

Thanks to Mr. Venugopal's initiative, the motor vehicle dealers' misdeeds of duping the customers came to light. With effect the Government has taken steps to curb the malpractice.



Rs 600 cr car fraud unearthed

By OUR CORRESPONDENT

Hyderabad, Feb. 20: Several motor vehicle dealers in the state have been cheating customers in the last five years by collecting up to Rs 4,000 as registration and service charge from them.

As per rules, they can only collect Rs 15 for temporary registration and between Rs 400 and Rs 600 for permanent registration, depending on the vehicle's capacity. However, it is learnt that around 2,000 dealers in the state have been collecting extra charges in the name of "service" provided to the customers.

The scam came to light after retired IAS officer, Mr K.R. Venu Gopal, who purchased a car recently in Hyderabad, was asked to pay Rs

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Car fraud spotted

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2,000 extra as registration charges. Since he was aware of the prescribed rates, Mr Gopal brought the issue to the notice of the Transport Commissioner, Ms Poonam Malakondaiah, who ordered a probe.

Investigations which followed revealed that vehicle dealers in all districts were collecting exorbitant charges in the name of registration and service.

The department estimated that over Rs 600 crore had been collected by vehicle dealers who registered over 13 lakh cars and bikes from 2002 to 2007. They also evaded payment of Rs 70 crore to the state exchequer.

"We would not have raised objection if the service and registration charges were shown separately in the bills," said a transport department official. "The government can also collect VAT if the break-up is given."

Dealers are able to cheat the customers since most of them do not want to approach RTO offices for registration.

Meanwhile, the transport commissioner has asked the government to turn down the dealers' request for exemption from VAT collected on the turnover of insurance premium and life tax.

The commissioner said she would urge the government to prevent dealers from issuing even temporary registration certificates.

"Customers can approach e-Seva centres for temporary registration and RTO offices for permanent registration," said Ms Malakondaiah.

Reader's Response

CAR DEALER FRAUD

Sir, This is with reference to the report *Rs 600 cr car fraud unearthed* (February 22). It is shocking to learn that car dealers have been cheating buyers to the tune of nearly Rs 600 crore. While this may not be a big amount for people who buy cars, the dealers must be punished for charging money which they are not entitled to. The government must start a probe quickly and rein in the car dealers. Had it not been for the IAS officer who knew the prescribed rates that car dealers should charge they would have continued cheating the people.

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