



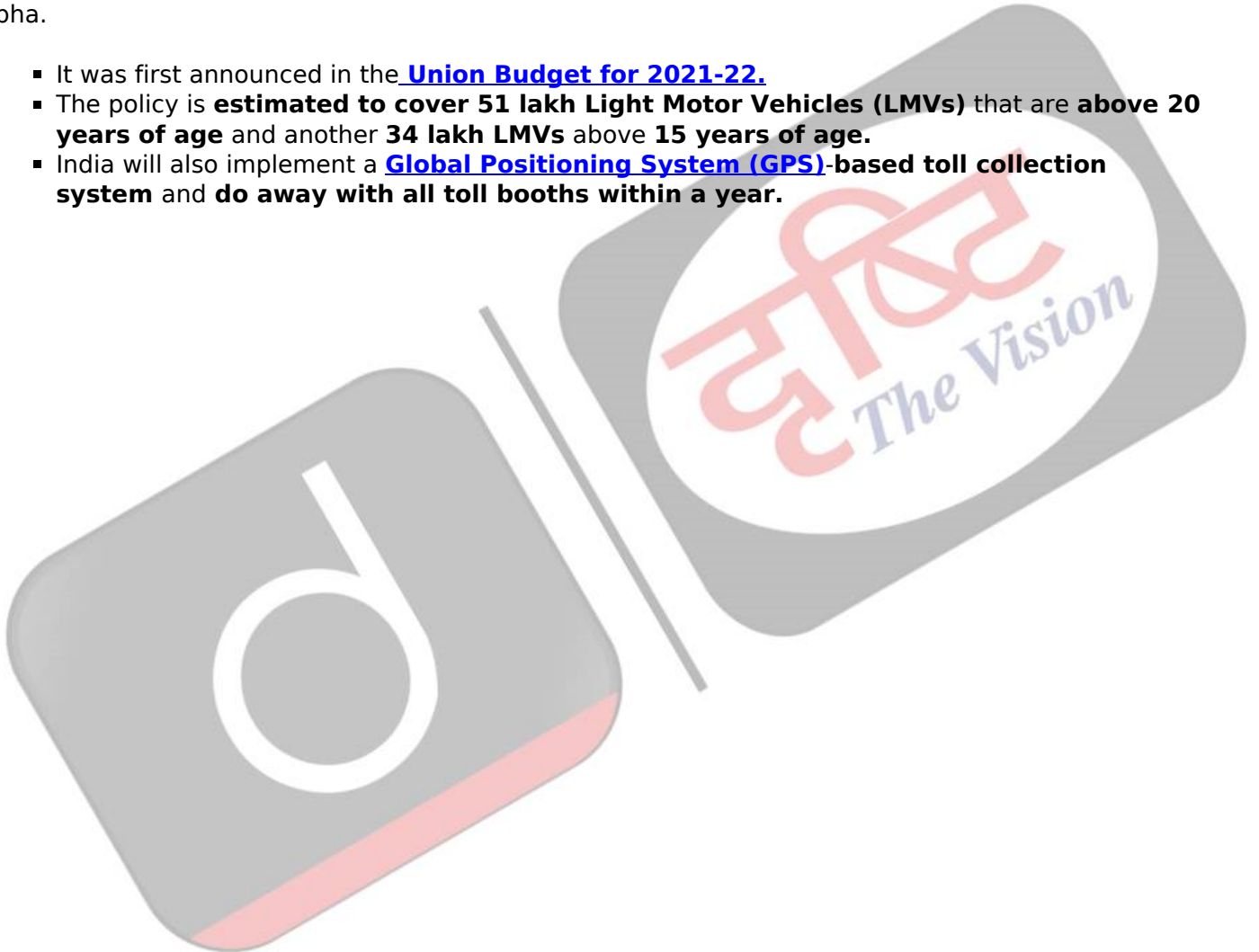
Vehicle Scrapping Policy

Why in News

Recently, the Union Road and Transport Minister announced the [Vehicle Scrapping Policy](#) in the Lok Sabha.

- It was first announced in the [Union Budget for 2021-22](#).
- The policy is **estimated to cover 51 lakh Light Motor Vehicles (LMVs)** that are **above 20 years of age** and another **34 lakh LMVs** above **15 years of age**.
- India will also implement a [Global Positioning System \(GPS\)](#)-based toll collection system and **do away with all toll booths within a year**.

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HOW PROCESS WILL UNFOLD

A vehicle older than 20 years, if found unfit or registration certificate is not renewed, will be de-registered



Registered owners to hand over such vehicles to a Registered Vehicle Scrapping Facility with certificate of the vehicles' registration, their PAN details, and other documents



Scrapper to verify records of the vehicles from database of the stolen vehicles and issue a Certificate of Deposit, mandatory for the owner to avail incentives



The certificate once used will be stamped "Cancelled" by the agency



Government will maintain a database of the vehicles scrapped every year

INCENTIVES FOR VEHICLE OWNERS



Scrap value:
4-6% of ex-showroom price of new vehicle to be given to the owner by the scrapping centre



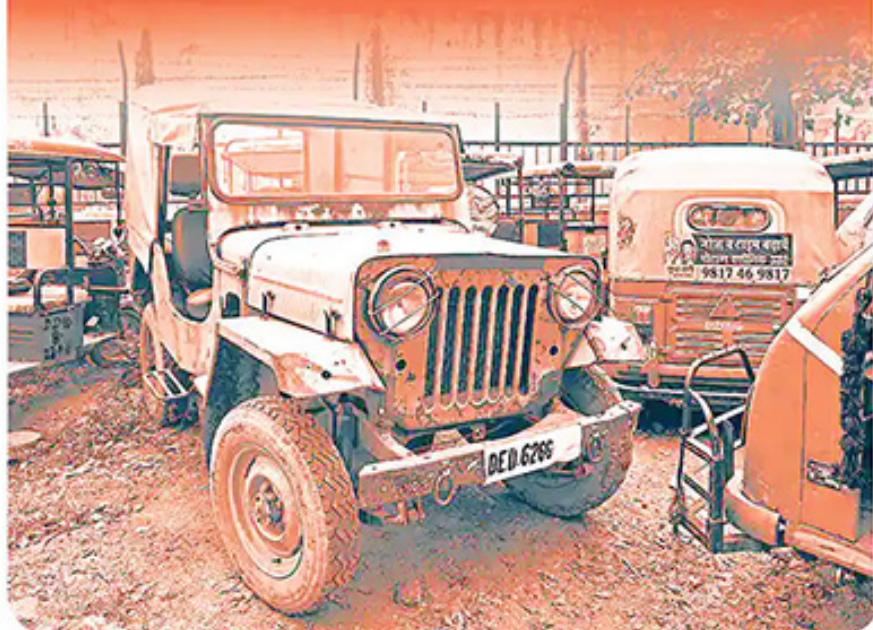
Tax rebate:
States may be advised to offer a road tax rebate of up to 25% for personal vehicles and up to 15% for commercial vehicles against



Discount on new vehicle:
Vehicle manufacturers will be advised to give 5% discount on new vehicles against a scrapping certificate



Fee waiver:
Registration fees may also be waived for purchase of new vehicle against the scrapping certificate



Key Points

▪ Aim:

- Reducing the population of old and defective vehicles, bringing down vehicular air pollutants, improving **road and vehicular safety**.

▪ Provisions:

◦ Fitness Test:

- Old vehicles will have to **pass a fitness test before re-registration** and as per the policy **government commercial vehicles more than 15 years old** and **private vehicles which are over 20 years old** will be scrapped.
- Old vehicles will be tested at the **Automated Fitness Center** and the fitness test of the vehicles will be conducted according to international standards.

- Emission test, braking system, safety components will be tested and the

vehicles which fail in the fitness test will be scrapped.

- The Ministry has also **issued rules for registration procedure for scrapping facilities**, their powers, and scrapping procedure to be followed.

- **Road Tax Rebate:**

- 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** to provide **incentive to owners** of old vehicles to scrap old and unfit vehicles

- **Vehicle Discount:**

- Vehicle manufacturers will also give a **discount of 5%** to people who will produce the '**Scrapping Certificate**' and registration fees will be waived off on the purchase of a new vehicle.

- **Disincentive:**

- As a disincentive, **increased re-registration fees** would be applicable for **vehicles 15 years or older** from the initial date registration.

- **Significance:**

- **Creation of Scrap yards:**

- It will lead to creation for more scrap yards in the country and effective recovery of waste from old vehicles.

- **Employment:**

- In the new fitness centers, **35 thousand people will get employment** and an investment of Rs 10,000 crores will be pumped in.

- **Improved Revenue:**

- This will **boost sales of heavy and medium commercial vehicles** that had been in the contraction zone as a result of economic slowdown triggered by the [bankruptcy of IL&FS](#) (Infrastructure Leasing & Financial Services) and [Covid-19 pandemic](#).
- The government treasury is **expected to get around Rs 30,000 to 40,000 crores** of money through [Goods and Services Tax \(GST\)](#) from this policy.

- **Reduction in Prices:**

- Prices of auto components would fall substantially with the **recycling of metal and plastic parts**.
- As scrapped materials will get cheaper the **production cost of the vehicle manufacturers will also reduce**.

- **Reduce Pollution:**

- It will help **improve fuel efficiency and reduce pollution**.
- As older vehicles pollute the environment 10 to 12 times more, and estimated that 17 lakh medium and heavy commercial vehicles are more than 15 years old.

- **Other Initiatives to Curb Vehicular Pollution:**

- [Go Electric Campaign](#)
- [FAME India Scheme Phase II](#).
- [Electric Vehicles \(EV\) Policy 2020](#) for Delhi.
- [Hydrogen Fuel Cell Based Bus and Car Project](#).
- [National Electric Mobility Mission 2020](#).

[Source:IE](#)

PDF Refernece URL: <https://www.drishtias.com/printpdf/vehicle-scraping-policy>

