



## Discount on New Vehicles Against Scrapping Certificates

**For Prelims:** [Scrappage Certificate](#), [Vehicle Scrapping Policy 2021](#), [Certificate of Deposit](#), [Recycling Industry](#), [BS VI](#), [Circular Economy](#), [Pollution](#), [Battery Waste Management Rules, 2022](#), [Plastic Waste Management \(Amendment\) Rules 2022](#), [E-waste Management Rules 2022](#), [Extended Producer Responsibility \(EPR\) certificates](#).

**For Mains:** Importance of Vehicle Scrapping Policy 2021 in Promotion of Circular Economy.

**Source:** TH

Why in News?

**Auto manufacturers** have agreed to offer discounts on **commercial and passenger vehicles** against a **scrappage certificate** of an old vehicle for a limited period of time.

- This **scrappage discount** will replace the discount customers were getting for exchanging their vehicles from car dealers.

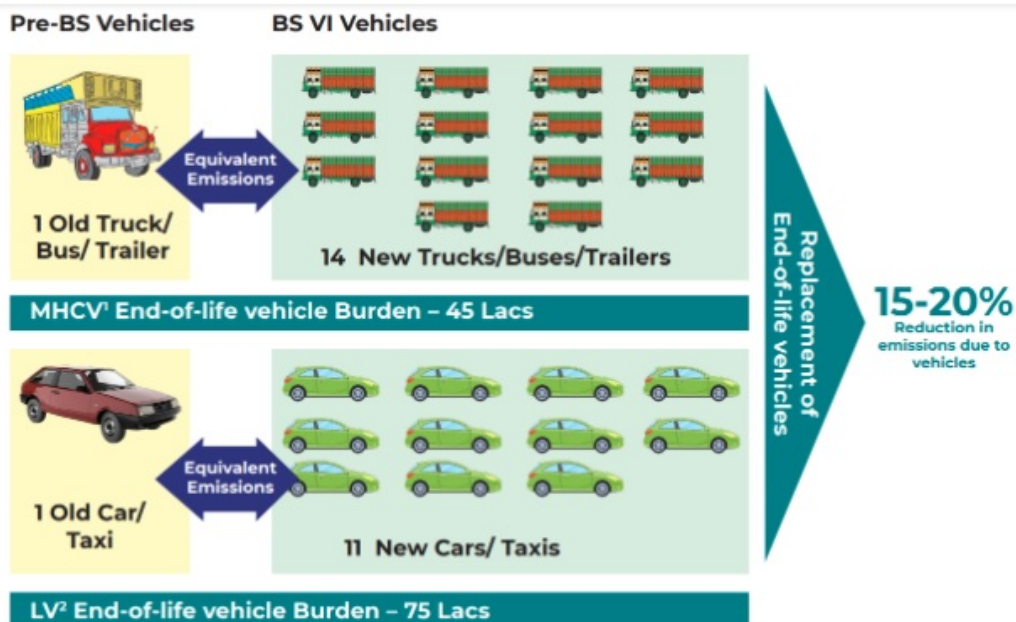
### What is the Voluntary Vehicle-Fleet Modernization Program (V-VMP)?

- **About:** The **Voluntary Vehicle-Fleet Modernization Program (V-VMP)** or **Vehicle Scrapping Policy 2021** is a government sponsored programme to scrap **old and unfit vehicles** on Indian roads.
  - The policy **stops re-registration** for cars over **20 years old** and commercial vehicles over **15 years old**.
- **Recent Developments:**
  - **Agreement on Discounts:** Automakers have agreed to offer discounts of **1.5% to 3%**, or up to **Rs 25,000**, to customers who purchase a new vehicle after scrapping the old vehicles.
  - **Scrappage Terms: Commercial vehicle (CV)** manufacturers are willing to offer discounts for a limited period of **two years** and **passenger vehicle (PV)** manufacturers are willing to offer discounts for **one year** against a **Certificate of Deposit (Scrappage Certificate)**.
  - **Discount by State Governments:** State governments have taken a big interest in scrappage policy.
    - Many States which are offering **25-30% discount on road tax** for recycled cars.
- **Categorisation of Vehicles for the Scrappage Policy:** The rules applied to scrap these vehicles shall vary depending on the **categorisation** of the vehicles.
  - **Private vehicles:** All private cars must undergo a fitness test after **15 years** of their registration. If the car clears the **fitness test**, renewal of registration can be done which is valid for **5 years**.
  - **Commercial vehicles:** Commercial vehicles, like **buses, trucks**, etc., are eligible for fitness tests **every two years** for the first **8 years** of registration and every **one year after 8 years** till the registration age of the vehicle reaches **15 years**.

- **Government vehicles:** All State and Central government vehicles that are **above 15 years** of age will be **scrapped**.
- **Vintage vehicles:** Old car scrap policy does **not** apply to **vintage vehicles** as they are mostly **well-maintained** and **driven less frequently**.
- **Benefits of V-VMP:**
  - **Reduction in Pollution:** It will reduce pollution by scrapping around **1 Crore vehicles** without valid fitness and registration.
    - Scrapping of current **End-of-life vehicles (ELVs)** burden of the country will lead to **15-20% reduction** in emissions due to **vehicular pollution**.
  - **Formalisation of Scrappage Industry:** The policy also aims at making the Indian scrappage industry **organised, transparent and environment friendly**.
  - **Demand for New Vehicles:** Scrapping old and unfit vehicles will create **demand** in the **automobile industry**, as the old ones will now be replaced with **new vehicles**.
  - **Vehicular Safety:** The nature of demand for vehicles will get augmented. There will be a demand for comparatively **safer and technologically upgraded** vehicles that come with better and superior features.
  - **Circular Economy:** It will provide a major push to the **recycling industry**.
    - This will not only **make the recycling sector more active** but create jobs in this industry as well.
    - In addition, it will also create further improvement in the **R&D of waste and recycling management**.
  - **Road Safety:** It will improve road, passenger and vehicular safety.
  - **Fuel Efficiency:** It will improve fuel efficiency. In the **BS VI era**, petrol engines were upgraded to **emit 25% less NOx (Nitrogen Oxides)** as compared to diesel engines.

## What Incentives and Disincentives are Provided Under V-VMP?

- **Incentives under V-VMP:** Various incentive mechanisms have been included in the policy to induce End-of-life vehicle owners to scrap older vehicles.
  - **Discount on New Vehicles:** The scrap value for an old vehicle provided by the scrapping centre is usually around **4-6% of the ex-showroom price** of a new vehicle.
    - Government had issued an advisory to auto manufacturers to offer a **discount of 5%** on showing scrappage certificates while buying a new vehicle.
  - **Concession in Motor Vehicle Tax:** Rules are notified for state governments to offer concession on motor vehicle tax of up to 25% for non-transport vehicles and up to 15% for transport vehicles.
  - **Waiving Registration Fees:** Registration fees to be waived off for purchase of new vehicle.
- **Disincentives under V-VMP:**
  - **High Fees for the Fitness Test:** If a commercial vehicle is older than 15 years, then the fees for the **fitness test and the issuance of a fitness certificate will attract higher charges**.
  - **High Registration Renewal Fees:** If a private vehicle is older than 15 years, then the **registration renewal charges will be higher**.
  - **Green Cess:** In addition to the road tax, following the policy outlines of the vehicle scrap policy 2021, **a green cess of 10-15% will be levied on old vehicles**.



## What is Circular Economy?

- **About:** The [circular economy](#) is a system where **products and materials** are kept in **circulation** through processes like **maintenance, reuse, refurbishment, remanufacture, recycling, and composting**.
  - A circular economy keeps materials and products in circulation for **as long as possible**.
- **Benefits:** The circular economy tackles [climate change](#) and other global challenges, like **biodiversity loss, waste, and pollution**, by decoupling economic activity from the consumption of finite resources.
- **Three Principles of Circular Economy:**
  - Eliminate waste and pollution
  - Circulate products and materials (at their highest value)
  - Regenerate nature
- **India's Initiatives to Promote Circular Economy:**
  - [Battery Waste Management Rules, 2022](#)
  - [Plastic Waste Management \(Amendment\) Rules 2022](#)
  - [E-waste Management Rules 2022](#)
  - [Extended Producer Responsibility \(EPR\) certificates](#)

## Conclusion

Vehicle Scrapping Policy 2021 is a significant step toward reducing **vehicular pollution** and promoting **sustainability** by incentivizing the scrapping of old and inefficient vehicles. The program encourages automakers and consumers to adopt **newer, more efficient vehicles**, thereby supporting the government's goals of a **circular economy** and environmental preservation. Ultimately, the V-VMP is expected to contribute to economic growth while aligning with global standards of emission control and resource management.

### **Drishti Mains Question:**

Q. Discuss the significance of the Vehicle Scrapping Policy 2021 in the context of India's efforts towards environmental sustainability and economic modernization.

## UPSC Civil Services Examination Previous Year Question (PYQ)

### Prelims

Q. Acid rain is caused by the pollution of environment by **(2013)**

- (a) carbon dioxide and nitrogen
- (b) carbon monoxide and carbon dioxide
- (c) ozone and carbon dioxide
- (d) nitrous oxide and sulphur dioxide

Ans: (d)

### Mains

Q. Describe the key points of the revised Global Air Quality Guidelines (AQGs) recently released by the World Health Organisation (WHO). How are these different from its last update in 2005? What changes in India's National Clean Air Programme are required to achieve revised standards? **(2021)**

Q. What are the key features of the National Clean Air Programme (NCAP) initiated by the government of India. **(2020)**

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