



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Vehicle Scrapping Policy

Published On: 28-07-2023

Why is in news? The Ministry of Road Transport and Highways has formulated the Vehicle Scrapping Policy

The Supreme Court in MC Mehta vs Union of India case has directed the Transport Departments of NCR, that all **diesel vehicles more than 10 years old and petrol vehicles more than 15 years old shall not ply in terms of order of NGT** dated 07/04/2015 passed in O.A. No. 21 of 2014 Vardhaman Kaushik & Ors V/s UOI.

The Supreme Court, in the M.C. Mehta vs Union of India 1987, **found strict liability principle inadequate to protect citizens' rights and replaced it with the absolute liability principle**. This judgement came on the **Oleum gas leak case of Delhi in 1986**.

Vehicle Scrapping Policy:

The **Ministry of Road Transport and Highways** has formulated the Vehicle Scrapping Policy that includes a system of incentives/dis-incentives for creation of an ecosystem to phase out older, unfit polluting vehicles across the country.

It was **first announced** in the **Union Budget 2021-22**.

The Vehicle Scrapping Policy is aimed at **creating an eco-system for phasing out unfit and polluting vehicles** in an environment friendly and safe manner.

The policy is expected to **reduce pollution, create job opportunities and boost demand for new vehicles**.

Several countries including the **US, Germany, Canada and China** have introduced vehicle scrapping policies to boost their respective automotive industries and curtail vehicular pollution.

This policy also **supports India's 'Green India' mission**, as it creates space for a cleaner fleet of vehicles

The policy intends to **create scrapping infrastructure** in the **form of Automated Testing Stations and Registered Vehicle Scrapping Facilities** across the country.

Old and unfit vehicles whose life cycle is complete shall be scrapped. This will be a **voluntary process** but defined by rules.

For instance, old vehicles (15 to 20 years) need not be scrapped compulsorily. However, they **will have to undergo a fitness test after a defined period**. Failing the test would most likely lead to vehicle scrapping.

According to the new policy, **commercial vehicles aged >15 years and passenger vehicles aged >20 years will have to be mandatorily scrapped** if they do not pass the fitness and emission tests.

Rules and regulations will be made around the **actual scrapping process**, which shall be laid out in the announcement made by the Ministry of Road Transport & Highways.

Vehicle owners will be given certain benefits for scrapping old vehicles.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

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

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.

The government has also planning to **introduce "Green Tax"** under which transport vehicles older than 8 years will be charged a Green Tax at the time of renewal of fitness certificate, at the **rate of 10-25% of road tax**.

The Vehicle Scrappage Policy extends many obvious benefits, besides pollution control and improved road safety factor.

The raw materials derived from scrapped vehicles such as copper, rubber, steel, aluminium and plastic can be reused in new vehicles, which can help reduce the price of new vehicles and subsequently, boost sales.

Significance:

The vehicle scrapping policy is aimed at **creating an eco-system for phasing out unfit and polluting vehicles** in an environmentally friendly and safe manner.

The initiative will **promote a circular economy** and make the process of economic development more sustainable and environment friendly.

The policy will also bring in investments of around Rs 10,000 crore and create 35,000 job opportunities.

Issues:

Limited incentive and poor cost economics for trucks.

Lack of addressable volumes for other segments.

The potential benefit from scrapping a 15-year-old, entry-level small car will be ₹70,000, whereas its resale value is around ₹95,000. That makes **scrapping unattractive**.

Also, the government **do not have any standard operating procedures (SOP)** for setting up of vehicle scrapping centres.

Formulating a policy without having the capacity will lead to accumulation of old vehicles like solid wastes.

Regulation of pollutants released during scrapping. The scrapping of Vehicle will release toxic metals like mercury, lead, cadmium or hexavalent chromium. If not properly regulated, it will pollute the environment and have long-lasting consequences.