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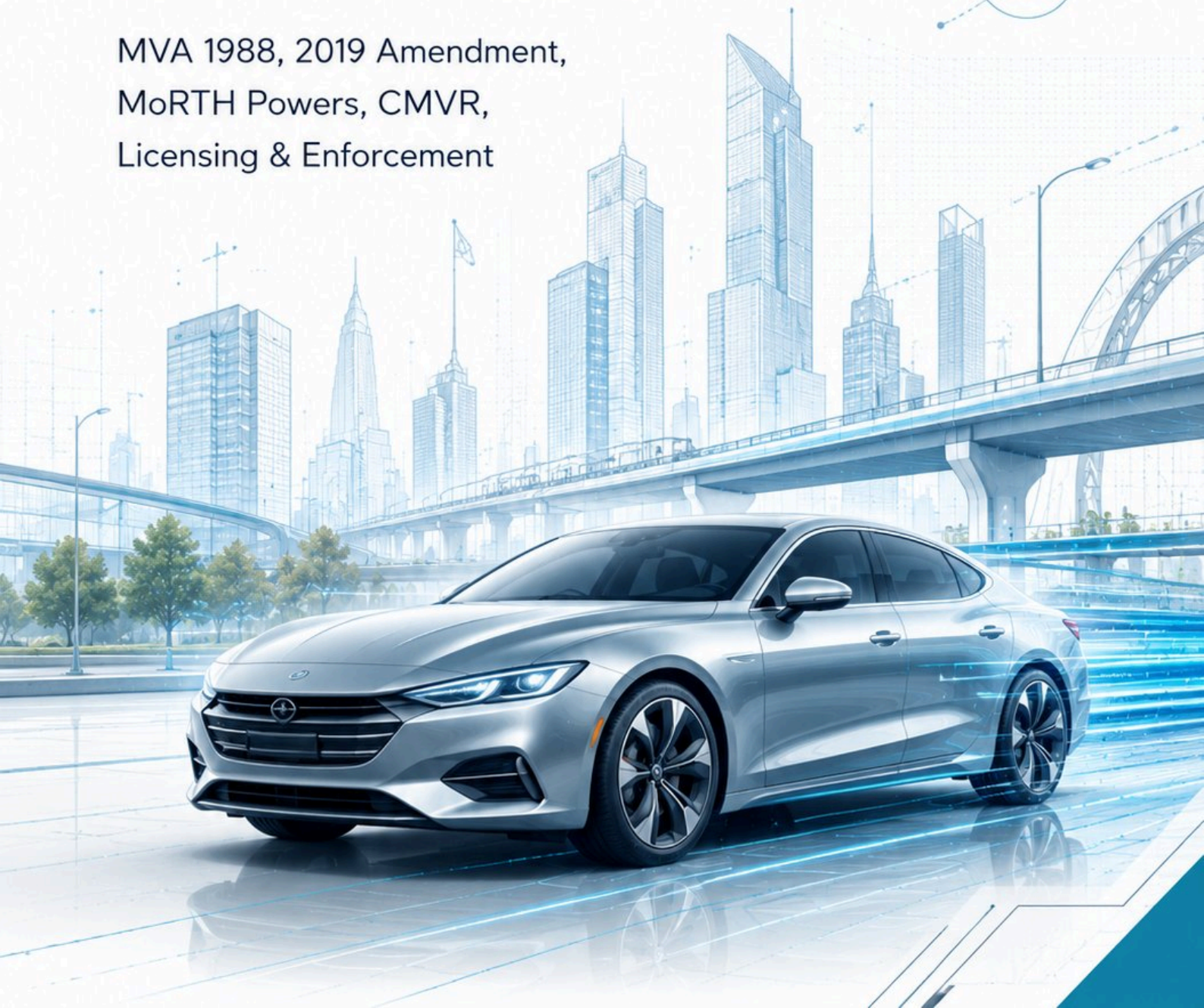
Motor Vehicles Act & *Regulatory* Architecture

MVA 1988, 2019 Amendment,
MoRTH Powers, CMVR,
Licensing & Enforcement



BHATT & JOSHI ASSOCIATES — INDIAN AUTOMOBILE SECTOR LEGAL SERIES

Motor Vehicles Act & Regulatory Architecture

Booklet I of VI

Bhatt & Joshi Associates

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CHAPTER ONE

The Motor Vehicles Act, 1988: Structure, Scope and Constitutional Foundations

Legislative History, Entries 35 & 57 of List I, and the Federal Architecture of Road Transport Regulation

> *The Motor Vehicles Act, 1988 is the principal legislation governing every aspect of motor vehicles in India — from manufacture and registration to licensing, insurance and liability. For automobile manufacturers, importers and large commercial fleet operators, a precise understanding of the Act's statutory architecture is indispensable to compliance, litigation strategy and product planning.*

1.1 Constitutional Basis of Central Legislation

The legislative competence of Parliament to enact the Motor Vehicles Act, 1988 derives from Entry 35 of List I (the Union List) of the Seventh Schedule to the Constitution of India, which covers "mechanically propelled vehicles including the principles on which taxes on such vehicles are to be levied." Entry 57 of List II (the State List) separately vests state legislatures with authority over "taxes on vehicles, whether mechanically propelled or not, suitable for use on roads." The interaction between these two entries has generated an extensive constitutional jurisprudence on the permissible scope of both Central and State legislation on vehicular matters. In Automobile Transport (Rajasthan) Ltd. v. State of Rajasthan, AIR 1962 SC 1406, the Supreme Court held that Entry 35 of List I confers comprehensive jurisdiction on Parliament to regulate every aspect of mechanically propelled

vehicles, including their design, construction, use, registration, licensing of drivers and operators, and the conditions of their operation on public roads, while Entry 57 of List II is confined to the fiscal power of taxation of vehicles by the states.

Parliament first exercised this competence through the Motor Vehicles Act, 1939, which replaced the earlier Indian Motor Vehicles Act, 1914. The 1939 Act provided a comprehensive framework for its time but became increasingly inadequate for the vastly expanded and diversified motor vehicle industry of the post-Independence period, particularly as vehicle volumes grew, road networks expanded, and the safety, environmental, and commercial dimensions of motor transport became more complex. The need for a comprehensive modernisation of the 1939 framework led to the enactment of the Motor Vehicles Act, 1988 (MVA), which came into force on 1 July 1989 and has been the governing statute for the automobile sector ever since.

1.2 Structure of the Motor Vehicles Act, 1988

The Motor Vehicles Act, 1988 is a comprehensive statute comprising 217 sections organised into fourteen Parts, each dealing with a distinct aspect of motor vehicle law. Part I (Sections 1–2) sets out preliminary provisions including the Act's application to the whole of India and the extensive definitions in Section 2 that govern the interpretation of every operative provision. Part II (Sections 3–41) deals with licences to drive motor vehicles, establishing the categories of driving licences, the conditions for their grant, renewal and suspension, and the authority of transport officers. Part III (Sections 39–67) governs the registration of motor vehicles, requiring all motor vehicles to be registered before use and establishing the procedures for registration, transfer and re-registration. Part IV (Sections 66–96) addresses licences for transport vehicles, covering permits for stage carriages, contract carriages, goods vehicles and tourist vehicles. Parts V and VI deal with construction, equipment and maintenance of vehicles. Part VII (Sections 112–138) contains the general provisions governing the use of vehicles on public roads. Part VIII (Sections 139–144) addresses accidents and inquiries. Part IX (Sections 145–164) establishes the compulsory third-party insurance framework. Part X (Sections 165–176) creates the Motor Accidents Claims Tribunal (MACT) structure. Part XI (Sections 177–210) contains the penalties and procedures. Part XII (Sections 211–217) addresses the National Road Safety Board (established by the 2019 Amendment).

From the perspective of automobile manufacturers, importers and premium commercial operators, the most operationally significant Parts are Part I (definitions governing type classification), Part III (registration of new vehicles, including standards compliance certificates), Parts V and VI (construction and equipment standards cross-referencing CMVR 1989), and Parts IX–X (insurance and liability, critical for OEM fleet sales and product liability exposure). The 2019 Amendment substantially strengthened the penalty structure in Part XI and introduced new obligations for aggregators, vehicle recall, and the Good Samaritan framework.

1.3 The Critical Definitions in Section 2

Section 2 of the MVA contains over 60 definitions that form the interpretive bedrock of the entire statute. For manufacturers and importers, the most commercially significant definitions include those of "motor vehicle" (Section 2(28)), "transport vehicle" (Section 2(47)), "light motor vehicle" (Section 2(21)), "medium goods vehicle" (Section 2(23)), "heavy goods vehicle" (Section 2(16)), and "contract carriage" (Section 2(7)). The definition of "motor vehicle" in Section 2(28) is the foundational term, covering "any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source" — a definition broad enough to encompass all conventional internal combustion engine vehicles,

hybrid vehicles, electric vehicles and fuel cell vehicles, since the propulsion source is immaterial to the definition.

The categorisation of vehicles under Section 2 has significant commercial consequences for OEMs and importers because the applicable homologation standards, registration procedures, permit requirements, and tax treatments all depend on the vehicle category. The Supreme Court's decision in Tata Motors Ltd. v. State of Maharashtra (2018) and subsequent decisions have addressed boundary-line classification questions — for instance, whether a particular multi-purpose vehicle (MPV) falls within "light motor vehicle" or "transport vehicle" for permit and tax purposes — demonstrating the practical importance of vehicle classification at the point of manufacture and import documentation.

1.4 MoRTH: Ministry of Road Transport and Highways

The Ministry of Road Transport and Highways (MoRTH) is the nodal ministry for motor vehicle regulation in India, exercising the Central Government's rule-making powers under the MVA and administering the policy framework for road safety, vehicle standards, and transport infrastructure. MoRTH's regulatory functions directly relevant to automobile manufacturers and importers include: the notification of Central Motor Vehicles Rules (CMVR) under Sections 110–111 of the MVA; the specification of vehicle construction and equipment standards in coordination with the CMVR Technical Standing Committee (CMVR-TSC); the notification of emission standards and fuel efficiency norms; the administration of the type approval and homologation process through designated testing agencies; and the notification of recall procedures under Section 110A of the MVA (inserted by the 2019 Amendment).

MoRTH operates through its Department of Road Transport and Highways, supported by technical bodies including the CMVR-TSC (which formulates the Automotive Industry Standards), the National Automotive Testing and Research and Development Infrastructure Project (NATRiP) agencies (ARAI, iCAT, NATRIP, GARC, SAMRTH), and the Bureau of Indian Standards (BIS). The inter-ministerial dimension of vehicle regulation involves the Ministry of Heavy Industries (which administers the PLI schemes for automobiles and advanced chemistry cells and the FAME scheme for EVs), the Ministry of Finance (customs and GST policy), the Ministry of Commerce (DGFT and export-import policy), and the Ministry of Environment (emission standards and end-of-life vehicle rules).

1.5 Central Motor Vehicles Rules, 1989

The Central Motor Vehicles Rules, 1989 (CMVR), notified by the Central Government under Sections 110, 111 and 213 of the MVA, constitute the operational regulatory framework for vehicle construction, equipment, registration, and related matters. The CMVR comprises over 200 rules and multiple schedules, covering: vehicle construction and equipment standards (Rules 89–124, including dimensions, weights, and safety equipment); type approval procedures (Rules 126–126B, establishing the Whole Vehicle Type Approval framework); emission and noise standards (Rules 115–116, incorporating the Bharat Emission Standards by reference); testing standards (Rule 124, incorporating the Automotive Industry Standards issued by the CMVR-TSC); and registration-related procedures and forms. The CMVR is supplemented by numerous notifications and circulars issued by MoRTH clarifying or modifying specific requirements, creating a complex regulatory environment that requires continuous monitoring by OEM compliance teams.

The relationship between the CMVR and the Automotive Industry Standards (AIS) is critical for manufacturers. The CMVR itself sets the legal mandate (the types of tests and standards that must be met), while the AIS documents — developed by the

CMVR-TSC and adopted by MoRTH through notification — specify the detailed technical requirements and test procedures for compliance. There are over 130 AIS documents covering different vehicle categories and components, and the amendment history of each AIS document is directly relevant to manufacturers' compliance timelines. A failure to track amendments to applicable AIS documents is a common source of compliance gaps that can result in type approval delays, recall obligations, or import clearance problems for vehicles sourced internationally.

1.6 State-Level Regulation: The Federal Framework

While the MVA is Central legislation, its implementation is primarily a state function. State governments exercise concurrent authority over: the grant of driving licences (through licensing authorities); vehicle registration (through registering authorities, which are typically the Regional Transport Offices — RTOs); the grant of route permits for transport vehicles; the administration of state motor vehicle taxation; and enforcement of the MVA and CMVR through the state transport authorities and traffic police. The State Motor Vehicles Rules notified by each state government supplement the CMVR in areas reserved for state regulation.

For automobile manufacturers with all-India distribution networks, the diversity of state-level implementation creates significant compliance complexity. Variations in state-level registration procedures, temporary registration norms for vehicles in transit from factory to dealership, the treatment of "special purpose vehicles" under state permit regimes, and the tax treatment of corporate fleet registrations vary across states in ways that require careful navigation by the OEM's legal and compliance teams. The multiplicity of RTOs — with over 1,200 district-level RTOs across India — means that the quality and consistency of MVA/CMVR implementation is uneven, creating both compliance risks and (in some cases) regulatory arbitrage opportunities for fleet operators.

CHAPTER TWO

The Motor Vehicles (Amendment) Act, 2019: Impact on OEMs, Importers and Fleet Operators

Enhanced Penalties, Recall Framework, Good Samaritan Law, Aggregator Licensing and NRSA

> *The Motor Vehicles (Amendment) Act, 2019 — the most comprehensive reform of India's motor vehicle law in three decades — has far-reaching implications for manufacturers, importers and commercial fleet operators. This chapter examines every significant amendment from the perspective of corporate counsel advising the automobile industry.*

2.1 Legislative Background of the 2019 Amendment

The Motor Vehicles (Amendment) Act, 2019 (received Presidential assent on 9 August 2019 and largely in force from 1 September 2019) was preceded by over a decade of legislative deliberation, including earlier Amendment Bills of 2012 and 2016 that lapsed without enactment. The 2019 Amendment was motivated by three converging imperatives: India's alarming road fatality statistics (approximately 150,000 deaths per year, making India one of the world's highest-risk road environments); the rapid transformation of the mobility sector through digital platforms (aggregators), electric vehicles, and new transport models requiring regulatory accommodation; and the need to bring India's motor vehicle standards closer to the Sustainable Development Goals and the Brasilia Declaration on Road Safety 2015, to which India is a signatory. For the automobile industry, the most directly impactful provisions are those creating the mandatory vehicle recall framework, the enhanced penalty structure (which affects OEM warranty and consumer relations), and the new provisions on cashless treatment and good samaritan protection.

2.2 Mandatory Vehicle Recall: Section 110A

Section 110A, inserted by the 2019 Amendment, creates India's first statutory mandatory recall framework for motor vehicles. Prior to the Amendment, vehicle recalls in India were entirely voluntary — manufacturers would typically issue recalls in response to safety defects identified in other markets or in response to domestic complaints, but there was no legal mechanism compelling a manufacturer to recall defective vehicles or imposing penalties for failure to do so. Section 110A(1) vests the Central Government with the power to order the recall of any motor vehicle if the Central Government has reason to believe that the vehicle does not comply with the prescribed standards or the vehicle is defective and the defect may cause harm to the environment or to the driver, occupants, or other road users.

The recall notification procedure under Section 110A requires the Central Government to issue a notice to the manufacturer specifying the alleged defect, providing the manufacturer with an opportunity to make a representation, and thereafter issuing a recall order if the defect is confirmed. The manufacturer is then required to: recall all vehicles of the affected make, model, and year of manufacture; reimburse the cost of rectification or replace the defective component at no cost to the vehicle owner; and bear all costs of the recall process. Section 110A(3) imposes civil liability on the manufacturer who does not comply with a recall order, in addition to the criminal penalties under Section 182A (inserted by the 2019 Amendment) which provides for imprisonment up to one year, a fine up to one crore rupees, or both for a manufacturer who knowingly fails to comply with a

recall order or who manufactures a vehicle knowing it to be defective in a manner likely to cause harm.

The Section 110A framework has been reinforced by the Automotive Recall Regulations notified by MoRTH in 2021, which specify the detailed procedure for voluntary and mandatory recalls, the reporting requirements, the consumer notification standards, and the government's inspection powers. For OEMs with global platforms, the 2021 Regulations create a domestic recall obligation that must be coordinated with international recall programmes managed by the parent company — a coordination challenge that requires robust compliance infrastructure and advance planning for recall communications in the Indian market.

2.3 Enhanced Penalties: Implications for OEMs and Dealers

The 2019 Amendment dramatically increased the penalty levels for almost every traffic and vehicle offence under the MVA. From the OEM and dealer perspective, the most significant increases are those applicable to: vehicle manufacturers and dealers who sell non-compliant vehicles (Section 182A — fine up to one crore rupees or three times the cost of the vehicle, whichever is higher, for selling a vehicle not complying with prescribed standards); dealers who alter a vehicle post-manufacture in a manner that violates the CMVR specifications (Section 182A); and individuals who sell vehicles without valid Pollution Under Control (PUC) certificates or without the required safety equipment.

The enhanced penalty for selling non-compliant vehicles under Section 182A has prompted OEMs to significantly strengthen their pre-delivery inspection (PDI) processes, dealer certification requirements, and supply chain quality assurance systems. The risk of a penalty up to one crore rupees per non-compliant vehicle effectively prices the cost of compliance failures at a level that substantially exceeds the marginal cost of robust quality management systems, creating a strong commercial incentive for systematic compliance rather than reactive remediation. Premium import brands, whose per-unit margins can absorb the one-time compliance investment more readily than volume OEMs, have generally responded to Section 182A by investing in enhanced dealer training programmes and more rigorous end-of-line quality verification at port-of-entry inspection facilities.

2.4 Good Samaritan Provisions: Section 134A

Section 134A, inserted by the 2019 Amendment, provides statutory protection to "good samaritans" who in good faith voluntarily render emergency medical or non-medical assistance to victims of road accidents. The protection extends to immunity from civil and criminal liability in connection with the assistance rendered, and prohibits police officers and hospital authorities from compelling the good samaritan to disclose personal information, sign documents, or appear before authorities as a witness except voluntarily. This provision has potential relevance for OEMs and fleet operators who provide accident response programmes as part of their value-added services — particularly for premium brands and luxury fleet operators whose programmes may involve on-road assistance personnel responding to accidents involving the brand's vehicles. The Section 134A framework clarifies the legal protection available to such personnel, reducing the liability uncertainty that previously inhibited the development of accident response programmes.

2.5 Aggregator Licensing: Section 93 and the Digital Mobility Framework

Section 93, substituted by the 2019 Amendment, introduces a comprehensive licensing framework for "aggregators" — digital intermediaries who use IT platforms to connect passengers with drivers for transportation services, including ride-hailing

platforms such as Ola and Uber. The aggregator licensing framework is relevant to automobile manufacturers because: major OEMs have invested in or partnered with fleet operators and ride-hailing platforms that use their vehicles; the aggregator's legal obligations regarding vehicle standards (including EV mandates for aggregator fleets in certain states) directly affect the demand for specific OEM products; and the commercial terms of the aggregator-driver relationship affect the vehicle financing and fleet management market in which OEMs and their captive financing subsidiaries operate.

Section 93 requires aggregators to obtain a licence from the State Government and comply with the guidelines issued by the Central Government. The Central Government's Aggregator Guidelines (issued in November 2020) specify requirements including: driver verification and training standards; vehicle fitness and insurance requirements; a specified minimum percentage of EVs in the aggregator's fleet (30% by 2026, 40% by 2028 under the guidelines); fare range regulations; passenger data privacy requirements; and grievance redressal mechanisms. The EV fleet mandate in the Aggregator Guidelines is particularly significant for OEM product planning, as it creates a time-bound demand obligation for electric passenger vehicles in the aggregator segment that must be met through a combination of available EV models, compatible charging infrastructure, and viable fleet economics.

2.6 National Road Safety Board: Section 215A

The 2019 Amendment inserted Chapter XII (Sections 215A–215H) establishing the National Road Safety Board (NRSB) as a permanent statutory body under the Central Government with advisory functions on road safety matters. The NRSB's composition includes nominees of the Central Government with expertise in road safety, motor vehicle standards, automobile engineering, health, law, and finance, as well as representatives of state governments. The NRSB's functions include: advising the Central and State Governments on matters relating to road safety and traffic management; conducting research on road safety standards; disseminating information on road safety; and advising on the implementation of road safety education programmes.

For automobile manufacturers and importers, the NRSB's most commercially significant function is its advisory role on motor vehicle standards, including safety standards, emission standards, and fuel efficiency standards. While the NRSB is an advisory body without direct regulatory authority, its recommendations carry significant weight with MoRTH in the standards development process. OEMs who engage proactively with the NRSB's consultations — particularly on the adoption of new safety technologies such as advanced driver assistance systems (ADAS), autonomous emergency braking (AEB), and electronic stability control (ESC) — have an opportunity to shape the standards that will eventually become mandatory for new vehicles sold in India.

2.7 Compulsory Insurance for Third Parties: Enhanced Framework

The 2019 Amendment made significant changes to the third-party insurance framework in Part IX of the MVA. Section 164, dealing with the payment of compensation without proof of negligence (the "no-fault liability" provisions), was amended to increase the compensation payable on account of death from Rs. 25,000 to Rs. 5 lakh, and on account of grievous hurt from Rs. 12,500 to Rs. 2.5 lakh. This near-20-fold increase in no-fault compensation has significant implications for: the pricing of motor vehicle third-party insurance premiums (which are regulated by IRDAI but which actuarially reflect the expected claims exposure); the commercial attractiveness of fleet insurance arrangements for corporate fleet operators; and the financial exposure of self-insured fleet operators (typically government or public sector entities) who bear third-party liability directly rather than through market insurance.

Section 164B, inserted by the 2019 Amendment, establishes a Motor Vehicle Accident Fund to provide cashless treatment to road accident victims for the first seven days after the accident, regardless of the liability determination between the insurer and the vehicle owner or operator. The Fund is financed by contributions from the Central Government, motor vehicle insurers, and the cess on motor vehicles. The cashless treatment obligation applies to all hospitals and healthcare facilities designated by the Central Government, creating a new financial flow that impacts the economics of motor vehicle insurance for the industry.

CHAPTER THREE

Vehicle Registration, Fitness Certification and Permits

Part III of MVA, Registration Procedures, Vehicle Fitness, BH-Series, and Commercial Permit Architecture

> *The registration and fitness certification framework under the MVA is the gateway to the legal operation of any vehicle on Indian roads. For manufacturers and importers, the registration framework is not merely a compliance matter — it is a direct driver of vehicle sales timelines, customer experience, and geographic market penetration strategy.*

3.1 The Registration Framework: Section 39 and the RTO Network

Section 39 of the MVA mandates that no person shall drive any motor vehicle and no owner of a motor vehicle shall cause or permit the vehicle to be driven in any public place or in any other place unless the vehicle is registered in accordance with Chapter III and the certificate of registration of the vehicle has not been suspended or cancelled. This absolute prohibition on unregistered vehicle operation on public roads is the legal foundation for the RTO-based registration system that each vehicle must pass through before it can be delivered to and used by a customer. The registration requirement applies equally to new vehicles (requiring registration before first use) and to imported vehicles (requiring Indian registration in addition to foreign documentation).

Registration is performed by the Registering Authority — the Regional Transport Officer (RTO) of the jurisdiction where the vehicle is principally kept (Section 40). For new vehicles sold through a dealership network, the dealer typically acts as the agent of the buyer in completing the registration process, submitting the required documents (Form 20 application, invoice, insurance certificate, PUC certificate, and the certificate of roadworthiness or Form 22 from the manufacturer) to the RTO and obtaining the Registration Certificate (RC) in the prescribed Form 23. The timeline from submission to registration varies significantly across states and between urban and rural RTOs, from same-day registration at digitally advanced RTOs to several weeks at overloaded or under-resourced RTOs — a variation that affects the OEM's delivery-to-registration timeline and customer satisfaction metrics.

3.2 The Bharat Series (BH-Series) Registration

The BH-Series (Bharat Series) vehicle registration, introduced by MoRTH in September 2021 through amendments to the CMVR, is a significant regulatory innovation particularly relevant to premium and luxury vehicle buyers who are government employees, defence personnel, central government employees, or employees of private sector entities with offices in four or more states. BH-Series registration (format: YY BH XXXX XX) is issued by the RTO of the current state of residence and is valid throughout India without the need for re-registration when the vehicle owner transfers to another state, thus eliminating the previous requirement to obtain a "No Objection Certificate" (NOC) from the original registering state and re-register the vehicle in the new state within twelve months of transfer.

The BH-Series has been enthusiastically adopted by the premium and luxury vehicle segment because a significant proportion of buyers in this segment are corporate employees of large employers with pan-India operations, or senior government and defence

officials, who frequently relocate across states. Prior to the BH-Series, the re-registration requirement created a significant compliance burden and administrative hassle for this buyer segment, and the risk of non-compliance (using a vehicle on roads of a different state without re-registration, which is a traffic offence under Section 47 of the MVA) was a genuine concern. The BH-Series eliminates this burden, improving the lifecycle ownership experience for high-value vehicle buyers and potentially reducing the transaction friction in corporate fleet procurement by large pan-India employers.

3.3 Temporary Registration and Manufacturer's Certificates

The temporary registration framework under Rule 43 of the CMVR is critical for vehicle manufacturers and dealers because it governs the movement of vehicles from the factory or port of entry to the dealership and from the dealership to the customer before permanent registration is completed. Temporary registration is granted by the RTO of the area where the dealer premises are located, for a period not exceeding one month, and is evidenced by a Trade Certificate or temporary registration mark. For imported vehicles cleared at a port in one state but sold through dealers in other states, the temporary registration framework allows the vehicle to be transported to the destination dealer without requiring full registration at each point of transit, provided the applicable transit documents and trade certificates are properly maintained.

The Form 22 (Manufacturer's Certificate of Compliance), issued by the vehicle manufacturer or its authorised representative to certify that the vehicle conforms to the applicable construction and safety standards under the CMVR, is a fundamental document in the registration process. The RTO accepts the Form 22 as evidence of the vehicle's compliance without independently inspecting each vehicle, relying on the manufacturer's type approval certification to validate the compliance claim. For imported vehicles, an equivalent certificate of compliance issued by the foreign manufacturer and authenticated by the testing agency that issued the Indian type approval is accepted as the equivalent of Form 22. Any inaccuracy in the Form 22 — for instance, specifying incorrect safety equipment or a different seating capacity from the actual vehicle configuration — can create serious compliance exposure for the manufacturer under Section 182A of the amended MVA.

3.4 Vehicle Fitness: Certificate of Fitness for Transport Vehicles

While private motor vehicles are not required to obtain separate certificates of fitness (their registration certificate serves as evidence of compliance), transport vehicles (vehicles used for commercial carriage of passengers or goods) are required under Section 56 of the MVA to obtain and maintain a valid Certificate of Fitness (CoF) from the Inspection and Certification authority designated by the State Government. The CoF must be renewed periodically (annually for older vehicles, less frequently for newer ones) and requires the vehicle to pass a fitness inspection covering specified safety and emission parameters. The CoF framework is relevant to OEMs and fleet operators in the commercial vehicle segment, including luxury coach operators, premium taxi operators, and large goods vehicle fleet companies, all of whom must maintain valid CoFs for their entire operational fleet to avoid seizure under Section 207 of the MVA.

MoRTH's "Automated Testing Stations" (ATS) initiative — part of the Vehicle Scrappage Policy — aims to upgrade the fitness testing infrastructure across India from the current manual inspection at RTOs to standardised automated testing lanes with computer-controlled testing equipment and digital result recording. The ATS framework is intended to improve the accuracy and consistency of fitness testing, reduce the scope for inspector discretion (and the associated corruption risk), and provide a more reliable data foundation for policy decisions on vehicle age and safety. For commercial vehicle fleet operators, the ATS framework

will eventually standardise the CoF renewal process across states, reducing the compliance complexity of managing multi-state commercial vehicle fleets.

3.5 Permit System for Commercial Vehicles

The permit system under Part IV of the MVA (Sections 66–96) is the legal framework for authorising the use of transport vehicles for commercial passenger and goods carriage. Stage carriage permits (for scheduled route passenger services), contract carriage permits (for private chartered transport), goods carriage permits, tourist vehicle permits, and all-India tourist permits are the principal categories. For the premium automobile sector, the most relevant permit categories are: contract carriage permits (relevant to luxury car rental and chauffeur-driven fleet operators), all-India tourist permits (relevant to inter-state premium coach operations and luxury tourist vehicle services), and the new framework for aggregator platform permits under Section 93 of the 2019 Amendment.

The inter-state validity of permits — a persistent commercial challenge for fleet operators and aggregators — was addressed to some extent by the National Permit framework allowing certain categories of goods vehicles and tourist vehicles to operate throughout the country on payment of a national permit fee. The 2019 Amendment's framework for national aggregator licensing under Section 93 aims to provide a single national licence for digital platform operators, avoiding the need to obtain separate state licences for operations in each state — a significant practical improvement for the aggregator business model and for the fleet operators and OEMs who depend on aggregator demand.

3.6 FASTags, VAHAN and DigiLocker Integration

The digitalisation of India's motor vehicle documentation and compliance ecosystem — through the VAHAN national vehicle registration database, the SARATHI driving licence database, the mandatory FASTag for all vehicles, and the DigiLocker platform for paperless documentation — has transformed the day-to-day compliance environment for vehicle owners and operators. From the OEM and importer perspective, the VAHAN integration means that every vehicle registered in India is linked to a national database that contains its registration details, type approval data, PUC status, insurance validity, and FASTag linkage, creating a comprehensive digital vehicle identity that is accessible to enforcement authorities, insurance companies, and financial institutions.

The FASTag mandate (all vehicles manufactured after 2017 are required to be fitted with FASTag at point of sale under the NHAI guidelines) has required OEMs to incorporate FASTag issuance into their vehicle delivery process, ensuring that every new vehicle is issued a FASTag linked to the vehicle's VAHAN registration. Premium vehicle brands have leveraged the FASTag infrastructure to offer enhanced fleet management services to corporate customers, integrating FASTag transaction data with vehicle utilisation and maintenance platforms.

CHAPTER FOUR

Licensing of Drivers and the Penalty Architecture

Driving Licence Categories, Learner Licences, Disqualifications, Penalty Enforcement, and OEM Implications

> *India's driver licensing system under Part II of the MVA and the penalty architecture under Part XI — both significantly reformed by the 2019 Amendment — have direct relevance to automobile OEMs in the context of product liability, driver training programmes, and corporate fleet management obligations.*

4.1 Categories of Driving Licences

Section 10 of the MVA provides for driving licences to authorise the holder to drive motor vehicles in one or more of the specified categories. The categories of motor vehicles relevant to passenger and commercial vehicles include: Class LMV — non-transport (light motor vehicles excluding transport vehicles, such as private cars, jeeps, and vans up to 7,500 kg GVW); Class LMV — transport (light motor vehicles used as transport vehicles); Class MGV (medium goods vehicle, GVW between 7,500 and 12,000 kg); Class HGV (heavy goods vehicle, GVW above 12,000 kg); Class HPMV (heavy passenger motor vehicle); and Class MCWG (motor cycle with gear). The holding of a valid driving licence for the appropriate vehicle category is a statutory prerequisite for the legal operation of the vehicle, and the OEM's obligation to communicate licence requirements to buyers forms part of the responsible marketing and documentation obligations under the Consumer Protection Act, 2019 and the voluntary codes of the Society of Indian Automobile Manufacturers (SIAM).

The Supreme Court's landmark decision in Mukund Dewangan v. Oriental Insurance Co. Ltd. (2017) — in which a three-judge bench held that a holder of a valid LMV (non-transport) licence is entitled to drive a transport vehicle of the LMV category (such as a taxi or a mini-bus below 7,500 kg GVW) without a separate transport endorsement — significantly reduced the licence compliance burden for a large segment of commercial light vehicle drivers in India. The decision has been followed by the Court in subsequent insurance disputes involving the validity of insurance claims where the driver's licence was of a different category from the vehicle operated, a question that frequently arises in accident compensation proceedings under the MACT framework.

4.2 Learner Licence and Driving Test

The process for obtaining a driving licence involves two stages: a learner licence issued under Section 8 (valid for six months), which permits the holder to drive a motor vehicle of the specified category with an "L" plate displayed and accompanied by a holder of a permanent licence; and a permanent licence issued under Section 9 after the learner has passed the prescribed driving test. The 2019 Amendment empowers the Central Government to prescribe minimum standards for driving test facilities and to specify that driving tests may be conducted at automated driving test tracks meeting specified standards. MoRTH has notified standards for automated driving test tracks under the National Automated Driving Test Track guidelines, and several states have established such tracks to provide more objective and standardised driving tests than the manual tests conducted on public roads that previously characterised India's driving test infrastructure.

For premium OEMs offering driver training programmes as a value-added service (a practice common among luxury brands as

part of their brand experience and safety commitment), the MVA framework for driving training institutes (regulated under Sections 12–14A) provides the regulatory context. Driving training institutes must be licensed by the licensing authority and must comply with the standards for training vehicles, training infrastructure, and instructor qualifications specified in the CMVR. OEMs operating or partnering with driving academies are subject to these regulations, and the quality standards for OEM-branded training facilities must meet or exceed the statutory minimum requirements.

4.3 The Enhanced Penalty Architecture Post-2019

The penalty structure in Chapter XI of the MVA was comprehensively enhanced by the 2019 Amendment, with most fines increasing by factors of 5 to 10 or more. The enhanced penalties most relevant to automobile manufacturers, dealers, and fleet operators include: Section 177 (general penalty for contravention not otherwise provided) increased from Rs. 100 to Rs. 500; Section 182 (driving without licence) increased from Rs. 500 to Rs. 5,000; Section 182A (offences by manufacturers and dealers) — new provision with fines up to Rs. 1 crore; Section 183 (speeding/racing) from Rs. 400 to Rs. 1,000–2,000; Section 184 (dangerous driving) from Rs. 1,000 to Rs. 1,000–5,000; Section 185 (drunk driving) from Rs. 2,000 to Rs. 10,000; Section 194 (overloading) substantially enhanced for goods vehicles; Section 194C (using mobile phone while driving) from Rs. 1,000 to Rs. 5,000; and Section 199A (offences relating to juveniles) — new provision holding the registered owner liable for any offence committed by a juvenile using the vehicle.

Section 199A — which provides that if a juvenile drives a vehicle without a valid licence and commits an offence, the registered owner or the person in whose care the juvenile was left shall be deemed to have committed an offence under Section 180 (entrusting vehicle to unauthorised person) and shall be liable to imprisonment of up to three years — has significant implications for corporate fleet operators. Where company-owned vehicles are used by employees who allow their minor children to drive, the company as registered owner faces potential criminal liability under Section 199A. This provision has prompted many large fleet operators to strengthen their vehicle usage policies, employee awareness programmes, and controls on out-of-hours vehicle access.

4.4 Enforcement Technology and OBD Requirements

The 2019 Amendment empowers the Central Government to use technology-based enforcement including electronic monitoring and enforcement systems (speed cameras, red light cameras, weigh-in-motion sensors) for detecting traffic violations and issuing electronic challans (notices of penalty). The e-challan framework — now operational in most major Indian cities and on national highways — generates automated penalty notices linked to the vehicle's VAHAN registration, payable online or in person at the designated authority. For fleet operators, the e-challan system creates automatic tracking of their fleet's traffic violation record, enabling proactive management of driver behaviour and reducing the risk of unaddressed violations accumulating against the fleet's registered vehicles.

MoRTH's requirement that all new passenger vehicles above a certain weight class must be equipped with On-Board Diagnostics (OBD) systems complying with OBD-II standards (as mandated under the BS VI emission framework) creates a regulatory framework for electronic monitoring of vehicle emission performance in actual use, distinct from the type-approval emission testing conducted at the time of homologation. OBD data is intended to detect emission system failures (such as catalytic converter degradation or EGR malfunctions) that may not be apparent in roadside PUC testing, providing enforcement authorities with a more technically robust tool for identifying vehicles that are polluting in excess of their certified levels.

4.5 Hit-and-Run Compensation Fund

Sections 161–163 of the MVA, as amended in 2019, govern the Scheme for Payment of Compensation to victims of hit-and-run motor accidents where the offending vehicle is not identified. The 2019 Amendment increased the compensation payable on account of death in a hit-and-run accident from Rs. 25,000 to Rs. 2 lakh, and on account of grievous hurt from Rs. 12,500 to Rs. 50,000. The Fund is administered by the General Insurance Council, with contributions from motor vehicle insurers. For OEMs selling high-end vehicles with advanced connectivity and telematics, the hit-and-run framework creates an indirect opportunity: connected vehicles with event data recorders (EDRs) and post-accident automatic emergency call (eCall) systems are more likely to be identified at accident scenes, potentially reducing their exposure under the hit-and-run scheme while providing a safety-based selling point for the technology investment.

CHAPTER FIVE

Construction and Equipment Standards Under the CMVR

Parts V–VI of MVA, CMVR Rules 89–124, AIS Standards, and OEM Compliance Architecture

> *Parts V and VI of the MVA, implemented through Rules 89–124 of the CMVR, establish the construction and equipment standards that every vehicle sold in India must meet. Compliance with these standards — verified through the type approval process — is the single most important regulatory compliance obligation for automobile manufacturers and importers.*

5.1 Construction Standards: Rule 89 and Schedule Framework

Rule 89 of the CMVR establishes the overarching principle that every motor vehicle shall be so constructed and so maintained as to be at all times under the effective control of the driver and to be capable of being brought to a stop within a reasonable distance. This general standard is supplemented by over 35 specific rules (Rules 90–124) covering dimensional requirements, weight limits, braking systems, steering, tyres, lighting and signalling equipment, speedometers, fuel systems, and noise levels. The construction standards are technology-neutral in their framing — specifying functional requirements rather than prescribing specific technologies — but are given technological content through the AIS documents issued by the CMVR-TSC which specify the detailed technical requirements for compliance.

The maximum permissible dimensions for vehicles (Rule 93) specify limits on length (up to 12m for rigid vehicles, 18m for articulated vehicles), width (2.5m for most vehicles), and height (4.75m for M1 and M2 category vehicles). These dimensional limits define the maximum permissible envelope for vehicle design and are particularly relevant for imported vehicles, which may have been designed for markets with different dimensional standards. European market vehicles, which are designed to comply with European Union Regulation (EU) 2015/758 dimensional standards, generally comply with Indian dimensional limits, but specific configurations (such as extra-wide luxury SUVs or certain coach configurations) may require verification against Indian limits before import.

5.2 Braking System Standards: AIS-009 and Related Documents

The braking system standards for motor vehicles — one of the most safety-critical construction standards — are specified in AIS-009 (for M1 category passenger cars), AIS-042 (for motorcycles), AIS-079 (for heavy vehicles), and several related documents. These AIS documents specify the braking performance requirements (stopping distance, pedal effort, fade resistance, emergency braking), the design requirements for braking system components (master cylinder, wheel cylinders, brake linings and pads), and the test procedures for compliance verification. AIS-009 for passenger cars aligns broadly with European Regulation ECE R13-H (the UN ECE Braking Regulation for passenger cars), allowing manufacturers who have obtained ECE R13-H approval for their vehicles to obtain Indian type approval through a mutual recognition process without full repetition of Indian braking tests.

The Anti-lock Braking System (ABS) mandate — introduced through amendments to AIS-012 and corresponding CMVR notifications — requires ABS to be fitted on all new passenger vehicles and two-wheelers (above 125 cc engine displacement) sold in India from April 2019. Electronic Stability Control (ESC) is now mandatory for all new M1 category passenger vehicles (cars

and SUVs) from April 2023, aligned with the requirements of AIS-145 (the Indian standard for ESC based on UN ECE Regulation 13/H and FMVSS 126). The mandatory ESC requirement is one of the most significant recent additions to Indian vehicle safety standards, as ESC is recognised internationally as one of the most effective active safety technologies for preventing rollover and loss-of-control accidents.

5.3 Lighting and Signalling: AIS-008 and Related Documents

The lighting and signalling requirements for motor vehicles in India are specified primarily in AIS-008 (Installation of Lighting and Light-Signalling Devices) and the component-specific AIS documents for each lighting device category (headlamps, rear lamps, direction indicators, etc.). These standards specify the mandatory and optional lighting equipment for each vehicle category, the minimum and maximum luminous intensity requirements, the prescribed locations and angles for each device, and the requirements for daytime running lights (DRL), which were made mandatory for M1 and M2 category vehicles from April 2017.

The transition to LED and matrix LED lighting technology — now standard on premium vehicles globally — has required corresponding amendments to the AIS lighting standards to accommodate the photometric characteristics of LED systems, which differ from halogen and HID sources. Premium OEMs entering the Indian market with LED matrix headlamp systems (such as those using adaptive high beam functionality, or "Smart Beam Assist") have needed to navigate the interaction between the performance requirements of the applicable AIS standards and the specific photometric profile of their LED systems, occasionally requiring additional testing or minor design modifications to achieve AIS compliance for the Indian-specific homologation.

5.4 Passive Safety Standards: Bharat NCAP and AIS-098

The passive safety (crash protection) standards for M1 category passenger vehicles in India have undergone significant strengthening in recent years, culminating in the introduction of the Bharat New Car Assessment Programme (Bharat NCAP). The mandatory passive safety standards for new M1 category vehicles are specified in AIS-098 (Frontal Impact), AIS-100 (Side Impact Pole Test), AIS-145 (ESC), and related documents, which align with the UN ECE R94, R95, and R129 (Advanced Child Restraint Systems) regulations. The mandatory standards specify minimum crash performance requirements (survival space, injury criteria including Head Injury Criterion (HIC), chest deflection, and femur loads for occupants in frontal and side impacts) that all new M1 vehicles must achieve for type approval, irrespective of their price point or market positioning.

Bharat NCAP, launched by MoRTH in August 2023 in partnership with the Global NCAP framework, provides a voluntary star rating (1–5 stars for adult occupant protection, 1–5 stars for child occupant protection) for M1 category vehicles tested to protocols similar to the Euro NCAP test procedure. Bharat NCAP tests are conducted at ARAI or iCAT, with results published publicly. While Bharat NCAP participation is voluntary, it has been strongly embraced by premium OEMs as a marketing tool, as 5-star Bharat NCAP ratings align with the premium positioning of their products and provide an India-specific safety credential that supplements their global NCAP ratings. The significant Bharat NCAP media coverage since its launch has also elevated consumer awareness of vehicle safety ratings in India, creating market pressure on volume OEMs to improve their scores even absent regulatory mandation.

5.5 Equipment Standards for Advanced Technologies

The CMVR framework for advanced vehicle technologies — Advanced Driver Assistance Systems (ADAS), telematics, event data recorders (EDRs), and eCall — is still developing, with MoRTH issuing periodic notifications as new technology mandates are phased in. The mandatory requirements already in force include: Speed Alert System (SAS) for all M1 vehicles (AIS-145); reversing camera or warning sensor (required for certain vehicle categories); Emergency Call (eCall) system under AIS-168 (mandatory for new M1 and N1 vehicles from a date to be notified); and Vehicle Location Tracking (VLT) system under AIS-140 (mandatory for certain categories of commercial and public transport vehicles from 2020). The VLT mandate under AIS-140 is particularly relevant for commercial fleet operators, who must fit IRNSS/GPS-based vehicle tracking devices in their commercial transport vehicles and provide the data to the respective state transport authority through the Vahan platform.

For premium passenger vehicle OEMs, the mandatory ADAS provisions currently focus on safety-critical functions (emergency braking alert, lane departure warning) rather than the full L2+ automation features available in global market vehicles. However, MoRTH has signalled through its AV Task Force consultations (under the initiative to develop a national framework for autonomous and connected vehicles) that mandatory ADAS requirements will be progressively strengthened in line with the trajectory of the global regulatory harmonisation under the UN ECE Working Party 29 (WP.29) on vehicle regulations. OEMs planning their India model lifecycle and localisation strategies must anticipate this regulatory trajectory and ensure that their ADAS hardware and software architectures are designed for the Indian ADAS compliance environment.

CHAPTER SIX

Compulsory Motor Vehicle Insurance, Third-Party Liability and MACT

Section 146 Mandate, Third-Party and Own Damage Insurance, Motor Accidents Claims Tribunals, and OEM Product Liability Interface

> *The compulsory insurance framework and the Motor Accidents Claims Tribunal system constitute the legal infrastructure for motor vehicle liability in India. For OEMs, importers and premium fleet operators, a nuanced understanding of this framework is essential for product liability management, fleet structuring, and customer-facing warranty and service programmes.*

6.1 Compulsory Third-Party Insurance: Section 146

Section 146 of the MVA imposes an absolute statutory obligation on every person who uses or causes or allows to be used a motor vehicle in a public place to hold an insurance policy covering third-party risks. The policy must, at minimum, cover: death of or bodily injury to any person (including the owner of property) caused by or arising out of the use of the vehicle; and damage to any property of a third party. The compulsory third-party insurance mandate is one of the most heavily enforced provisions of the MVA, with failure to produce evidence of valid insurance constituting an offence under Section 196 (penalty of Rs. 2,000 and/or imprisonment up to three months for first offence, doubled for subsequent offences).

The insurer under a compulsory third-party insurance policy is required under Section 149 to satisfy any judgment obtained against the insured in respect of a third-party liability claim, even if the insurer would otherwise have defences against the insured (such as the vehicle being driven without a valid licence, in breach of the policy conditions) — with the insurer's right to recover the indemnified amount from the insured preserved by Section 149(3). This principle of insurer liability notwithstanding policy defences is fundamental to the social objective of ensuring that accident victims are not left uncompensated by the insured's breach of policy conditions.

6.2 Motor Third-Party Premium Regulation

The premium for compulsory third-party (TP) motor insurance is regulated by the Insurance Regulatory and Development Authority of India (IRDAI) under the Insurance Act, 1938. IRDAI's Motor TP premium schedule specifies the annual premium for each vehicle category (two-wheelers, private cars by cubic capacity, commercial vehicles by GVW, etc.), and insurers are not permitted to charge premiums below the prescribed rates. The TP premium schedule is revised periodically by IRDAI based on claims experience data, and revisions — particularly increases in TP premiums for heavy commercial vehicles and premium passenger vehicles — are published in the Official Gazette and come into force typically from 1 June of each year. For OEMs selling premium vehicles, the TP premium level is an element of the "cost of ownership" calculation that affects purchase decisions, and significant TP premium increases can reduce demand at the margin for vehicles in higher premium brackets.

6.3 Motor Accidents Claims Tribunals

The Motor Accidents Claims Tribunal (MACT) system established under Sections 165–176 of the MVA provides a specialised

forum for the adjudication of compensation claims by accident victims and their dependants. Each state government is required to constitute one or more MACTs for the area covered by the Tribunal, which exercises exclusive jurisdiction over motor accident compensation claims. The MACT is presided over by a judicial officer of the rank of District Judge or above, and its proceedings are summary in character, with a strong statutory mandate to determine claims expeditiously (Section 169 requires the MACT to make an award within six months of filing the claim application).

The MACT determines compensation under two heads: structured compensation for pecuniary losses (medical expenses, loss of earning capacity, funeral expenses) and non-pecuniary losses (pain and suffering, loss of consortium, loss of estate). The Supreme Court's landmark decisions in Sarla Verma v. Delhi Transport Corporation (2009) and National Insurance Co. Ltd. v. Pranay Sethi (2017) established structured actuarial multiplier-based compensation formulas for death and permanent disability claims, providing greater predictability and consistency in MACT awards. The Pranay Sethi guidelines, which specify notional income (Rs. 15,000 per month) for self-employed persons and home-makers killed in road accidents, and future prospects additions (15–30% depending on age), form the standard actuarial framework applied by MACTs and High Courts in compensation proceedings.

6.4 OEM Liability in MACT Proceedings

Automobile manufacturers can be impleaded as additional defendants in MACT proceedings where the accident is alleged to have been caused wholly or partly by a manufacturing defect in the vehicle. Section 165 allows any person with an interest in the claim to be made a respondent, and courts have not infrequently impleaded the manufacturer or importer where: the claimant alleges brake failure, steering failure, tyre separation, airbag non-deployment, or other mechanical failure as the cause of the accident; the vehicle's crash data (from event data recorders, where available) is sought as evidence; or the claimant pursues a products liability theory under the Consumer Protection Act, 2019 in parallel with the MACT claim. The risk of MACT impleadment is particularly significant for OEMs selling vehicles in categories with known safety performance concerns (such as vehicles with low Bharat NCAP ratings) or where the vehicle model has a history of safety-related complaints.

6.5 Structured Insurance Products for Fleet Operators

The motor insurance market has evolved significantly to accommodate the needs of large corporate fleet operators, who typically negotiate fleet-level insurance covers rather than individual vehicle policies. Fleet insurance arrangements typically combine: third-party liability cover (compulsory, at IRDAI-regulated rates); own damage cover (voluntary, with negotiated premiums reflecting the fleet's claims history, safety standards, and driver training programmes); and add-on covers for accessories, zero depreciation (depreciation waiver on replacement parts in claims), roadside assistance, engine protection, and loss of use / business interruption. Premium fleet operators whose vehicles serve as mobile hospitality assets (luxury limousines, executive chauffeur services) additionally seek business interruption covers that compensate for lost revenue during vehicle repair periods, going beyond the standard motor own damage covers available in the market.

> **Booklet I Key Takeaways:** The Motor Vehicles Act, 1988, as amended in 2019, and the CMVR, 1989 together constitute the foundational regulatory framework for every automobile manufacturer, importer and commercial operator in India. The 2019 Amendment's mandatory recall framework (Section 110A), enhanced penalty structure (Section 182A), aggregator licensing (Section 93), and cashless accident treatment provisions represent transformative changes requiring systemic compliance upgrades.

For premium OEMs and importers, the construction and equipment standards under Parts V–VI and the associated AIS documents define the technical compliance envelope for every vehicle model sold in India. The MACT framework and the enhanced third-party insurance provisions create the liability landscape within which product liability risk must be managed proactively.

EXTENDED ANALYSIS I

Motor Vehicle Regulation: Advanced Topics for OEM Corporate Counsel

State Transport Undertakings, Cross-Border Permits, National Permit System, Corporate Fleet Compliance and Emerging Regulatory Issues

A.1 State Transport Undertakings and the Nationalisation Framework

Chapter VI of the Motor Vehicles Act, 1988 (Sections 97–105) preserves the framework for the nationalisation of road transport services by state governments, permitting state transport undertakings (STUs) — such as KSRTC (Karnataka), MSRTC (Maharashtra), GSRTC (Gujarat), and TNSTC (Tamil Nadu) — to operate exclusive or non-exclusive bus services on specified routes. Section 100 empowers the state government to publish a scheme for nationalisation of a route, after which private operators are progressively excluded and the STU gains sole operating rights. The nationalisation framework is relevant to premium OEMs in the context of luxury coach and inter-city bus segment sales: where a route is exclusively nationalised, only the STU can operate bus services, limiting the market for private luxury coach operators on that route. However, the Supreme Court has consistently held that nationalisation schemes must strictly comply with the procedural requirements of Chapter VI, and schemes that fail to give adequate opportunity to affected private operators or that cover routes not specified in the state's transport plan have been struck down, providing private operators with a basis to challenge overbroad nationalisation attempts.

The STU procurement process for buses — typically through competitive tender — is one of the largest segments of bus purchase demand in India, with aggregate STU bus procurement running to several thousand units annually. Premium bus manufacturers and bodybuilders targeting the STU market must understand the technical specifications mandated in STU tenders, which are often framed by reference to MoRTH's standard specifications for state government buses, and the commercial terms (advance payment, payment security, performance guarantees, warranty obligations) that STUs typically impose. The nationalised transport framework also affects the pricing of state government permits for luxury coach operators: in states where the STU operates a quasi-monopoly on long-distance routes, private luxury coach operators may face resistance from the state transport authority when seeking permits on routes the STU regards as its territory, requiring the private operator to mount legal challenges under the Constitutional guarantee of the right to carry on trade and commerce under Article 19(1)(g).

A.2 Inter-State Transport: National Permits and Bilateral Agreements

The National Permit system under the Motor Vehicles Act and the Rules framed thereunder permits goods vehicles and tourist vehicles satisfying specified standards to operate throughout the country on payment of a National Permit fee, without requiring separate state-level permits for each state traversed. The National Permit framework is administered under Section 88(9) of the MVA, which enables the Central Government to prescribe a scheme for the grant of national permits, and is implemented through the National Permit Rules notified by MoRTH. A National Permit issued for a goods vehicle authorises its operation in all states and Union Territories except certain notified areas where vehicles of specified categories are not permitted (such as certain eco-sensitive zones, hill stations, and national parks). The annual National Permit fee (payable to the Central Government) and the additional state taxes (payable to each state in which the vehicle operates) together constitute the total fiscal cost of national permit operation, which must be factored into the economics of long-distance goods transport and premium intercity

logistics operations.

For premium goods vehicle operators and luxury coach operators who operate across state boundaries, the bilateral permit agreements between states are the alternative mechanism for inter-state operation where a National Permit is not obtained. Under a bilateral agreement between two states, operators based in one state may obtain a permit to operate on routes in the other state, and vice versa, typically on terms of reciprocity. The absence of a bilateral agreement between specific pairs of states has historically created route gaps in inter-state transport networks, requiring operators to adjust their routing to avoid permit-challenged corridors. The Digital India initiative and the integration of the permit management system into the VAHAN platform have improved the transparency and speed of inter-state permit processing, reducing the friction for legitimate operators while improving enforcement against illegal operator activity.

A.3 MACT Claims: OEM Strategic Responses

When an OEM or importer is impleaded in a Motor Accidents Claims Tribunal proceeding as an additional respondent on the basis of alleged manufacturing defect, the legal and commercial exposure is potentially significant. The MACT's jurisdiction is primarily to determine liability between the insurer, the insured vehicle owner, and the driver; the additional impleadment of a manufacturer under a products liability theory requires the claimant to establish that the accident was caused wholly or partly by a defect in the vehicle's design or manufacture. Establishing manufacturing defect causation in the MACT context requires engineering evidence (typically from a qualified forensic vehicle examiner), which is often contested between the claimant's and the manufacturer's experts.

OEM legal teams defending MACT impleadment must: obtain and preserve all relevant technical documentation (type approval certificate, CMVR conformity declaration, pre-delivery inspection records, service and warranty history); brief forensic engineering experts to examine the crashed vehicle and prepare a technical report on the cause of the accident; prepare evidence demonstrating the vehicle's compliance with all applicable CMVR and AIS standards; and if the vehicle's post-accident condition has been altered (as often happens when the vehicle is repaired or scrapped without the OEM's knowledge), seek to reconstruct the vehicle's condition from available physical evidence and electronic data (EDR/telematics if available).

A.4 Vehicle Aggregator Compliance: A Systematic Framework

The compliance obligations imposed on motor vehicle aggregators under Section 93 of the MVA (as amended in 2019) and the Central Government's Aggregator Guidelines (2020) create a detailed operational compliance programme that aggregators must implement as a condition of their licence. The Guidelines specify: the minimum fleet age (vehicles must not be more than 8 years old); insurance requirements (comprehensive insurance with specific minimum limits); driver verification requirements (police verification, background checks, driving licence validation through the SARATHI database); vehicle condition monitoring (mandatory vehicle inspection at periodic intervals); passenger safety features (in-vehicle GPS, emergency button, speed monitoring with alert to driver and platform); fare calculation and transparency requirements; and data privacy obligations for both passenger and driver data under the applicable Personal Data Protection framework.

For OEMs supplying vehicles to the aggregator fleet segment, the Aggregator Guidelines create specific product requirements: vehicles must be compatible with the GPS and emergency alert systems specified in the Guidelines (requiring compatible hardware and software interfaces); must meet the AIS-140 Vehicle Location Tracking standard for the telematics unit; and must support the

real-time data transmission required for platform monitoring. The EV fleet mandate under the Guidelines (requiring 30% of new fleet additions from 2024 to be electric, stepping up to 40% by 2026 and eventually 100% as per the long-term trajectory) creates a direct regulatory driver for EV demand in the aggregator segment, which OEMs are factoring into their EV product introduction and pricing strategy for the commercial fleet market.

A.5 CMVR Technical Standing Committee (CMVR-TSC): The Standards Architecture

The CMVR Technical Standing Committee (CMVR-TSC), constituted by MoRTH, is the apex technical body responsible for formulating and updating the Automotive Industry Standards (AIS) that define the detailed technical requirements for compliance with the CMVR. The CMVR-TSC's composition includes representatives of the automobile industry (through SIAM — the Society of Indian Automobile Manufacturers, representing passenger vehicle, commercial vehicle and two-wheeler OEMs), component manufacturers (through ACMA — the Automotive Component Manufacturers Association), the testing agencies (ARAI, iCAT), the Bureau of Indian Standards (BIS), MoRTH officials, and technical experts. The CMVR-TSC works through specialist sub-committees on specific technology domains (braking, lighting, crash safety, emission, fuel efficiency, electric vehicles, autonomous vehicles), each of which develops draft AIS documents for adoption by the full Committee.

The AIS development process involves: identification of the need for a new or updated standard (driven by new vehicle technologies, new safety requirements, international regulatory developments, or domestic accident experience); drafting by the specialist sub-committee with reference to international standards (UN ECE, ISO, SAE) and domestic testing data; circulation of the draft for public comment by industry stakeholders; finalisation by the sub-committee; adoption by the CMVR-TSC; and notification by MoRTH through a Gazette notification incorporating the AIS into the CMVR framework. The typical timeline from initiation to notification of a new or substantially revised AIS is 12–24 months, depending on the complexity of the technical issues and the degree of industry consensus. For OEMs planning new model introductions, tracking the CMVR-TSC's work programme for upcoming AIS amendments is essential to ensure that new models are designed to comply with the standards that will be in force at the time of the model's commercial launch, not just the standards in force at the time of initial type approval application.

A.6 Noise Emission Standards and Roadside Checks

The noise emission standards for motor vehicles in India are specified in AIS-004 (for M and N category vehicles) and AIS-041 (for motorcycles), based on the UN ECE Regulation 51 (for vehicles) and Regulation 41 (for motorcycles) frameworks. The standards specify maximum permissible noise levels for stationary noise tests (the exhaust noise test at specified engine speed) and drive-by noise tests (measuring the overall vehicle noise during a standardised drive-by manoeuvre). Compliance with the noise emission standards is verified as part of the type approval process, and the type approval certificate confirms the vehicle's noise emission level. Roadside noise checks using approved sound level meters are a component of enforcement by traffic police in certain metropolitan areas, though systematic enforcement of in-use noise standards is less consistent than emission (PUC) enforcement.

Premium performance vehicle OEMs who offer models with enhanced exhaust sound profiles — using active sound management systems, exhaust bypass valves, or sports exhaust systems — must ensure that their vehicles comply with the applicable AIS noise standards in the configuration in which they are type-approved for the Indian market. Where a model is offered with an optional

sports exhaust system that produces higher noise levels than the standard exhaust, the optional system must be separately type-approved to the AIS noise standard before it can be sold as an official accessory through the OEM's distribution network. Aftermarket exhaust modifications that cause a vehicle to exceed the type-approved noise level violate Rule 119 of the CMVR and Section 190 of the MVA, exposing the vehicle owner to a fine and potentially invalidating the vehicle's insurance cover.

A.7 Speed Governors and Tamper-Proofing Requirements

Speed governors — devices that limit the maximum speed of a motor vehicle to a prescribed limit — are mandatory for certain categories of transport vehicles under Rule 122A of the CMVR. The speed governor requirement applies to heavy passenger motor vehicles (buses above a specified GVW), heavy goods vehicles, and certain categories of school buses, and specifies the maximum speed limit to be set on the governor. The speed governor must meet the performance specifications of AIS-018 (Technical Requirements for Speed Governing Device) and must be installed and sealed by an authorised service centre, with tamper-proofing measures to prevent adjustment or circumvention. Violations of the speed governor requirement — including the removal, circumvention or adjustment of a duly installed speed governor — are offences under Section 190 of the MVA, attracting fines and potential vehicle detention.

A.8 Environmental Clearances for Manufacturing Facilities

Automobile manufacturing plants in India require a range of environmental approvals in addition to industrial licences and building permits: Environmental Clearance (EC) under the Environment Impact Assessment Notification, 2006 for manufacturing activities above specified thresholds; Consent to Establish and Consent to Operate under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 from the State Pollution Control Board; and Hazardous Waste authorisation under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 for the handling of paint sludge, solvent waste, battery scrap, and other hazardous materials generated in the manufacturing process. The environmental compliance architecture for automobile plants is therefore a multi-agency framework that requires ongoing monitoring and renewal, and the environmental compliance history of a manufacturing plant is a significant factor in the due diligence for automotive sector M&A transactions and financial investments.

A.9 Liability of the Vehicle Manufacturer under the Consumer Protection Act, 2019

The Consumer Protection Act, 2019 (CPA) — which replaced the Consumer Protection Act, 1986 — significantly enhanced the product liability framework applicable to automobile manufacturers and importers. Section 83 of the CPA imposes product liability on a "product manufacturer" (which includes the original equipment manufacturer and any entity that imports the product for sale) for harm caused by a defective product, without requirement to establish negligence. The definition of "defect" under Section 2(10) of the CPA includes manufacturing defects (where the product does not conform to its specifications), design defects (where the product as designed is unreasonably dangerous), and warning defects (where the product lacks adequate instructions or warnings about a risk that a reasonably prudent manufacturer would have provided). The CPA's product liability provisions have created a more robust and consumer-accessible mechanism for automotive product liability claims than was previously available under the general tort law framework, and OEMs have responded with enhanced quality management systems, proactive recall programmes, and more comprehensive owner's manual safety communications to reduce their exposure under the warning defect category.

The Central Consumer Protection Authority (CCPA), established under the CPA, has powers to investigate product safety issues, issue recalls, and impose penalties on manufacturers for unfair trade practices including deceptive advertising of vehicle features. The CCPA has issued guidelines on misleading advertisements in the automobile sector, specifically addressing the disclosure of fuel efficiency figures (actual versus ARAI-certified) and the use of comparative safety claims in advertising. OEMs whose marketing materials make safety claims that are not substantiated by actual Indian test data (for instance, claiming "5-star safety" without Bharat NCAP certification) risk CCPA action for misleading advertising.

Booklet I Comprehensive Summary: The Motor Vehicles Act, 1988 and its 2019 Amendment, together with the CMVR 1989 and the AIS standards framework, constitute a comprehensive regulatory architecture governing every aspect of automobile manufacture, import, registration, operation and liability in India. For OEM corporate counsel, the key compliance priorities are: maintaining type approval compliance across all vehicle models and variants; managing the recall obligation framework under Section 110A and the 2021 Recall Regulations; navigating the registration, permit and fitness certification requirements across all operating states; managing the MACT and consumer protection liability exposure through robust quality management and proactive recall programmes; and tracking the evolving AIS standards trajectory to ensure that future model introductions comply with standards in force at launch. The 2019 Amendment's enhanced penalties and the CPA's product liability provisions together raise the commercial stakes of non-compliance to a level that demands systematic compliance investment rather than reactive management.

EXTENDED ANALYSIS II

MVA and CMVR: Compliance Deep Dive for Manufacturers and Importers

Type Approval Interface with MVA, Special Purpose Vehicles, Retrofitment Regulations, Road Safety Law and Digital Compliance

B.1 MVA and Type Approval: The Regulatory Interface

The legal interface between the Motor Vehicles Act's construction and equipment requirements (enforced through Part VI and the CMVR) and the type approval system (administered by ARAI and iCAT under the Whole Vehicle Type Approval framework) is the foundational compliance architecture for any entity manufacturing or importing motor vehicles for sale in India. The type approval certificate issued by the testing agency confirms that the vehicle type submitted for testing complies with all applicable AIS standards at the time of testing; the manufacturer then certifies, through the Form 22 declaration accompanying each individually produced vehicle, that every unit of that type produced or imported conforms to the approved type. This two-stage system — type-level approval followed by production conformity — is the standard international approach to vehicle regulation, adopted in India from the European Community type approval framework through the harmonisation work of the CMVR-TSC.

The legal consequence of the type approval and Form 22 framework is that the registering RTO accepts the manufacturer's Form 22 declaration as conclusive evidence of the vehicle's compliance without independent inspection. This reliance on manufacturer certification creates a compliance accountability that is entirely borne by the manufacturer: if a vehicle is found to be non-compliant with CMVR standards after sale — whether through a recall investigation, a MACT proceeding, or a MoRTH compliance audit — the manufacturer cannot argue that the RTO should have independently detected the non-compliance. The Section 182A penalties (fines up to one crore rupees) and the recall liability under Section 110A apply to the manufacturer directly, regardless of whether the non-compliance was known to or detected by any regulatory authority at the time of sale.

For imported vehicles, the equivalence between foreign type approvals and Indian CMVR requirements is assessed during the Indian homologation process. MoRTH's policy on mutual recognition of type approvals — while not providing automatic recognition of any foreign approval — allows ARAI and iCAT to reduce the testing scope for vehicles that have been type-approved to UN ECE regulations (which underlie the AIS standards) in their country of origin, provided the relevant ECE regulations are identified as equivalent to the applicable AIS documents in MoRTH's mutual recognition schedule. OEMs entering the Indian market with European-certified vehicles benefit from this partial mutual recognition, while manufacturers from markets that do not use UN ECE standards (notably the United States, which uses FMVSS standards rather than ECE standards) must undertake more extensive Indian testing for homologation.

B.2 Special Purpose Vehicles: Ambulances, School Buses, and Modified Vehicles

Special purpose vehicles — vehicles built or adapted for a specific function rather than general passenger or goods transport — require separate or supplementary type approvals under the CMVR framework. AIS-125 specifies the requirements for ambulances, AIS-052 addresses school buses, and various other AIS documents cover armoured vehicles, fire fighting vehicles,

mobile cranes, and other specialised categories. The regulatory complexity of special purpose vehicles arises from the fact that they are often built on commercially available base vehicle chassis (such as a standard van or minibus) that has an existing type approval, with the special purpose body or equipment installed by a coachbuilder or body shop. The body modification must comply with the applicable special purpose vehicle AIS, and the body manufacturer's certification of compliance — in addition to the base vehicle manufacturer's Form 22 for the chassis — is required before the completed special purpose vehicle can be registered.

School bus specifications under AIS-052 mandate specific safety features including: emergency exits (minimum two, plus the main entrance door), seat belt requirements for occupants, speed governor set at 60 km/h maximum, first aid kit, fire extinguisher, GPS/VLT unit for location tracking, yellow and green colour scheme, and the distinctive "SCHOOL BUS" inscription and children safety marking. The school bus specifications have been strengthened periodically in response to tragic road accidents involving school buses, and OEMs and coachbuilders who supply to the school bus segment must maintain close tracking of amendments to AIS-052 to ensure ongoing compliance. Premium school transport operators — who often use luxury minibuses or full-size coaches for school transport — face the compliance complexity of meeting both the school bus standards and the general transport vehicle standards applicable to their vehicle class, in addition to the specific regulatory requirements imposed by state governments for school vehicle operators.

B.3 Retrofitment and Accessories: Legal Framework

The retrofitment of accessories, safety equipment, or technology upgrades to vehicles after manufacture is governed by a combination of the CMVR (which prohibits modifications that alter a vehicle from its type-approved specification), the Type Approval regulations (which govern the approval of accessories and systems that affect regulated vehicle characteristics), and the Consumer Protection Act (which creates OEM liability for defects caused by the installation of accessories supplied or endorsed by the manufacturer). Rule 52 of the CMVR prohibits any structural alteration to a motor vehicle without the written permission of the registering authority, and the alteration must be reported to the registering authority for an amendment to the Registration Certificate.

For premium OEM accessories programmes — which typically include genuine accessories sold through the dealer network and installed as part of the vehicle delivery or post-delivery service — the legal framework requires that all genuine accessories that affect regulated vehicle characteristics (such as tow bars affecting trailer coupling, roof racks affecting the vehicle's load distribution, or suspension modifications affecting ride height) are individually approved as variants within the vehicle's type approval. Accessories that do not affect regulated characteristics (interior trim, entertainment systems, cosmetic body kits) can be sold without type approval but must still comply with general product safety requirements under the CPA. Aftermarket accessories not sourced through the OEM's official accessories programme, but promoted by dealers or fitted without the OEM's knowledge, create complex warranty and product liability issues for the OEM if the accessory causes or contributes to an accident or vehicle defect.

B.4 Electric Vehicle Framework Under the MVA and CMVR

Electric vehicles (EVs) — whether battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs), or fuel cell electric vehicles (FCEVs) — are classified as "motor vehicles" under the broad definition in Section 2(28) of the MVA, and are therefore subject to the full range of MVA and CMVR requirements in addition to the specific EV-related standards. The specific CMVR

and AIS standards applicable to EVs include: AIS-038 (Electric Power Train Vehicles — Safety Requirements for Battery), AIS-049 (Battery Operated Vehicles — Requirements for Construction, Safety and Testing), AIS-072 (Validation of Safety Requirements for Battery Operated Vehicles), AIS-100 (Side Impact for Battery Operated Vehicles), and AIS-156 (Safety Evaluation of Traction Battery for Battery Operated Vehicles). These standards address the specific hazards associated with high-voltage traction batteries and electric drive systems — particularly electric shock protection, thermal runaway prevention, and post-crash battery safety — that are not addressed in the conventional vehicle safety standards.

MoRTH's progressive tightening of the battery safety standards for EVs — driven in part by incidents of EV battery fires in 2021–2022 that attracted significant media and regulatory attention — has been implemented through amendments to AIS-038 and AIS-156, incorporating more stringent thermal propagation tests, cell-level safety requirements, and post-fire safety requirements. OEMs introducing new EV models must ensure their battery systems comply with the most current versions of these AIS standards, and any changes to battery cell chemistry, battery management system (BMS) software, or thermal management system design after initial type approval require retesting to confirm continued compliance. The 2022 amendments to AIS-156 requiring mandatory compliance with the Thermal Propagation test (a test that requires no fire or explosion to occur within a specified time after a thermal runaway event is initiated in a cell) have been a significant design and testing challenge for some EV OEMs.

B.5 Road Safety Law: Criminal Provisions and Corporate Liability

The criminal provisions of the Motor Vehicles Act — particularly those in Chapter XI relating to dangerous driving, drunk driving, racing, and driving without a licence — create potential corporate liability exposure for OEMs and fleet operators where company-owned vehicles are involved in serious accidents. While Section 188 of the MVA (governing offences under the Act) is generally directed at individual drivers and vehicle owners, Section 199A (inserted by the 2019 Amendment) creates specific corporate liability where a juvenile driver commits a traffic offence using a vehicle registered in the company's name, holding the registered owner liable for entrusting the vehicle to an unauthorised person under Section 180. Section 201A (also inserted by the 2019 Amendment) imposes penalty on vehicle owners (including corporate owners) whose vehicles are used in contravention of Chapter III (registration), Chapter IV (licences for transport vehicles), or Chapter V (vehicle construction), where the owner had knowledge of the contravention.

The "directing mind and will" principle of corporate criminal liability — under which a company can be convicted of a criminal offence committed by a director, manager, or other officer who can be identified as the company's directing mind — has been applied by Indian courts in road transport contexts, though prosecutions of automobile companies themselves (as distinct from individual managers) remain rare. The more significant corporate criminal exposure for OEMs arises from the specific regulatory offences in Section 182A (manufacturing and selling non-compliant vehicles) and the recall non-compliance provisions, which directly target the manufacturer rather than the individual driver or owner, and can result in penalties and imprisonment of the OEM's responsible officers under the general principle that an offence committed by a company is also an offence committed by every director, manager, secretary or other officer who was responsible for the conduct of its business at the time of the offence.

B.6 National Road Safety Policy and Industry Obligations

India's National Road Safety Policy — adopted by the Government of India in 2010 and progressively updated through subsequent policy statements — sets out the strategic framework for reducing road fatalities by 50% by 2030, consistent with the

UN General Assembly's Decade of Action for Road Safety (2021–2030). The Policy identifies five pillars of road safety: road safety management; safer roads and mobility; safer vehicles; safer road users; and post-crash response. The "safer vehicles" pillar directly engages the automobile manufacturing and importing community, specifying obligations for: mandatory fitment of safety features (progressing from basic requirements such as seatbelts and ABS towards advanced requirements including ESC, ADAS, and eCall); the progressive strengthening of crash testing standards through Bharat NCAP; and the phased mandation of technologies that reduce the severity of crashes when they occur (such as pedestrian-friendly vehicle front structures under AIS-100 amendments and the forthcoming AIS standards on autonomous emergency braking for pedestrian and cyclist detection).

The automobile industry's engagement with the National Road Safety Policy is managed primarily through SIAM, which coordinates industry positions on new safety mandates, represents the industry in CMVR-TSC deliberations, and publishes annual road safety data for the vehicle fleet. OEMs that participate proactively in the CMVR-TSC process — providing technical inputs on the achievability and cost implications of proposed new safety standards, and sharing global safety test data to inform the Indian standards development — are better positioned to influence the standards trajectory and to align their product development roadmaps with the expected regulatory environment. The most commercially sophisticated OEMs treat the CMVR-TSC engagement not merely as a compliance exercise but as a strategic competitive advantage: by helping to shape standards that align with their technology strengths and ahead of competitors' capabilities, they create a regulatory environment that rewards their product investments.

> **Booklet I: Complete Coverage Summary** — The Motor Vehicles Act, 1988 and the CMVR, 1989 together constitute a comprehensive and demanding regulatory framework for automobile manufacturers, importers, dealers and fleet operators in India. From the constitutional foundations of Central regulation to the construction and equipment standards, from the 2019 Amendment's recall and penalty reforms to the compulsory insurance and MACT framework, this booklet has provided the legal and regulatory analysis needed by corporate counsel advising clients across the full spectrum of India's premium automobile sector. The evolving digital compliance ecosystem (VAHAN, SARATHI, FASTag, VLT) and the progressive strengthening of safety and emissions standards create a dynamic compliance environment requiring continuous monitoring and proactive engagement with the regulatory authorities.

EXTENDED ANALYSIS I

MVA Compliance: Corporate Counsel's Operational Guide

Fleet Management Law, Vehicle Alteration, Transport Aggregators, International Driving Permits and Cross-Border Transit

A.1 Corporate Fleet Compliance: A Systematic Framework

For large corporate fleet operators — multinational companies maintaining hundreds or thousands of vehicles for employee transport, product delivery, and executive mobility — the Motor Vehicles Act compliance obligations span the full lifecycle of each vehicle from procurement to disposal. The compliance programme must address: procurement-stage compliance (ensuring vehicles procured meet CMVR standards, are type-approved, and come with proper manufacturer certifications); registration compliance (timely registration of all fleet vehicles, maintenance of registration certificates, and tracking of BH-series versus state-specific registrations); insurance compliance (maintaining valid comprehensive and third-party insurance for every fleet vehicle, coordinating renewal cycles to avoid coverage gaps, and managing claims under the MACT framework for accidents involving fleet vehicles); maintenance and fitness compliance (scheduled preventive maintenance to maintain vehicles in roadworthy condition, periodic PUC testing, and — for commercial transport vehicles — timely Certificate of Fitness renewal); and disposal compliance (proper de-registration of vehicles being retired from the fleet, surrendering registration certificates to the RTO, and using Registered Vehicle Scrapping Facilities under the Vehicle Scrappage Policy for end-of-life vehicles). The regulatory risk management dimension of fleet compliance includes: training fleet drivers on traffic regulations and the enhanced penalties under the 2019 Amendment; implementing driver behaviour monitoring (telematics-based speed monitoring, harsh braking detection, and mobile phone usage detection) to reduce the risk of traffic violations against fleet vehicles; and establishing an escalation process for addressing traffic challans (e-challans) issued against fleet vehicles, to ensure they are paid or contested before they become enforcement issues.

The Vehicles Location Tracking (VLT) mandate under AIS-140 — requiring GPS-based real-time tracking for commercial transport vehicles — creates a data management obligation for fleet operators that extends beyond pure compliance. The VLT data (real-time vehicle location, speed, and route information) must be transmitted to the state transport authority's server through a standardised HTTPS API, making it a live regulatory data feed that enforcement authorities can access at any time. Fleet operators who manipulate or interfere with VLT data transmissions — whether to conceal route violations, speed limit breaches, or unauthorised route deviations — face regulatory consequences under the VLT regulations and potentially criminal liability for tampering with required safety and regulatory equipment under the MVA's penalty provisions. Beyond compliance, VLT data provides commercially valuable fleet management insights — route optimisation, driver performance monitoring, predictive maintenance alerts, and utilisation analytics — that sophisticated fleet operators leverage through integrated fleet management platforms that combine VLT data with fuel consumption, maintenance, and driver performance data.

A.2 Vehicle Alteration Law: Section 52 and the Modification Framework

Section 52 of the Motor Vehicles Act, 1988 prohibits any person from altering a motor vehicle so as to change the structure originally specified by the manufacturer (including changes to engine, braking system, or dimensions that affect the vehicle's compliance with CMVR standards) without the prior permission of the registering authority. The Section 52 framework reflects

the regulatory principle that the type approval certificate covers a specific vehicle configuration, and that material changes to that configuration — whether made by the manufacturer, the dealer, or the owner after sale — require a new or amended type approval to remain compliant. In practice, Section 52 is most frequently engaged by: conversions of petrol-engine vehicles to CNG or LPG operation (which require separate certification of the alternative fuel system); retrofitment of electric drive trains to conventional ICE vehicles (which requires type approval for the EV conversion); fitting of armoured or ballistic protection bodies to commercial vehicles (which changes dimensions and weight); and fitting of specialised bodywork to commercial vehicle chassis (ambulances, fire trucks, refrigerated cargo bodies) that changes the vehicle's use, dimensions, or load-carrying characteristics from those approved in the base vehicle type approval. Each of these modifications requires RTO approval for the alteration and, in most cases, a supplementary or amended type approval from ARAI or iCAT confirming the modified vehicle's compliance with the applicable AIS standards for the resulting configuration.

The premium automobile aftermarket community — including vehicle customisers who fit upgraded audio-visual systems, suspension modifications, body kits, roof racks, and specialised interior fittings — must navigate the Section 52 framework carefully, since modifications that affect the vehicle's regulated characteristics (noise, ground clearance, tyre size, seat count, or weight distribution) may technically require RTO approval and potentially amended type approval before they can be legally offered for road use. The enforcement of Section 52 against individual vehicle owners who have added aftermarket accessories has historically been uneven, but the traffic police in major cities have periodically mounted enforcement drives against vehicles with obviously illegal modifications (oversized tyres, raised suspension exceeding permitted ground clearance, structural body modifications) to address the safety and public space concerns associated with illegally modified vehicles. OEMs who market factory-fitted or dealer-fitted accessories that affect regulated vehicle characteristics (such as roof racks that affect the vehicle's height or aerodynamic drag) must ensure that these accessories are included in the type approval documentation and do not take the vehicle outside its type-approved specifications.

A.3 International Driving Permits and Cross-Border Vehicle Movement

India is a signatory to the Convention on Road Traffic (Vienna Convention, 1968) and the Convention on Road Signs and Signals, which provide the international legal framework for mutual recognition of driving licences and road traffic rules among contracting states. Under the Vienna Convention framework, an Indian driving licence holder may obtain an International Driving Permit (IDP) from the Automobile Association of India (AAI) or similar authorised associations, which is recognised in other contracting states as valid evidence of the holder's driving qualification. Conversely, visitors to India holding valid IDPs from their home countries are permitted to drive in India for a limited period (typically up to one year) without obtaining an Indian driving licence. The IDP framework is commercially relevant for: automotive industry executives and expatriate employees who drive in India on their home-country licences; premium car rental companies that serve international tourists and business visitors (who must verify that rental customers hold valid IDPs and comply with the applicable insurance requirements for foreign-licence drivers); and Indian companies that operate vehicle fleets across borders (such as logistics companies operating in the Nepal-India or Bangladesh-India cross-border corridors, where bilateral transport agreements govern the terms of commercial vehicle cross-border movement).

A.4 Motor Vehicle Act Penalties: Enforcement Statistics and Industry Response

The implementation of the Motor Vehicles (Amendment) Act, 2019's dramatically enhanced penalty structure has had

measurable effects on the traffic safety landscape in India, though the changes are unevenly distributed across states. States that implemented the enhanced penalties immediately and rigorously — including Gujarat, Karnataka, and Delhi — saw significant increases in traffic challan revenue and media-reported changes in driver behaviour (increases in seatbelt usage, decreases in mobile phone use while driving). States that were slow to implement the enhanced penalties, citing political resistance to the higher fine levels, provided less consistent enforcement. For automobile OEMs and fleet operators, the enhanced penalties have three commercially significant implications: first, the Section 182A penalty for manufacturing or selling non-compliant vehicles (up to Rs. 1 crore per vehicle) has prompted significant investment in pre-delivery inspection processes and supply chain quality management to ensure that no non-compliant vehicles reach the customer; second, the Section 199A liability for registered vehicle owners (including corporate fleet operators) for offences committed by juveniles using their vehicles has prompted fleet management policy updates to restrict vehicle access outside business hours; and third, the dramatically increased fines for commercial vehicle overloading (Section 194) have changed the economics of freight logistics, with shippers and transporters now more carefully managing cargo loading to avoid the potentially company-threatening fines for systematic overloading.

A.5 Emerging Regulatory Issues: Drones, Flying Taxis, and the Extended MVA Framework

The Motor Vehicles Act's definition of "motor vehicle" — "any mechanically propelled vehicle adapted for use upon roads" — has been interpreted as applying to vehicles designed for use on roads, excluding aircraft and maritime vessels. However, the emergence of autonomous ground vehicles, personal aerial mobility vehicles (flying taxis), and hybrid land-air vehicles presents novel jurisdictional questions about whether and how the MVA framework applies to these new categories. MoRTH has constituted working groups to examine the regulatory framework for autonomous ground vehicles, which may eventually require amendments to the MVA to address the fundamental assumption of a human driver in the Act's licensing, liability, and insurance provisions. The regulatory framework for drones — currently governed by the Drone Rules, 2021 under the Aircraft Act — is distinct from the MVA framework, but the development of "ground-effect vehicles" that operate close to the road surface may eventually test the boundary between the two regulatory regimes. For premium automobile OEMs investing in future mobility technologies — including Tata Motors' investments through its Jaguar Land Rover group in next-generation vehicle platforms, and the domestic EV companies investing in three-wheeled platforms that will eventually transition to autonomous delivery applications — the evolving MVA regulatory framework is an important input into product and market strategy planning.

Booklet I Comprehensive Summary: The Motor Vehicles Act 1988, as comprehensively amended in 2019, creates a multi-layered compliance architecture for every actor in India's automobile ecosystem. For OEM corporate counsel, the critical compliance domains are: type approval and Form 22 conformity obligations; the mandatory recall framework under Section 110A and the 2021 Recall Regulations; the Section 182A manufacturing and dealer penalty structure; the enhanced fleet management obligations arising from the 2019 Amendment's new provisions; and the emerging regulatory landscape for connected, autonomous, and electric vehicles. For premium importers, the homologation pathway, the customs and type approval coordination, and the SSTA route for low-volume models are the foundational regulatory instruments. For commercial fleet operators, VLT compliance, fitness certification, permit management, and driver licence verification form the operational compliance matrix. The 2019 Amendment has raised the stakes of MVA compliance to a level that demands systematic, professionally managed compliance programmes rather than ad hoc regulatory navigation.