

PRESS RELEASE

Hon'ble Governor of Tamil Nadu, Thiru Banwarilal Purohit participated as Chief Guest in the inauguration of Golden Jubilee Celebration of South India Hire Purchase Association

Thiru. Banwarilal Purohit, Hon'ble Governor of Tamil Nadu participated as Chief Guest in the inauguration of Golden Jubilee Celebration of South India Hire Purchase Association at Rani Seethai Hall, Chennai today (07.10.2018).

Hon'ble Governor said, "I am happy to be here today at the Golden Jubilee Celebrations of the South India Hire Purchase Association, which is an affiliated body of the Indian Hire Purchase Association.

The South India Hire Purchase Association was started by a few like-minded people in the year 1967 to share ideas and have a collective platform to grow. Today the association has nearly 400 members catering to the needs and aspirations of various financiers mainly in the Southern parts of India.

The Association has also been providing a forum for discussion on various issues concerning the industry and sharing of critical, vital information and best practices among members for common benefit. The Association also takes up issues of common interest to the members by way of representations to various authorities, State and Central Government and Reserve Bank of India etc. and conducts periodical lectures / seminars on various subjects and at various locations relevant to hire purchase, loan and allied activities. The Federation of Indian Hire Purchase Associations is the largest National body representing the interest of financiers.

The Hire Purchase Finance industry is an important segment of the financial services sector of the country and has played a key role in the development of road transport which dominates the logistics industry in India.

A number of Non-Banking Financial Companies (NBFCs) who are members of the South Indian Hire Purchase Association, provide a significant portion of the total auto finance market in India. This sector is promising with

74 percentage financial penetration in auto-financing. This is expected to double the asset base to Rs.20600 crores by 2020. Though banks have a low cost of funds, NBFCs have certain advantages and lesser stringent regulatory requirements as compared to banks. They are not bound by priority sector lending requirements, can customize products and have wider reach to customers. These differences have resulted in NBFCs playing a significant role playing with banks on the lending front. While banks generally concentrate more on the car loan segment NBFCs are more focused on providing finance to the commercial vehicle segment.

The part played by the financiers in the growth of commercial vehicles industry is considerable. In the Financial Year 2016-17, both Light Commercial Vehicles (LCVs) and Medium & Heavy Commercial Vehicles (M&HCVs) have recorded a growth of 25.42% and 12.48% respectively. Overall the commercial vehicle sales in India registered a total domestic sales of over 8.56 lakh units.

It must be said to the credit of the commercial vehicle industry that the level of NPAs is low.

The Gross NPA ratio of NBFC as on 31/3/2017 stood at 4.4% as against 9% of banks. The net NPA was only 2.2% of advances. This is an indication of the robustness of this sector.

The Hire Purchase Association has come a long way since its inception. In the year 1967, rail transport dominated in the movement of goods. Today there are 7 million commercial vehicles in the country. And the number is constantly increasing with the increased network of roads connecting up various parts of the country. The Golden Quadrilateral created in 1999 made an enormous impact on the growth of road traffic.

The Golden Quadrilateral is a national highway network connecting many of the major industrial, agricultural and cultural centres of India. The former Prime Minister Atal Behari Vajpayee laid the foundation stone for the project on 6 January 1999. The Golden Quadrilateral Project (GQ Project) was intended to establish faster transport networks between major cities and ports,

provide smaller towns better access to markets, reduce agricultural spoilage in transport, drive economic growth, and promote truck transport. At 5,846 kilometres, it is the largest highway project in India and the fifth longest in the world. It is the first phase of the National Highways Development Project (NHDP), and consists of four- and six-lane express highways, built at a cost of ₹600 billion. The project was planned in 1999, launched in 2001, and completed in 2012.

India has the second largest road network across the world with 5.4 million km road length. This road network transports more than 60 per cent of all goods in the country and 85 per cent of Indian's total passenger traffic. Road transportation has gradually increased over the years with the improvement in connectivity between cities, towns and villages in the country.

The freight volume has reached over 1,325 billion tonne - kilometres, a figure that is expected to double by 2025. India spends almost 14 per cent of its GDP on transportation and logistics, whereas in developed countries the expenditure is around 6-8 per cent.

The Commercial Vehicles generate high employment opportunities. Roughly, every commercial vehicle operated gives direct employment to 6 to 8 persons and indirect employment to another 5 to 6 persons.

All this augurs well for the industry. The phenomenal growth story of India in recent years is another major factor that will push up the number of commercial vehicles playing in India. With the increased number of families in the middle and upper class brackets, there will be a greater movement of goods across India resulting in greater business for the financiers funding commercial vehicles. I am sure that the Association has understood this emerging scenario and has planned ahead.

I congratulate the South India Hire Purchase Association for having organized the Golden Jubilee Celebrations in such a grand manner. I wish them and the members of the Association, success in all their endeavours.”

On this occasion Thiru.B. Ugamraj Mootha, Past Chairman, South India Hire Purchase Association, Thiru. Dinesh Kothari, President, South India Hire

Purchase Association, Thiru. T.T.Srinivasaraghavan, Managing Director, Sundaram Finance Ltd., Thiru. Umesh Revankar, Managing Director & CEO, Shriram Transport Finance Company Limited, Thiru. H.Raja, National Secretary – Bharatiya Janata Party, Thiru. T.R.Achha, President, Federation of India Hire Purchase Association and other dignitaries participated.

Raj Bhavan, Chennai-22

Sd/-

Date : 07.10.2018

Joint Director (PR)