

CIRCULAR NO. 3/ 2009

Sub: Motor Vehicles Dept. – Issue / Renewal of Trade Certificate to the bonafide dealer – Instructions. Issued. Reg.

Ref: Rule 35 of CMVR 1989

Several complaints have been received from various manufacturers and dealers that certain agencies are indulging in sales of new motor vehicles unauthorizedly through their outlets after obtaining Trade Certificates from the concerned Regional Transport Officers claiming status for themselves as sub-dealers.

As per section 2(8) of the Motor Vehicles Act 1988, the "Dealer" includes a person who is engaged

- (a) In building bodies for attachment to chassis; or
- (b) In the repair of motor vehicles; or
- (c) In the business of hypothecation, leasing of or hire – purchase of motor vehicle

In the normal parlance any person who is engaged in the sale of vehicles can be called a dealer of motor vehicle. As per Rule 35 of CMVR 1989, Trade Certificate can be issued only to a 'bonafide dealer'.

As the term 'bonafide dealer' is not defined, it has to be the dealer authorized and appointed directly by the manufacturer for sale of vehicles manufactured by them. Since a vehicle is registered solely on the basis of sale certificate in Form- 21 issued by the manufacturer or dealer it has to be issued by a bonafide dealer.

When the authorized dealer issues invoice in the name of the Sub Dealer, the sale is taking place and the sale by Sub Dealer will become a second sale. Delivery of vehicle to the Sub Dealer then will become a violation of Rule 42 of the CMV Rules.

Hence Trade Certificates for the purpose of the sale and registration of vehicles shall be issued only to the dealers authorized by the manufacturer for sale of vehicle.

In the above circumstances it is hereby clarified that Trade Certificates shall not be issued / Renewed to the so called sub dealers for sale and registration of motor vehicles, hence forth. Registering Authorities shall insist on the copy of the authorization issued by the manufacturer for sale of vehicles for grant/ renewal of Trade Certificate. However the authorized dealers may sell the vehicles through Sub Dealers, under Form 21 provided the invoice is issued only by the authorized dealer.

*[Handwritten signature]*

Transport Commissioner

To

- All Deputy Transport Commissioners
- All Regional Transport Commissioners
- All Joint Regional Transport Officers of Sub Offices

*[Handwritten notes and stamps]*

Copy to: CA to TC, CA to Addl. TC, CA to Senior DTC & Secretary, STA. Senior AO, Senior FO, All Senior Supdts, All Sections

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