

## Car dealers charging 'premium' on spot buying

By Anamir Shafaat Khan

KARACHI, Feb 8: The authorised dealers of the locally-assembled cars are still charging premium or on-money from the consumers intending to buy the vehicle on spot and the assemblers seem reluctant to initiate any action to end this malpractice, however.

Market sources said that the car demand had been strong since April 2009 despite worsening security situation and it further picked up from January this year. Sales had already surged by 34 per cent during July-December 2009 to 48,344 units as compared to 36,079 units in the same period of 2008.

The assemblers deliberately or due to some other reasons are not increasing their production to meet the demand, and this can be the main reason of higher premiums being charged by the dealers.

Pak Suzuki Motor Company Limited (PSMCL) informed the consumers through print media on Monday about increasing its production to cater rising demand besides asking to contact the company in case they face problems in purchasing cars.

The PSMCL has already suspended individual booking or spot buying for the last few months and is entertaining only corporate buyers.

Dealers are demanding Rs40,000-45,000 premium on newly-introduced Suzuki Swift 1,300cc as against its original price of Rs999,000.

Mehran 800cc VX attracts Rs30,000 on-money followed by Rs38,000-40,000 on Mehran VX CNG and Rs30,000 on Mehran VXR CNG.

Premium on Alto VXR 1000cc and VXR CNG are Rs25,000 and Rs30,000-35,000. On-money on Cultus VXR and VXR CNG is Rs10,000 and Rs13,000 while on VXLI CNG model it is Rs15,000. On Bolan standard VX and VX CNG and VXR, around Rs28,000 premium is being charged.

Dealers are demanding Rs40,000 on different models of Ravi pick up.

Market sources said that the cash-rich consumers, who cannot wait for getting delivery in one or two months, preferred to have cars on spot by paying extra money.

Honda Civic VTI model has premium ranging between Rs40,000-50,000.

Premium on Toyota Corolla Xli ranges between Rs20,000-25,000 and it is being delivered in 30 days after the booking. Similarly, the premium on XLI ranges between Rs30,000-35,000 and its delivery period is two months.

Some dealers however quoted Rs40,000-50,000 premium on two Corolla models. Sources said supply of vehicles from the Indus Motor Company (IMC) was not picking up despite surging demand.

Director Top Line Securities Mohammad Sohail said car sales were likely to show growth of 20-25 per cent by the end of 2009-10 over the last fiscal year.

He said some banks, which suspended financing last year, had re-started car financing

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which means that buyers have entered the car market.

He said the share of car leasing through banks was still very nominal as compared to 60-70 per cent three years back. He said interest rate on car financing now ranged between 17-18 per cent as compared to 20 per cent last year while it was 11-12 per cent three years back.

The ministry of production and industries had been urging the car makers to increase production and also warned against raising prices but it had failed to take any action.

Pak Suzuki increased the prices by Rs10,000-25,000 at the start of 2010 followed by Indus Motor Company which jacked up prices of Daihatsu Cuore and Toyota Hilux by Rs20,000 and Rs30,000.