

# Voluntary Vehicle scrapping policy

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**In news :** Voluntary Vehicle scrapping policy has been announced recently

## Key features of the policy

- **Aim:** It aims to take old, polluting vehicles off the roads and send them to the scrapyards.
- **Fitness test:** It provides for fitness test after 20 years for personal vehicles while commercial vehicles would require it after the completion of 15 years.
- **Components of the policy:** There are four major components of the policy. Apart from rebate, there are provisions of green taxes and other levies on old polluting vehicles
- As per the policy these vehicles will be required to undergo mandatory fitness and pollution tests in automated facilities.
- For this automated fitness centres would be required throughout in the country and we are working in that direction
- **Automated fitness tests:** They will be set up under public private partnership (PPP) mode while the government will assist private partners and state governments for scrapping centres
- **Penalty:** The policy also provides for penalty on those who are driving such vehicles and fail to pass automated tests
- Initially, about one crore polluting vehicles would go for scrapping. Of this an estimated 51 lakh will be light motor vehicles (LMVs) that are above 20 years of age and another 34 lakh LMVs that are above 15 years.
- It would also cover 17 lakh medium and heavy motor

vehicles, which are above 15 years, and currently without valid fitness certificates

### **Key benefits:**

- Automobile manufacturers will provide about 5 per cent rebate on new car purchases” to the consumers in lieu of scrapping of the old
- The policy is touted as a major step to boost the Indian automobile sector,
- It would lead to a 30 per cent boost to the Indian automobile industry turnover to Rs 10 lakh crore in the years to come from the present about Rs 4.5 lakh crore.
- Once the policy comes to practice, availability of scrapped material like steel, plastic, rubber, aluminium etc will be used in manufacturing of automobile parts which in turn will reduce their cost by 30-40 per cent.
- The policy will give a boost to new technologies with better mileage of vehicles besides promoting green fuel and electricity and cut on India’s huge Rs 8 lakh crore crude import bill which is likely to increase to about Rs 18 lakh crore.

### **Green Tax**

- The government had earlier said it plans to impose green tax on old polluting vehicles soon in a bid to protect the environment and curb pollution while vehicles like strong hybrids, electric vehicles and those running on alternate fuels like CNG, ethanol and LPG will be exempted. The revenue collected through the green tax will be utilised for tackling pollution.
- Under the scheme, transport vehicles older than eight years could be charged green tax at the time of renewal of fitness certificate at the rate of 10-25 per cent of road tax, as per green tax proposal sent to states for consultations after cleared by the ministry.