



Voluntary Vehicle-Fleet Modernization Program

SCRAPPING POLICY

18th March 2021

Vehicle Statistics

- **51 lakh** Light Motor Vehicles are older than 20 years
- **34 lakh** Light Motor Vehicles are older than 15 years
- **17 lakh** Medium and Heavy Commercial Vehicles are older than 15 years without valid fitness certificate
- Older vehicles **pollute 10 to 12 times** more than fit vehicles

Need for Scrapping Policy

1. Reduce population of **old and defective vehicles**
2. **25-30% reduction** in vehicular air pollutants
3. Improved **Road Safety**
4. Improved Materials and Vehicle technology
 - a. **Better Fuel Efficiency** and **Lightweight vehicles**
 - b. **Reduced Fuel Consumption** and reduced import of fuel
 - c. New Heavy Commercial Vehicles are **3-6% more fuel efficient**
 - d. **Improved Safety Features** such as Airbags, ABS etc.
5. Scrapping Would **Boost Manufacturing and Services Sector**
6. **Low cost raw materials** for automotive and electronics industry
7. Additional **investment of 10,000 Cr** and **35,000 job creation**

Features of Scrapping Policy

Criteria to Scrap	<ul style="list-style-type: none">➤ Fitness Test and Non-Renewal of Registration Certificate➤ Adapted from Comparison of Global Standards from Germany, UK, USA and Japan➤ Vehicle failing fitness test to be defined as End of Life Vehicle - ELV
Commercial Vehicle	<ul style="list-style-type: none">➤ Proposed Mandatory de-registration <u>after 15 years</u> (if fitness certificate is not renewed)➤ Increased fitness certificate fees from 15 years onwards as a disincentive
Private Vehicle	<ul style="list-style-type: none">➤ Proposed Mandatory de-registration <u>after 20 years</u> (if <u>found unfit or registration certificate is not renewed</u>)➤ Increased re-registration fees from 15 years onwards as a disincentive
Government Vehicles	<ul style="list-style-type: none">➤ Proposed de-registration after 15 years➤ Central Government, State Govt, Municipal Corp, Panchayats➤ State Transport Undertakings➤ Public Sector Undertakings➤ Autonomous bodies with the Central and State Government

Incentives

1. **Monetary incentives** to owners of old vehicles for scrapping through registered scrapping centres
 - a. **Scrap value for old vehicle** by scrapping centre
(Approx. 4-6% of ex-showroom price of new vehicle)
 - b. **Road Tax Rebate** (Advisory to all States)
 - i. Upto **25% rebate** in Road Tax for **personal vehicle**
 - ii. Upto **15% rebate** for **commercial vehicle**
 - c. ***** 5% Discount by manufacturers against scrapping certificate** (Advisory to be issued by Ministry)
 - d. **Waiver of Registration Fees** for purchased vehicle

Cost-Economics

Cost of Running 15-Year Old Swift Dzire Car for 5 more years

- Assuming 15km/day travel: Distance travelled: **27,500 km**
- Increased Re-Registration Cost: **Rs. 5,000/-**
- Maintenance Cost: $5,000 * 5 =$ **Rs. 25,000/-**
- Tyre Replacement: **Rs. 12,000/-**
- Fuel Cost: **Rs. 1,70,000/-** (approx. for 27,500 km)

Benefits from Scrapping Old Car and Purchasing New Car

- **Scrap Value:** 4% of Car Price: **Rs. 32,000/-**
- **Manufacturer Discount:** 5% of Car Price: **Rs. 40,000/-**
- **Road Tax:** 25% rebate for 3 years: **Rs. 3,000/-**
- **Maintenance Cost:** Half the cost of maintaining old car
- **Fuel Cost:** Savings due to better efficiency in new cars

Registered Vehicle Scrapping Facility (RVSF)

Quality	<ul style="list-style-type: none">➤ Model for Scrapping Facility: Belgium Model with a target of 90% recovery of raw metals➤ Success rate of scrapping is determined by the percentage recovery of raw metals➤ Recycling Ecosystem for automotive and electronic industry for low-cost raw material
Obligations	<ul style="list-style-type: none">➤ Comply with environmental and pollution norms➤ Comply with Labour Laws and all applicable acts
Requirements	<ul style="list-style-type: none">➤ Parking Space for Waste Vehicles➤ De-Pollution Equipment for Air, Water and Sound Pollution➤ Hazardous Waste Removal and Disposal

Automated Fitness Testing Centres

Test Criteria	<ul style="list-style-type: none">➤ Emission Test, Braking, Safety Components as per CMVR 1989
Set-up	<ul style="list-style-type: none">➤ PPP Model by State Government or by private sector, automobile companies➤ Aim to have one Fitness Centre in each district (At-least 718 centers in India)➤ MoRTH is promoting model Inspection and Certification Centre worth Rs. 17 Cr in all states
Features	<ul style="list-style-type: none">➤ Adequate Space for test lane, booking cash counters, IT servers, parking, free movement of vehicles➤ To avoid Conflict of Interest, operators shall only provide testing facility and shall not provide repair/ sale of spares services➤ Appointment to be booked online and automatic report generation electronically

Timeline for Application of Proposed Scrapping Policy

POLICY	DATE
Rules for Fitness Tests and Scrapping Centres	01st October 2021
Scrapping of Govt and PSU vehicles above 15 years of age	01st April 2022
Mandatory Fitness Testing <ul style="list-style-type: none">➤ Heavy Comm. Vehicles➤ Phased introduction for all other categories	01st April 2023 01st June 2024