29, 2020 — of less than Rs 2 crore, regardless of whether or not they availed the moratorium. Here are the key things to know about the plan:

### **Why this relief**

During the moratorium, borrower paid interest on the interest, or compound interest. This is because interest due every month got added to the total loan amount.

Then, interest was charged on that higher principal for successive months, which means borrowers had to pay interest on the interest that got accumulated during the period.

### **How to apply for it**

Borrowers need not apply for the loan interest waiver scheme. The ex-gratia amount will be automatically credited into the accounts of those eligible.

### **Who all are eligible**

All borrowers of loans up to Rs 2 crore. Even those who did not avail of moratorium (or partially availed) will get payment.

The moratorium relief was only available to those who did not have overdue payments. But this ex-gratia relief is available to even special mention accounts (those that are overdue for less than 90 days, but are not NPAs)

### **When will a borrower get to avail it?**

To ensure effective and timely implementation, the government has asked lenders to credit the amount to eligible borrowers latest by November 05, 2020.

Lenders have been told to apply for reimbursement by December 15, 2020. When they will be reimbursed, remains unclear.

## ***Which loans are eligible***

The types of loans eligible for relief include: MSME loans, education loans, home loans, consumer durable loans, car loans, credit card dues, consumption loans, personal loans to professionals.

## ***How will the relief amount be calculated?***

This relief amount will be the difference between compound interest and simple interest over six months (March 1, 2020 to August 31, 2020). It is basically a compensation for the interest-on-interest levied by lenders during the period.

The interest differential will be calculated based on the rate of interest as on February 29. It won't include any penalties or any penal rate of interest applicable on the loan. It will be credited into the loan account of the borrower.

For the purpose of calculating the Rs 2-crore limit, all borrowings by an individual will be taken into account, and not just a single loan. That means the limit is based on a borrower's aggregate loans across banks or other lenders (as on February 29).

## ***What all are NOT eligible***

Loans taken against fixed deposits are not eligible for this ex-gratia relief. Bonds and shares will also not be eligible.

Loans against securities won't be eligible for relief as these are used by traders to take leveraged positions in the market, bankers said.

## ***What of credit card outstanding?***

The plan covers outstanding amounts on credit cards. However, those credit card holders with a card balance in 'credit' won't be eligible, according to the FAQs. (A 'credit' balance pertains to instances of overpayment, which means the bank owes the card holder money, not the other way round.)

For credit card holders, the amount will be calculated based on the rate charged by the bank for breaking outstandings down into EMIs. It will not be calculated based on the rate that banks charge on those who revolve their balances.

What of the accounts that closed during moratorium?

Loan accounts that were closed during the six-month period will also be eligible for the relief. In such cases, the interest differential will be calculated from March 1 till the date of closure of the loan account.

For running loans, the amount is to be credited into the loan account. In case of closed loans, the amount will be credited into the savings/current accounts borrowers hold with the lender.

If a borrower doesn't not have a savings account in the bank she took the loan from, she can give the bank an account of her choice for the purpose.

## Financier remains owner of vehicle in a hire purchase agreement till all hire installments are paid: Supreme Court

New Delhi (ILNS): The Supreme Court today, while hearing a consumer dispute in a hire purchase agreement, held that “the financier continues to remain the owner of a vehicle, covered by a hire purchase agreement, till all the hire installments are paid and the hirer exercises the option to purchase.”

The of Justices D. Y. Chandrachud and Indira Banerjee was hearing an appeal filed by Magma Fincorp Ltd, the financier, against the order of the National Commission which had directed the financier to pay Rs 2,23,335 to the complainant, along with interest at 10 percent per annum and Rs 10,000 for taking re possession of the hired vehicle on the failure of the complainant to pay the full installments.

The question raised by the Financier in the appeal was whether the Financier is the real owner of the vehicle which is the subject of a hire purchase agreement, and if so, whether there can be any impediment to the Financier taking repossession of the vehicle when the hirer does not make payment of instalments in terms of the hire purchase agreement.

Another question raised was on whether service of proper notice on the hirer is necessary for repossession of a vehicle which is the subject of a hire purchase agreement, and if so, what is the consequence of non service of proper notice.

The bench holding the Financier as the owner of the vehicle agreed that it could keep the vehicle possession until all the hire instalments were paid.

On the question whether the service of proper notice on the hirer would be necessary for repossession of a vehicle, which is the subject matter of a Hire Purchase Agreement, the bench said that it would depend on the terms and conditions of the Hire Purchase Agreement, some of which may stand modified by the course of conduct of the parties. If the hire purchase agreement provides for notice on the hirer before repossession, such notice would be mandatory. Notice may also be necessary, if a requirement to give notice is implicit in the agreement from the course of conduct of the parties.

If the hirer commits breaches of the conditions of a hire purchase agreement which expressly provides for immediate repossession of a vehicle without further notice to the hirer, in case of default in payment of hire charges and/or hire instalments repossession would not be vitiated for want of notice.

In this case, however, the bench observed that a duty to give notice to the Complainant before repossession, was implicit in the Hire Purchase Agreement.

The bench observed that in a case where the requirement to serve notice before repossession is implicit in the hire purchase agreement, non service of proper notice would tantamount to deficiency of service for breach of the hire purchase agreement giving rise to a claim in damages.

The Complainant consumer would be entitled to compensatory damages, based on an assessment of the loss caused to the complainant by reason of the omission to give notice. Where there is no evidence of any loss to the hirer by reason of omission to give notice, nominal damages may be awarded.

In the instant case, however the bench observed that “there is no evidence of any loss suffered by the complainant by reason of non-receipt of notice. Admittedly, several instalments, remained unpaid.

After repossession the complainant contacted the Financier and was informed of the reasons for the repossession. He only made an offer to pay outstanding instalments and gave an assurance to pay future instalments in time.

If the Financier was not agreeable to accept the offer, the Financier was within its rights under the hire purchase agreement. This is not a case where payment had been tendered by the hirer but not accepted by the Financier/lender. The Complainant had not tendered payment.”

Allowing the appeal, the bench however directed the financier to pay a composite sum of Rs 15,000 to the Complainant towards damages for ‘deficiency’ in service and costs for omission to give the Complainant a proper notice before taking repossession of the vehicle.



FASTags made mandatory for all four-wheelers and purchase of third-party insurance from January 1 All four-wheelers or M and N category of motor vehicles sold before December 2017 will have to opt for FASTags from January 1, 2021, onwards

Aiming to increase digital and IT-based payment of fees through FASTags, Prime Minister Narendra Modi-led government has made FASTags mandatory for all four-wheelers from January 1, 2021.

The government has also made FASTag mandatory for buying third party vehicle insurance. Following this new rule, all four-wheelers or M and N category of motor vehicles sold before December 2017 will have to opt for FASTags from January 2021 onwards, reported CNBC Tv18.

Under the new norms, a valid FASTag is mandatory while getting new third-party insurance through an amendment in FORM 51 (certificate of insurance). Through this, the government will capture the details of FASTag ID. However, this rule will be applicable from April 1, 2021, onwards.

Earlier in 2017, the government made the FASTag mandatory for registration of new four-wheeled vehicles. These FASTags are supplied by the vehicle manufacturers or their dealers.



Also, the renewal of fitness certificate will be done only after the fitment of FASTag for the transport vehicles. Since October 2019, the fitment of FASTag has been mandated for national permit vehicles.

Meanwhile, Paytm Payments Bank has enabled automatic cashless payments at 211 toll plazas across the country. The digital payments major had in its press statement said it has issued more than 5 million Fastags for vehicles.

The National Payments Corporation of India's (NCPI) latest data claims that 110 million transactions were reported on Fastags in September, while 27 banks together have issued more than 1.9 crore tags.

### ***What is Electronic Toll Collection (ETC) / FASTag?***

NHAI has rolled out program for Electronic Toll Collection on Toll Plazas on National Highways to be called FASTag.

FASTag is a device that employs Radio Frequency Identification (RFID) technology for making toll payments directly from the prepaid account linked to it. It is affixed on the windscreen of your vehicle and enables you to drive through toll plazas. FASTag has a validity of 5 years and after purchasing it, you only need to recharge/top up the FASTag as per your requirement.

FASTag offers near non-stop movement of vehicles through toll plazas and the convenience of cashless payment of toll fee with nation-wide interoperable Electronic Toll Collection Services.

### ***What are the benefits of using FASTag?***

1. Ease of payment – No need to carry cash for the toll transactions, saves time
2. Near non-stop movement of vehicles leading to lower fuel cost.
3. Online Recharge – FASTag can be recharged online through Credit Card / Debit Card / NEFT/ RTGS or Net banking
4. SMS alerts for toll transactions, low balance, etc.
5. Online Portal for customers
6. Validity of 5 Years
7. Incentive: You can avail a cashback of 10% on all Toll payments using FASTag in 2016-17
8. Other benefits are:
 

(a) Environmental benefit :	• Reduced air pollution,	• Reduced use of paper
(b) Social benefit :	• Reduced toll payment hassles	• Analytics for better highway management
(c) Economic benefit :	• Reduced effort in management at toll plaza	• Reduced effort in monitoring centrally

### ***Is there any incentive / discount on Toll payments using FASTag?***

Customer can avail a cashback of 10% on all Toll payments using FASTag in FY 2016-17. The cashback amount for a particular month will be credited back to your FASTag account within a week of subsequent month.

### ***Is FASTag compulsory & is FASTag for any particular kind / category of vehicle?***

Adopting FASTag is voluntary at this stage of the program. However, it may be made mandatory in future at some locations. FASTag is applicable for all categories, kinds, makes and types of vehicles.

### ***Who is implementing this program?***

Indian Highways Management Company Limited (IHMCL) (a company incorporated by National Highways Authority of India) and National Payment Corporation of India (NPCI) are implementing this program with help from Toll Plaza Concessionaires, FASTag Issuer Agencies and Toll Transaction Acquirer (select banks).

### ***On which highways / roads FASTag can be used?***

FASTag is presently operational at 240+ toll plazas across National Highways. More toll plazas will be brought under the FASTag program in the future. To find out list of toll plazas currently integrated with FASTag click here.

### ***What are the charges for FASTag?***

FASTag has a one time Fee of ₹ 200. The refundable security deposit depends on the vehicle type. Please check other details on website of Issuer Agencies.

### ***How can I buy FASTag and what documents are required?***

The customer may visit any of the Point of Sale (POS) locations at Toll Plazas / Issuer Agency to get your FASTag account created. Customer may call on customer care no. Of the Issuer Agency to know more details. For list of Point of Sale (POS) locations click here: Customer need to submit a copy of the following documents along with the application for FASTag:

1. Registration Certificate (RC) of the vehicle.
2. Passport size photograph of the vehicle owner
3. KYC documents as per the category of the vehicle owner (viz. Individual / corporate):  
For Individual: ID proof and Address proof from the list mentioned and 1 passport size photograph.

For instance, valid driving license would be sufficient for Address & ID proof.

**Driving License    PAN Card    Passport    Voter ID Card    Aadhar Card (with address)**

For Corporate customers and other details please visit web site of the participating banks / issuer Agency.

### **Note:**

- (i) Issue of FASTag is subject to verification of original documents mentioned above by the issuing agency.
- (ii) Customers are advised to bring originals of above documents while visiting PoS for purchase of FASTag.

- (iii) The FASTag will be fixed on the vehicle's windshield by the representative of the Issuer Agency only.
- (iv) Any representative of the vehicle owner can provide the above documentation and information and purchase the FASTag.

***How will I get to know if and how much toll has been debited?***

The customer will receive an SMS with requisite details to his registered mobile number as soon as the toll transaction takes place. Periodic statement of account may also be obtained on website of the Issuer Agency after registration by the customer.

***Do I need to use any specific lane at the toll plaza for FASTag?***

A vehicle with FASTag may use any lane at toll plazas by making cash payment. However, the FASTag will work only in the lanes demarcated for FASTag. Vehicle without valid FASTag entering FASTag lane will be charged double the applicable toll amount in cash.

***Can I avail a Monthly Pass or Local Pass?***

The monthly pass facility is specific to each toll plaza. You may call customer care of the participating bank / issuer agency for further details.

***How and where do I finally pay the toll?***

Issuer Agency will electronically deduct the applicable toll fee from the customer's account linked to the FASTag. This deduction will be done post the toll transaction. The customer needs to adequately fund the account which is linked to FASTag. This recharge process may be termed as top-up.

***How can I recharge my FASTag account?***

You may recharge your FASTag account by making payment through cheque or online through Credit Card/ Debit Card/ NEFT/ RTGS or through Net Banking. FASTag account can be recharged upto Rs. 1,00,000.00 (Rupees One Lac only).

For recharge, steps prescribed by the respective issuing agency on their web site need to be followed.

***How would I cross toll plaza, if FASTag equipment are not working?***

Please refer to Standard Operating Procedure (SoP) for FASTag user.

***Is there any minimum value for such recharge / top up?***

Yes, the minimum recharge amount is Rs. 100.

***I have two vehicles, can I use one FASTag for two vehicles?***

You will need to take two separate FASTags for the two vehicles.

***Can a FASTag bought for my one vehicle be used for another vehicle?***

No, FASTag is issued to each vehicle based on KYC documents submitted. If a FASTag for instance bought for one Car is used for a Truck then such FASTag shall get blacklisted resulting into denial of vehicle passage from FASTag lanes on Toll Plazas. FASTag users are advised to desist from such practice.

### ***What do I have to do if I lost my FASTag? What will happen to the account balance?***

You will need to call customer care number of the issuer agency to block your FASTag. Once you take a new account, the issuer agency will transfer the balance to the new account.

### ***How would I know that the correct user fee has been deducted from my FASTag account?***

Customer will receive an SMS alert in your registered phone number each time an amount is deducted from your FASTag account. Fee payable on each toll plaza may be seen on [www.nhtis.org](http://www.nhtis.org) in addition to displayed at concerned toll plazas.

### ***How would I report an incorrect deduction and how will I get back the same?***

Customer can report an incorrect deduction by calling us at customer care number of the issuer agency. The agency will review your request and necessary action.

### ***How do I block my FASTag account, in case my vehicle is lost?***

Customer can call up customer care of the issuer agency and block his / her FASTag account.

### ***I have new vehicle fitted with RFID Tag. How to get it activated?***

Please contact the PoS of respective Issuer Agency.

### ***Can the tags purchased earlier be used?***

Only RFID Tag purchased earlier may be used, in case of any problems, please contact the PoS of issuer Agency. Any other type of Tag will not work on FASTag lanes.

### ***Can FASTag be used for passage through toll plazas on the National Highways?***

FASTag can be used on all toll plazas on National Highways where it has been integrated. You can check the list of Plazas [click here](#). I have FASTag and also balance in my linked account, but I could not go through ETC lane.

### ***How do I get my FASTag checked/ rectified to see whether it is active or not?***

Please refer to steps under Standard Operating Procedure (SoP) for FASTag user. Customer to raise a request regarding the same by calling customer care of the respective Issuer Agency.

### ***I reside within 10 Km of a particular Toll plaza. Do I need to take FASTag to get the concessions available for local vehicles?***

Yes, you can, if you need to access and use FASTag lane and to avail cash back.

### ***What if I relocate to another City?***

FASTag will work on all enabled toll plazas. In case of change in city or address, the customer should inform only the Issuer Agency.



### ***Can one vehicle use more than one FASTag?***

It is strictly prohibited to purchase two FASTag for one vehicle. In case of multiple FASTag, customer will be responsible for operational issues.

### ***What if I sell/ transfer my car?***

In case of car being sold or transferred; only the Issuer Agency needs to be informed.

### ***What if the FASTag gets damaged?***

The vehicle owner/ user could approach the Issuer Agency for replacement of FASTag.

### ***Can FASTag be used at places other than National highways?***

It is planned to extend usage of FASTag to toll plazas at State highways for tolling, parking lots for parking charge and various other payments at wayside amenities.

### ***if the vehicle owner/ user has a grievance?***

The primary point of contact for the vehicle owner/ user is the Issuer Agency, contact details for which will be shared at the time of FASTag issuance. IHMCL can be approached as the next escalation level.



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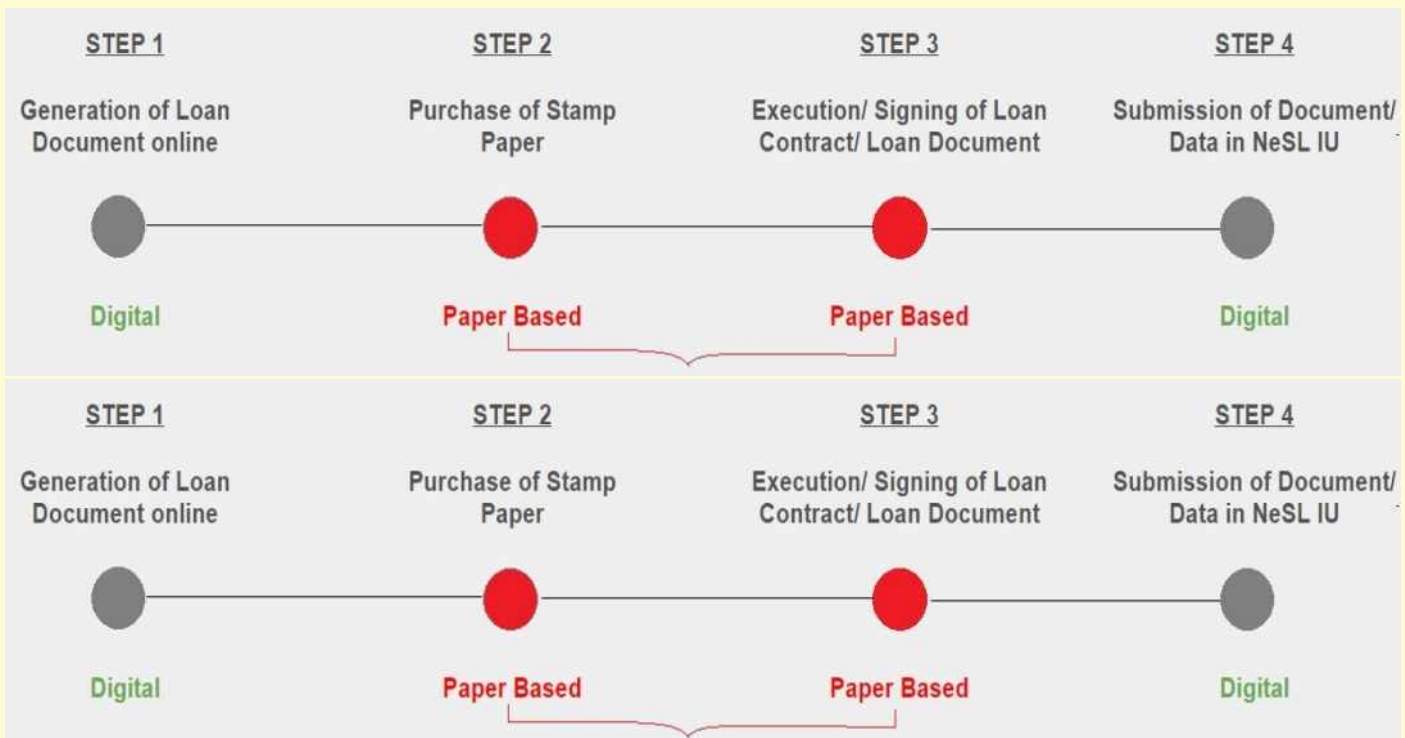
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## Digital Document Execution (DDE)

DDE is a mode for paperless execution and storage of financial contracts, which will result in superior enforcement, thereby enhancing the 'Ease of Doing Business' especially in times where quick financing is the need of the hour for businesses.

NeSL's DDE platform is designed to address and eliminate these inefficient processes as depicted below:



This concept was formulated under the guidance of Ministry of Finance and IBBI for NeSL to serve the financial sector in facilitating dematerialization of financial contracts. To save substantial resources in Digital E-stamping within a few minutes and by affixing of digital signatures by parties to the contract on NeSL's platform, Documents executed on the platform of NeSL will ensure that the execution was error free and done in an efficient and effective way.

- Creating loan and security documents with retrieval in a timely manner.
- It makes the documents fully authentic ensuring that storage of the undisputed and irrepudiable record of debt on the IU with confirmation of the disbursement/repayment
- To preclude storage of physical documents by financial creditors resulting in substantial savings and easy retrieval of documents.
- Ministry of Finance, Govt of India has advised State Governments to facilitate the implementation of digital e-stamping through NeSL- SHCIL/IGR platform vide notification No.S-33013/04/2019-ST-1-DoR

### ***What is DDE platform?***

An acceptance or agreement on debt balances throughout the journey of the debt is good for:

1. the borrower and lender,
2. guarantors, security providers,
3. auditors of the debtor,
4. prospective lenders, credit rating agencies, credit scorers.
5. Policymakers could use data of macro-level indebtedness, and
6. Judicial fora would resolve disputes more easily, at times without the formal judicial system.

When all these stakeholders can view the same debt balance at a single source, it serves as a single source of truth. When this is possible to be done at a click of a mouse, it may arguably be the moment of reckoning. This moment has now arrived with Government of India establishing an infrastructure that stores data points of each financial contract, including the amount of debt, outstanding balance, security interest of lenders, default and financial statements or repayment history.

All financial contracts ranging from loans of banks or moneylenders, debentures, commercial paper, etc. are mandatorily filed with adequate details, including repayments in this digital repository. Each business transaction creates a creditor who is eligible to file details of credit provided to its buyers, including the payment due dates. In either case, when the due date for the payment is crossed, a default can be filed electronically which serves as an early warning to all creditors linked to the person that has failed to pay on the due date. There is no physical movement of files, only digital clicking. The era of paper and its scanning of invoices or demand notices is truly over.

The contract execution process in the DDE platform collapses several steps and is seamless, online and real-time in conjunction with the extant technology created by CDAC, a Government Esign Service Provider for the E-sign and the StockHolding Corporation (SHCIL - CRA) or the GRAS system of respective state governments for the Digital E-stamping. The entire process of documentation of a loan contract takes about 6 to 10 minutes starting from upload of data by the lender to the DDE platform followed by E-stamping and E-sign; excluding time taken by borrower for perusal and acceptance of details of the contract on the DDE screen.

DDE provides a whole new contracting experience and leverages the legal evidentiary value of IU

## Government makes High Security Registration Plate mandatory

Recently, the Ministry of Road Transport and Highways (MoTH) mandated all vehicles to have a high security registration plate (HSRP) that have been sold before April 2019. On Tuesday, the Delhi transport department began fining the vehicles without HSRP and colour-coded fuel stickers. The violators should be fined Rs 10,000 under the amended Motor Vehicle Act, but the fine has been compounded to Rs 5,500.

TOI Auto explains briefly what an HSRP means and why has it been made mandatory by the Central Govt.

Similarly, the HSRP also comes with a hot-stamped film applied on the registration numerals and letters bearing the inscription “India” at a 45-degree angle. Once the unique registration is fixed, it is then electronically linked to the vehicle.



A high security registration plate is made up of aluminium and is fixed on the vehicle using two non-reusable locks. The registration plate comes with a hot stamped chromium-based hologram of Ashoka Chakra on the top left corner which is blue in colour and precisely measures 20mm x 20mm. At the bottom left corner of the plate is a 10-digit PIN (permanent identification number) that is laser-engraved on the reflective sheet.

### ***How much does HSRP cost?***

The central govt has not capped the price of HSRP which means the cost could differ in various states. On average, the HSRP costs around Rs.400 for two wheelers, upto Rs. 1100 for four-wheelers depending on the category. The colour coded stickers can be fitted for Rs.100 for vehicles with an HSRP.

### ***Where can the HSRPs be purchased?***

For vehicle owners In Uttar Pradesh and Delhi, boomyhsrp.com is a dedicated portal to purchase HSRP and colour coded fuel stickers. The website has been authorized by the govt to provide HSRPs, Information like vehicle registration number, chassis number, and engine number will be needed to book an appointment.

As for the other states, not many have announced an enforcement drive like the UP and Delhi govt. The best way to purchase an HSRP and colour coded sticker is through the RTOs.

Another way to purchase HSRPs is through authorized auto dealers, but it is to be noted that many dealerships are still not authorized to carry out the procedure and the best way would be to check your respective State Transport Departments web portal for any such information.



## Diesel may be dead soon in this country as sales of electric vehicles get boost

Ditching diesel is fast becoming the trend in the global automotive industry with battery-powered vehicles becoming increasingly common.

Diesel may be the villain that is nearing its end as the protagonist gains a firm foothold in the world of automobiles. A performance punch, a subsidy jab and the potential for being absolutely free from emissions have indeed made electric vehicles (EVs) the superhero of global mobility in current times and the United Kingdom is one among several countries across the world that is determined to help battery-operated vehicles deliver the knockout blow to diesel engines.

UK Prime Minister Boris Johnson has already revealed he plans to ban the sale of new petrol and diesel cars in the country from 2030. It is both an ambitious as well as audacious but one that is being hailed as a solid move towards tackling the menace of pollution and global warming. It is also a move which has a deep impact for automakers who may now have to double down on their efforts to bring out Evs.

According to a report in UK's DailyMail, sales of EVs in the country have nearly doubled in the last year while those of diesel cars have collapsed by more than half. There is still a gap in favour of diesel engines when figures are put up against battery-operated cars but it is significant to note that sales of plug-in hybrid vehicles have now outpaced diesel cars.

The initial steps are promising but there are miles and miles left ahead. After all, EVs only account for 0.3% of all passenger vehicles on roads here.

Meanwhile, car makers - at least a few of them - aren't too happy about 2030 deadline. Top officials of BMW and Honda have reportedly labeled the target year as something which lacks concrete planning.

UK still needs to do a whole lot to expand its support infrastructure for EVs if it has to ensure new battery-operated vehicles - irrespective of claimed range per charge - are never too far from a charging point. The country's first all-electric auto service station opened on Monday and another 99 will soon come up in different parts. It includes 36 rapid chargers powered only by renewable energy and boasts of one of the fastest commercially-available public charging points. And yet, skeptics say it if the 2030 deadline is to have any real meaning, much more needs to be done. And fast.

The UK, nonetheless, appears clear in its intent - ditch the diesel and usher in electric mobility.

## New rule for cheque payments effective from January 1: All you need to know

Payee will share details of the issued cheque like Cheque Number, Cheque date, Payee name, Account number, Amount, etc with the bank along with an image of the front and reverse side of the cheque.

The Reserve Bank of India (RBI), earlier this year, decided to introduce the 'positive pay system' for cheque payments. Under the new rule, re-confirmation of key details will be needed for payments beyond Rs 50,000. This new cheque payment rule will come into effect from 1 January 2021.

Note that the announcement was made by RBI Governor Shaktikanta Das in August MPC. The new rule 'Positive Pay' has been introduced in order to keep consumer safety in focus and to lower the cases of fraud and abuse with respect to cheque payment.

### ***What is a positive pay system?***

In its statement, RBI explained, "The CTS-2010 standard specifying minimum-security features on cheque leaves acts as a deterrent against cheque frauds, while standardisation of field placements on cheque forms enables straight-through-processing by use of optical/image character recognition technology."

"To further augment customer safety in cheque payments and reduce instances of fraud occurring on account of tampering of cheque leaves, it has been decided to introduce a mechanism of Positive Pay for all cheques of value Rs 50,000 and above," it added.

### ***Here are key things to know about the new rule:***

Under Positive Pay mechanism, after an account holder issues a cheque to anyone, they will share the cheque details with the bank. An account holder shares the details of the issued cheque like Cheque Number, Cheque date, Payee name, Account number, Amount, etc with the bank along with an image of the front and reverse side of the cheque, before handing it over to the beneficiary.

Before making payment against the cheque, banks will have to match the details available on the cheque with those that the issuer has provided meaning when the beneficiary submits the cheque for encashment, the cheque details are compared with the details provided to the bank through Positive Pay and if the details match, the cheque is honoured.

The concept of Positive Pay involves a process of reconfirming key details of large value cheques. Any discrepancy in details is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures. National Payments Corporation of India (NPCI) will develop the facility of Positive Pay in CTS and make it available to participant banks.

Banks shall enable it for all account holders issuing cheques for amounts of Rs 50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of Rs 5,00,000 and above.

Cheques which are compliant with the instructions will be accepted under dispute resolution mechanism at the CTS grids. Member banks may implement similar arrangements for cheques cleared/collected outside CTS as well. Banks have been advised to create adequate awareness among their customers on features of Positive Pay System through SMS alerts, display in branches, ATMs as well as through their web-site and internet banking.

It is worth adding that the Cheque Truncation System (CTS) for clearing cheques is operational pan-India and it currently covers 2 per cent and 15 per cent of total retail payments in terms of volume and value respectively. As per the data available, the average value of a cheque cleared in CTS presently is Rs. 82,000.

# India to be tollbooth-free in 2 years: Nitin Gadkari

Nitin Gadkari, Minister for Road Transport and Highways, on Thursday said that India would be tollbooth free within 2 years. Speaking at the ASSOCHAM Foundation Week, the minister also revealed that the upcoming toll collection would be GPS (global positioning system) based.

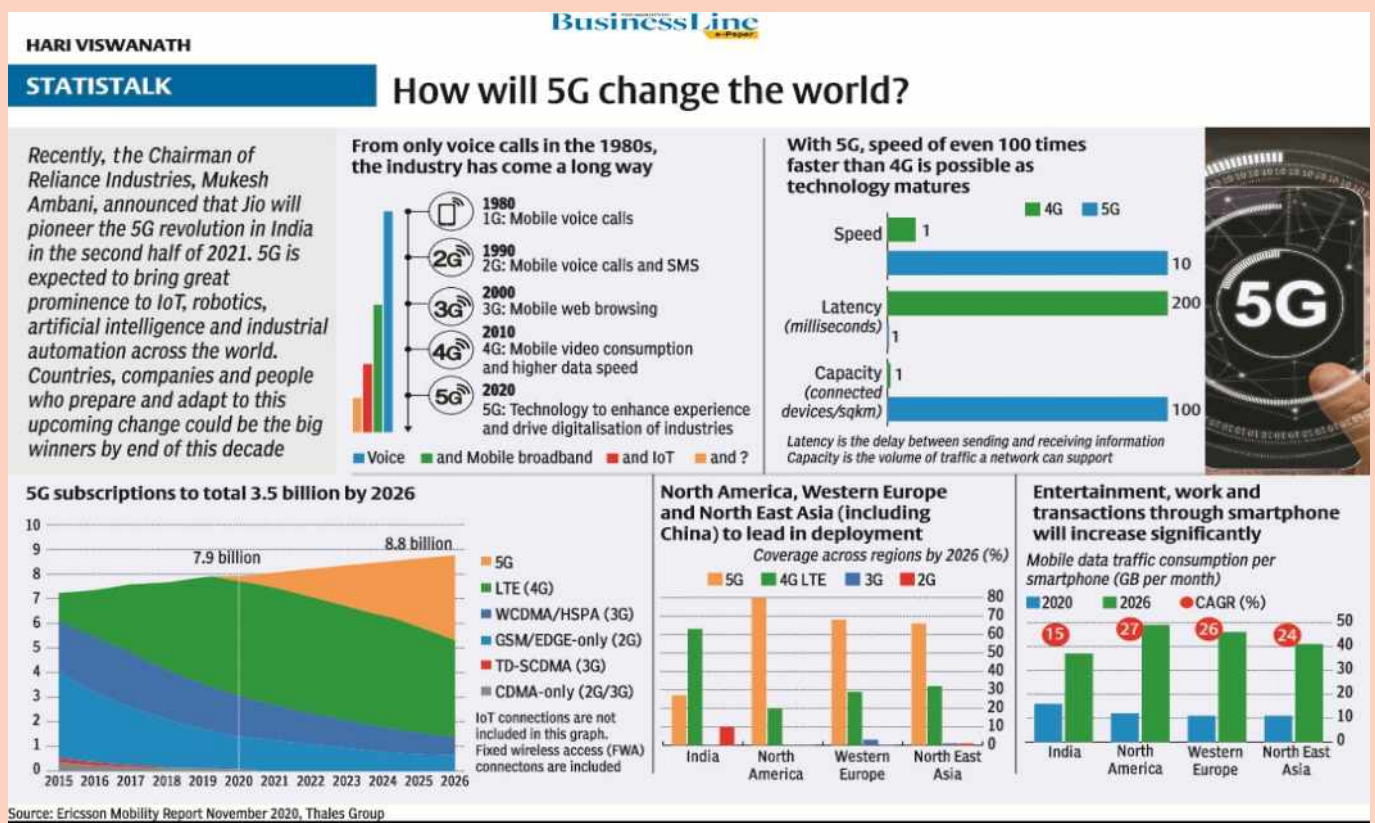
Nitin Gadkari, Minister for Road Transport and Highways, on Thursday said that India would be tollbooth free within 2 years. Speaking at the ASSOCHAM Foundation Week, the minister also revealed that the upcoming toll collection would be GPS (global positioning system) based.

The govt has finalized the new toll collection system and it will be implemented in collaboration with the Russian govt. To ensure seamless movement of vehicles across the country, the upcoming toll collection system would directly deduct the money for the linked bank account.

While the recent passenger and commercial vehicles come with GPS, the govt would find a way to install GPS systems in old vehicles too. This move comes after the govt has been pushing the FASTag system too which is now mandatory and is aimed at reducing congestion at toll booths and making the long commutes seamless too.

According to the minister, the National Authority of India (NHAI) could attract a revenue of Rs.134 trillion in 5 years after the GPS based toll system is rolled out.

“We have thoroughly examined and finalized the GPS based toll collection system with the help of the Russian govt. And with 2 years, India would be toll booth-free. The GPS system will be used to track the vehicles and the due amount would be deducted from the respective bank account.” said Gadkari at the virtual conference.



## Transferring ownership of dead kin's vehicle an ordeal

Legal heirs who wish to get vehicle ownership transferred have to submit nine different documents within 90 days of their loved one's demise at the regional transport office (RTO) concerned.

These include heirship certificate from revenue officials, no-objection certificate (NOC) from banks in case of hypothecation and vehicle verification certificate (form 20) from the RTO. Though government e-seva centres help heirs have to visit multiple government offices to meet the 90-day deadline.

As a result, some vehicle owners skip this entire process and just renew the vehicle insurance to avoid fines during police checks, said R. Rengachari, a transportation activist. This is illegal and violators can face criminal prosecution.,

The trouble starts when such vehicles meet with road accidents. If insurance companies learn the registered owner is dead, they reject all claims on the ground that insurance premium was paid by falsifying documents. The accident victim can't make third party insurance claims either.

RTO at the Motor Vehicle Accident Claims Tribunal. After a prolonged legal battle, we were able to get compensation.” said advocate V5 Suresh Kumar, who handled the case.

In Case an accident happened within 90 days of the death of the owner and the insurance policy is still active, third party insurance claims alone can be made but that too only through courts.

K.Kathirmathiyon, a consumer right' activist, asked. “ Just like bank accounts, mutual funds or other legal assets, why not allow vehicle owners to mention nominees' names while registration itself?”

Seconding him, advocate G. Udhayshankar, who is a part of insurance panels, said that such an initiative will avoid legal complications. “If a financier or banker can get ownership transferred for loan defaults, why not public?” asked Kathirmathiyon, in his letters to Ministry of Road Transport and Highways(MoRTH) since April 2017.

MoRTH issued a draft amendment on November 26 to the Motor Vehicles Act allowing vehicle owners to nominate a person during registration itself. But it is once again up to Tamil Nadu Transport Department to implement this. A senior state transport official said that call will be made only after receiving a copy of the Centre's gazette notification.





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September 25, 2020

The Chairman and Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks including Regional Rural Banks /  
Urban Co-operative Banks / State Co-operative Banks /  
District Central Co-operative Banks / Local Area Banks / Payment Banks /  
Small Finance Banks / National Payments Corporation of India

Madam / Dear Sir,

### **Positive Pay System for Cheque Truncation System**

Please refer to the Statement on Developmental and Regulatory Policies dated August 6, 2020 wherein Reserve Bank of India (RBI) had announced introduction of Positive Pay System for Cheque Truncation System (CTS).

2. The concept of Positive Pay involves a process of reconfirming key details of large value cheques. Under this process, the issuer of the cheque submits electronically, through channels like SMS, mobile app, internet banking, ATM, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

3. National Payments Corporation of India (NPCI) shall develop the facility of Positive Pay in CTS and make it available to participant banks. Banks, in turn, shall enable it for all account holders issuing cheques for amounts of ₹50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of ₹5,00,000 and above.

4. Only those cheques which are compliant with above instructions will be accepted under dispute resolution mechanism at the CTS grids. Member banks may implement similar arrangements for cheques cleared / collected outside CTS as well.

5. Banks are advised to create adequate awareness among their customers on features of Positive Pay System through SMS alerts, display in branches, ATMs as well as through their web-site and internet banking.

6. Positive Pay System shall be implemented from January 01, 2021.

7. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully

(P Vasudevan)  
Chief General Manager

मुद्रास्तर और निवृत्त प्रणाली विभाग, केंद्रीय कार्यालय, 14वीं मंजिल, केंद्रीय कार्यालय भवन, शाहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001

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Source : Magazine's, Newspaper / Internet Articles & Input from members

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## MADRAS HIRE PURCHASE ASSOCIATION

(Affiliated to Federation of Indian Hire Purchase Associations)

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