

Vehicle Scrappage Policy

August 13, 2021

In news-The Prime minister launched National Automobile Scrappage Policy on the occasion of Investor Summit in Gujarat.

About the Vehicle Scrappage Policy

The objectives of the policy are to:

- Reduce the population of old and defective vehicles.
- Achieve reduction in vehicular air pollutants to fulfil India's climate commitments.
- Improve road and vehicular safety.
- Achieve better fuel efficiency.
- Formalize the currently informal vehicle scrapping industry and
- Boost availability of low-cost raw materials for automotive, steel and electronics industry.

Criteria for Vehicle scrappage

- The criteria for a vehicle to be scrapped is primarily based on the fitness of vehicles through Automated Fitness Centres in case of commercial vehicles and Non-Renewal of Registration in case of private vehicles.
- The criteria is adapted from international best practices after a comparative study of standards from various countries like Germany, UK, USA and Japan.
- A Vehicle failing the fitness test or failing to get a renewal of its registration certificate may be declared as End of Life Vehicle.
- Criteria to determine vehicle fitness will be primarily emission tests, braking, safety equipment, among many other tests which are as per the Central Motor Vehicle Rules, 1989.

Policy proposals

- The policy mandates that passenger vehicles older than 15 years and commercial vehicles older than 20 years will have to be scrapped mandatorily if they fail fitness and emission tests
- It is proposed that commercial vehicles be de-registered after 15 years in case of failure to get the fitness certificate.
- As a disincentive measure, increased fees for fitness certificate and fitness test may be applicable for commercial vehicles 15 year onwards from the date of initial registration.
- It is proposed that Private Vehicles be de-registered after 20 years if found unfit or in case of a failure to renew registration certificate.
- As a disincentive measure, increased re-registration fees will be applicable for private vehicles 15 year onwards from the date of initial registration.
- It is being proposed that all vehicles of the Central Government, State Government, Municipal Corporation, Panchayats, State Transport Undertakings, PSUs and autonomous bodies with the Union and State Governments may be de-registered and scrapped after 15 years from the date of registration.
- The scheme shall provide strong incentives to owners of old vehicles to scrap old and unfit vehicles through registered scrapping centres, which shall provide the owners with a scrapping certificate.

Incentives

- Scrap Value for the old vehicle given by the scrapping centre, which is approximately 4-6% of ex-showroom price of a new vehicle.
- The state governments may be advised to offer a road-tax rebate of up to 25% for personal vehicles and up to 15% for commercial vehicles

- The vehicle manufacturers are also advised for providing a discount of 5% on purchase of new vehicle against the scrapping certificate.
- In addition, the registration fees may also be waived for purchase of new vehicle against the scrapping certificate.

Tentative timeline for application of Proposed Scrapping Policy is as follows:

- Rules for Fitness Tests and Scrapping Centres: 01st October 2021
- Scrapping of Government and PSU vehicles above 15 years of age: 01st April 2022
- Mandatory Fitness Testing for Heavy Comm. Vehicles: 01st April 2023
- Mandatory Fitness-Testing (Phased manner for other categories): 01st June 2024

Registered Vehicle Scrapping Facility (RVSF)

The Ministry of Road Transport and Highways will promote setting up of Registered Vehicle Scrapping Facility (RVSF) across India and will encourage public and private participation for opening up of such centres.

Similarly, the Ministry shall promote setting up of Automated Fitness Centres on a PPP model by state government, private sector, automobile companies etc.