National Transport Decarbonization Council
Workshop on
Vehicle Scrappage Policy

24 August 2022 | 11:00 A.M. to 01:00 P.M
Objectives

To build consensus among the policy-makers through informed discussion on selected policy tools and topics.

To initiate the feedback mechanism for supporting decarbonization strategies/policies of the ministries through the council.

Need of Council

To build synergies between stakeholders through exchange of ideas under a common forum.

Stakeholder Benefit

Provide an opportunity to discuss or exchange ideas outside the formal government mechanisms.

Outcome of Council

Improved land transport productivity, environmental outcomes, and effective policy-making.

Role of TERI

Act as the secretariat and provide intellectual and other support in formulation of NTDC.

NATIONAL TRANSPORT DECARBONIZATION COUNCIL (NTDC)

Members

Government

Civil Society Organisations

Industry

Academia

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NATIONAL TRANSPORT DECARBONIZATION COUNCIL (NTDC)
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NTDC - VEHICLE SCRAPPAGE POLICY

Selection of Theme

Need for accelerated implementation of the existing scrappage policy
environmental compliance

Need for vehicle scrappage

Objectives

1. Propose incentives initiatives that accelerate the scrappage of highly polluting end-of-life vehicles
2. Identify clear-cut actionable and effective strategies for vehicle scrappage policy implementation

Increasing number of ELVs: More than 2.18 crore ELVs by 2025

ELVs ensure circularity: Contain metal, plastics, etc., potential to generate >8 million tonnes of extracted steel by 2025

ELVs highly polluting: 60% of vehicular pollution from 20% of poorly maintained vehicles on road

CO, NOx, PM
VEHICLE SCRAPPAGE PROCESS

**Process**
- De-registration: Registration of ELV on the VAHAN portal
- Depollution: Removal and handling of hazardous materials
- Dismantling: Removal of parts in good condition
- Shredding: Shred and sorting of materials
- Recycle: High recovery/disposal of shredded waste

**Stakeholder**
- RVSF, MoRTH, NCRB
- CPCB, RVSF & workers
- CPCB, RVSF & workers, Recyclers
- RVSF, Manufacturers
- CPCB, RVSF, OEM

MoRTH- Ministry of Road Transport and Highways, NCRB- National Crime Records Bureau, CPCB- Central Pollution Control Board, RVSF- Registered Vehicle Scrapping Facility, OEM- Original Equipment Manufacturers
On effective disposal, recyclable material can enter production line.

Vehicles parts and components during ELV management, can be used for repurposing, upcycling, or downcycling.

6R - Reduce, remanufacture, reuse, recover, recycle, and redesign.
Automotive Industry Standards-129 (AIS-129)

2015

Guidelines for Environmentally Sound Facilities for Handling, Processing, and Recycling of ELVs

2019

Voluntary Vehicle -Fleet Modernization Programme (VVMP)

2021

Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules

Central Motor Vehicles Amendment: scrap certificate to avail concession
<table>
<thead>
<tr>
<th>Place</th>
<th>Scheme</th>
<th>Incentives</th>
<th>Learning</th>
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<tbody>
<tr>
<td>Germany</td>
<td>Umweltprämie/Abwrackprämie scheme, 2009</td>
<td>Purchase incentive- €2500 for Euro 4 compliant car</td>
<td>• Promoted latest technology&lt;br&gt;• Scrappage activities not monitored; export to Africa/Eastern Europe</td>
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<td></td>
<td>Scrappage policy, 2018</td>
<td>Owners of old diesel cars either upgrade hardware/ fiscal incentives to trade old cars</td>
<td>• Onus on user to shift to cleaner emission cars</td>
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<tr>
<td>France</td>
<td>Measures for the Administration of Automobile Replacement, 2009</td>
<td>Subsidy to scrap high polluting vehicles; Purchase rebate</td>
<td>• Scrap only to certified auto-products recycling company&lt;br&gt;• Conditional eligibility bonus</td>
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<tr>
<td>UK</td>
<td>Car scrappage scheme, 2009</td>
<td>£2000 discount on new vehicle</td>
<td>• Equal responsibility on automobile firm to pay discount</td>
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<tr>
<td>USA</td>
<td>Consumer Assistance to Recycle and Save (CARS) Act, 2009</td>
<td>Purchase rebate depended on type of car &amp; difference in fuel economy</td>
<td>• Conditional rebate&lt;br&gt;• Vehicles were crushed/shredded; role of scrapping entity mentioned and resale not allowed</td>
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<tr>
<td>China</td>
<td>Measures for the administration of Automobile Replacement, 2009</td>
<td>Purchase incentive of RMB 6000 for new cars/trucks</td>
<td>• Taken up by local authorities with increased incentives&lt;br&gt;• Scrap polluting ELVs to certified recycling companies</td>
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INCENTIVES FOR VEHICLE SCRAPPAGE

- Policy targets voluntary scrapping of unfit vehicles based on their fitness irrespective of vehicle age
- No strong triggers for owners to scrap their end-of-life vehicles
- Only an advisory to state governments, registered scrapping facilities, and original equipment manufacturers (OEMs) to offer incentives

Scrap value by scrapping centre should be 4-6% of ex-showroom price of a new vehicle*

Central Motor Vehicles (23rd Amendment) Rules
Higher fees for fitness certificate, fitness test, and re-registration

Auto OEMs advised to provide 5% purchase discount against certificate of deposit*

Central Motor Vehicles (24th Amendment) Rules
Concession in motor vehicle tax with Certificate of Deposit up to 25% (non-transport) and 15% (transport)

- Uneven implementation across the country as adoption of policy depends on state governments
- Last car owners are starting point of the ELV chain and are responsible to ensure scrappage

*https://morth.nic.in/vehicle-scrapping-policy-overview
AUTOMATED TESTING STATIONS

- No Automated Testing Station (ATS) is functional as per Central Motor Vehicles (21st Amendment) Rules, 2021*

- MoRTH has set up one Model Inspection and Certification (I&C) centre in each 27 States/UTs *

- Fees for re-registration, conducting fitness tests, and granting fitness certificates have been increased

CHALLENGES

- Land allocation
- Frequent upgradeation of test equipment
- No centralized database and data remains at local PUC centres

*https://rajyasabha.nic.in/Questions/QuestionTypeWiseSearch
High capital investment e.g. land and equipment
Establishing reverse-logistics network
Quality-assurance test equipment
Investment in reuse, remanufacturing, and recycling of ELVs

CHALLENGES
INFORMAL VEHICLE SCRAPPAGE SECTOR

- Crude dismantling for economic material recovery
- High efficiency of dismantlers in overall sector
- All operations are manual, no power tools are used
- Low volumes of vehicle scrappage
- Lack of transparency
- Cheap labour for dismantling
- Generates environmental & occupational safety hazards
- No depollution followed

Informal sector
# Discussion Points

## Incentives/disincentives to encourage owners to go for scrappage
1. What incentives/disincentives will push the last owner of the ELV to go for scrappage?
2. Has the green tax on older vehicles been effective in states which have implemented it?
3. Is it viable to give a pass for public transport as an alternative in exchange for the certificate of the deposit?
4. Can disincentives like the green tax be adopted uniformly across states for pushing vehicle scrappage?
5. Can the advisory of incentives for registered scrapping facilities and OEMs be made to put equal responsibility on the OEMs?
6. Is it viable for OEMs to provide a certain percentage as the purchase discount in lieu of scrapped vehicles?

## Conditional criteria for the purchase of a new vehicle
1. Can conditional purchase incentives for electric/hybrid/fuel-efficient vehicles push the adoption among users?

## Low number of registered vehicle scrappage facilities
1. How can the government encourage more registered vehicle scrapping facilities, especially in terms of capital investment?
2. What support do RVSFs have from the government?
3. What institutional model for vehicle scrapping facilities should be adopted—centralised or decentralised units keeping in mind the transportation costs?

## Integration of the informal scrappage sector
1. What measure should the government take to integrate the informal sector? (Such as re-skilling)
2. How can the vast network established by the informal sector be used to the advantage of the registered facilities?

## Low awareness of scrappage policy
1. How can the central government ensure uniform implementation across the states/UTs?
2. Should state governments start implementing the policy in major cities of India and eventually for the whole state?
3. How can last owner be made more aware about scrappage?

## OEMs Responsibility
1. How should the OEMs redesign their vehicles in such a way for easy dismantling by the scrapping facility?

## Inadequate number of automated testing stations
1. For automated testing stations, what model should the government develop for setting up? (such as Public Private Partnership PPP model)

## Ensuring circularity from ELVs
1. What role should OEMs or dealers play to ensure circularity?
2. How can the labelling of different parts be adopted for better segregation and eventual recycling?
THANK YOU