



# National Transport Decarbonization Council

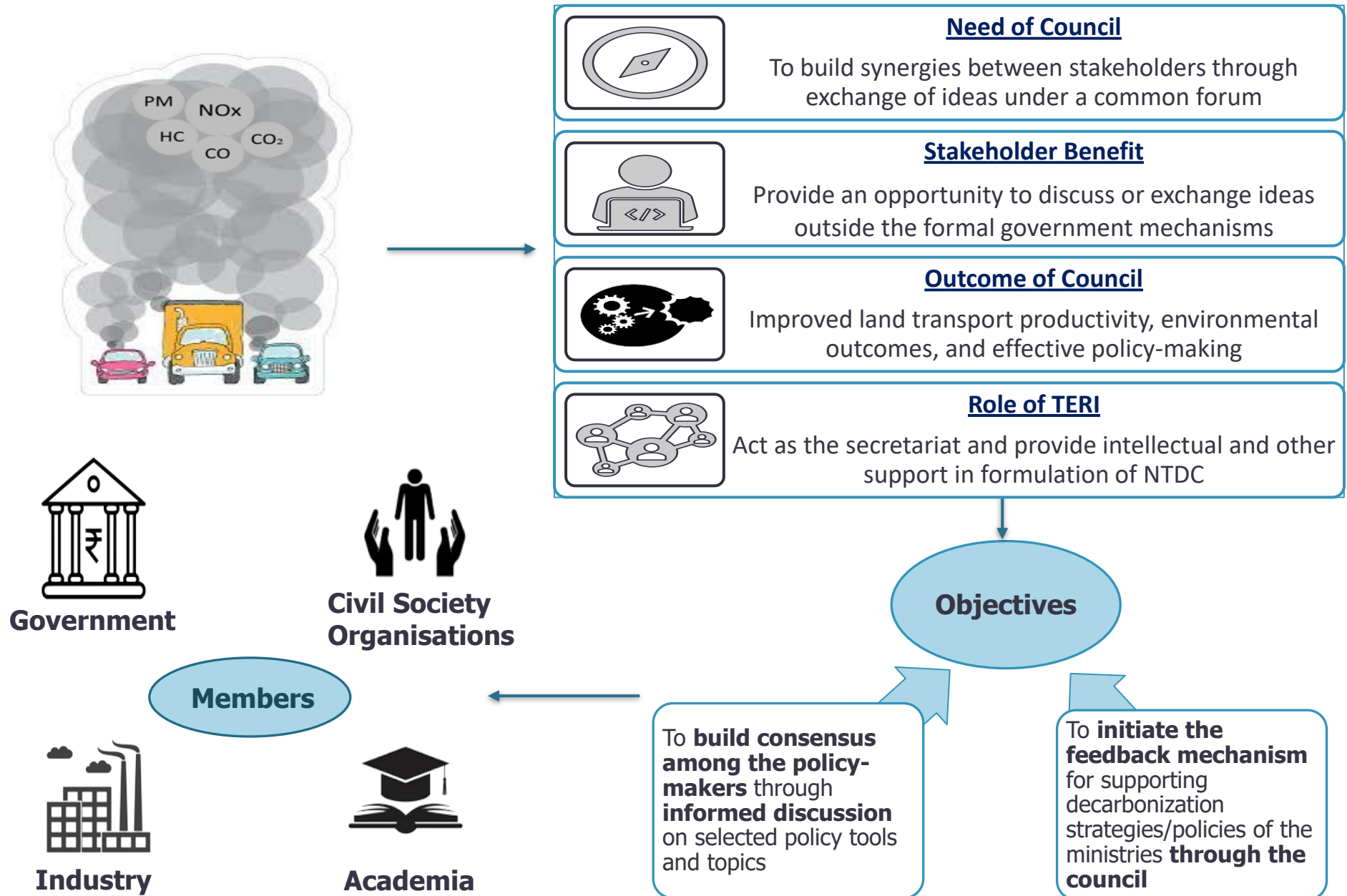
Workshop on

## Vehicle Scrappage Policy

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



# NATIONAL TRANSPORT DECARBONIZATION COUNCIL (NTDC)



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# NTDC - VEHICLE SCRAPPAGE POLICY

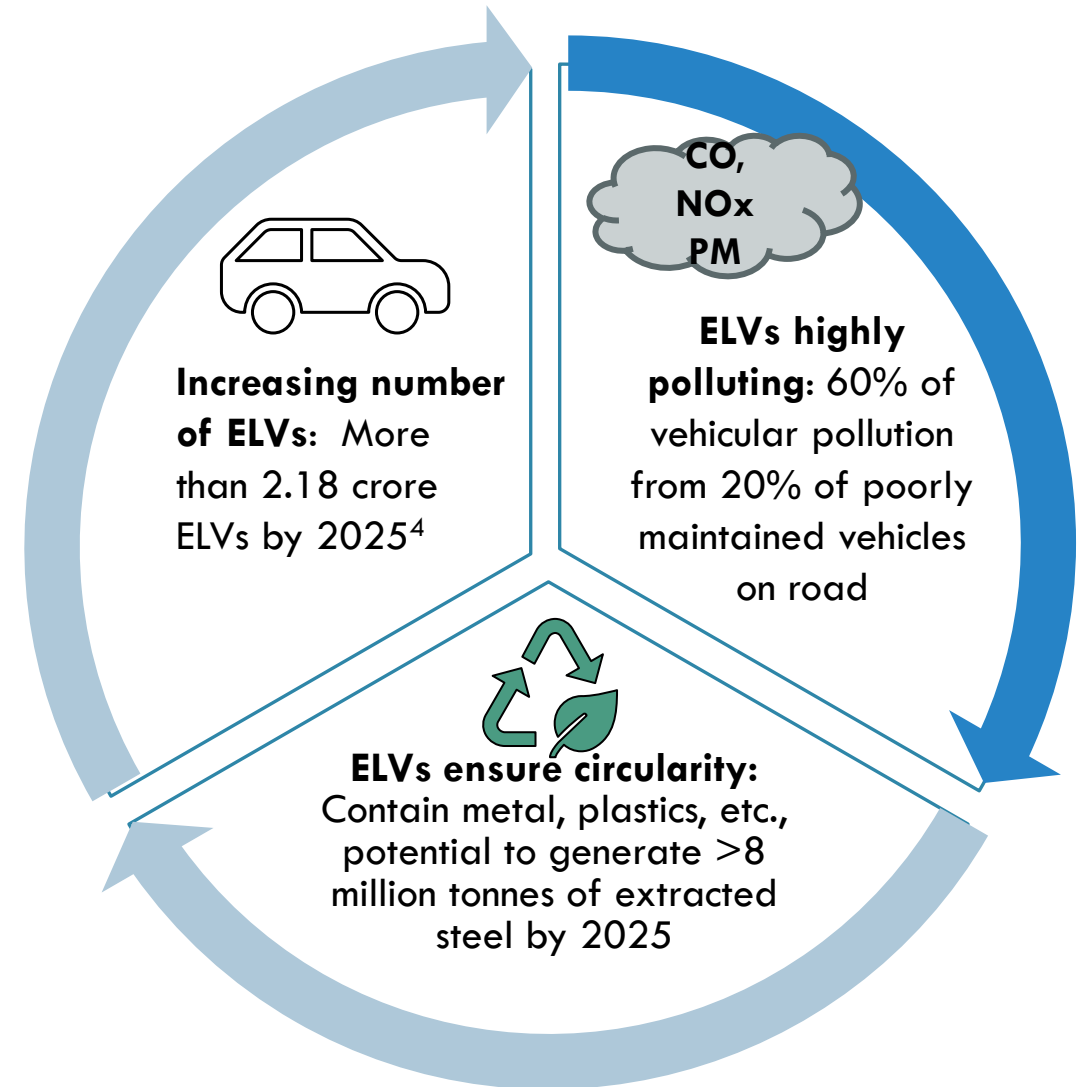
## Selection of Theme

Need for accelerated implementation of the existing scrappage policy environmental compliance

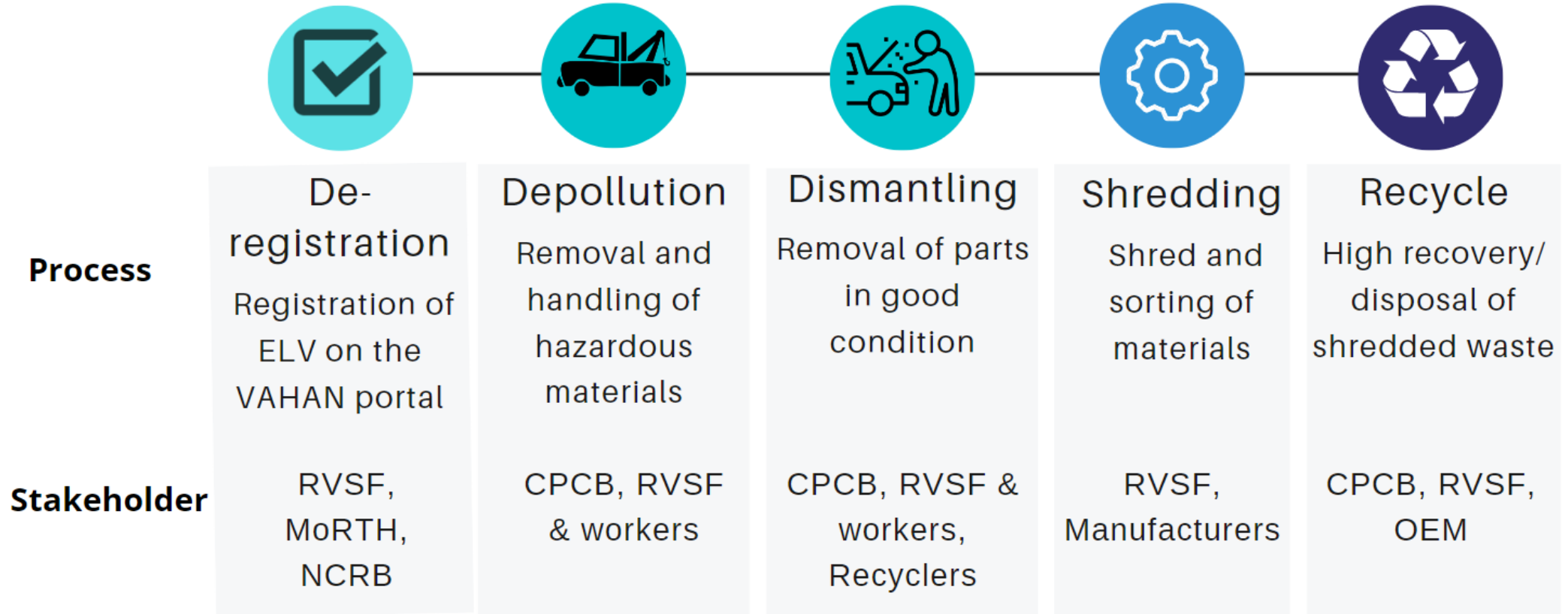
## Objectives

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

## Need for vehicle scrappage

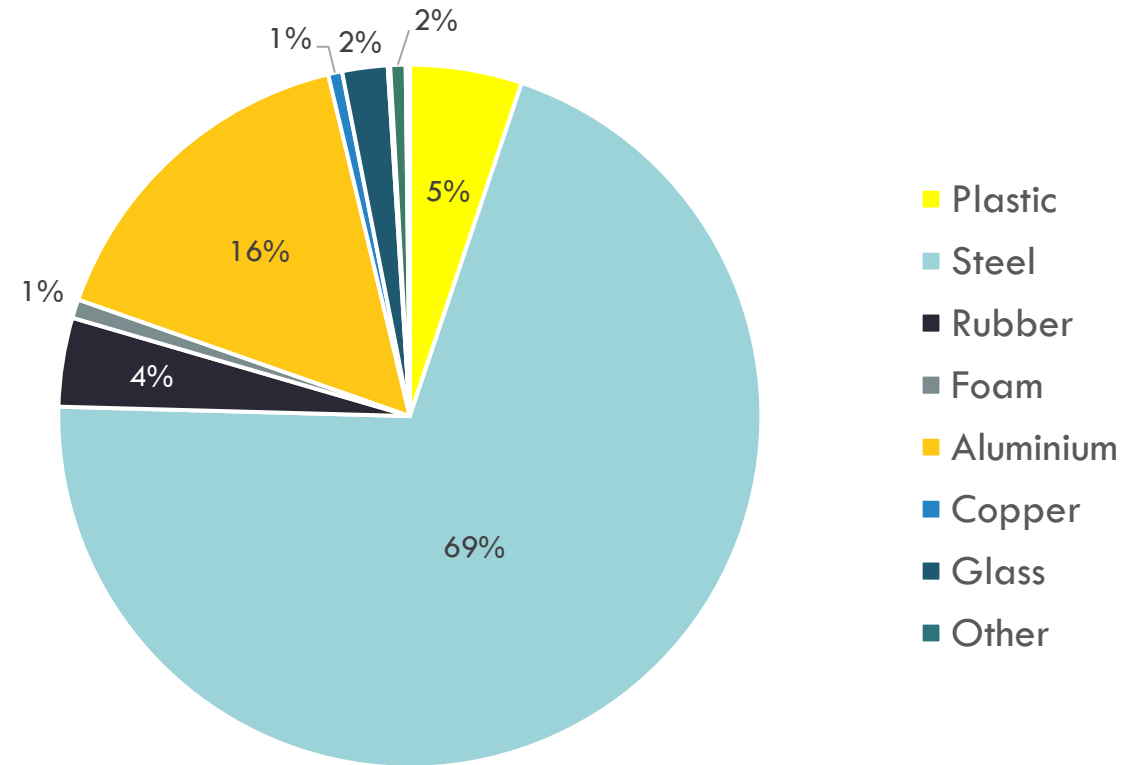


# VEHICLE SCRAPPAGE PROCESS

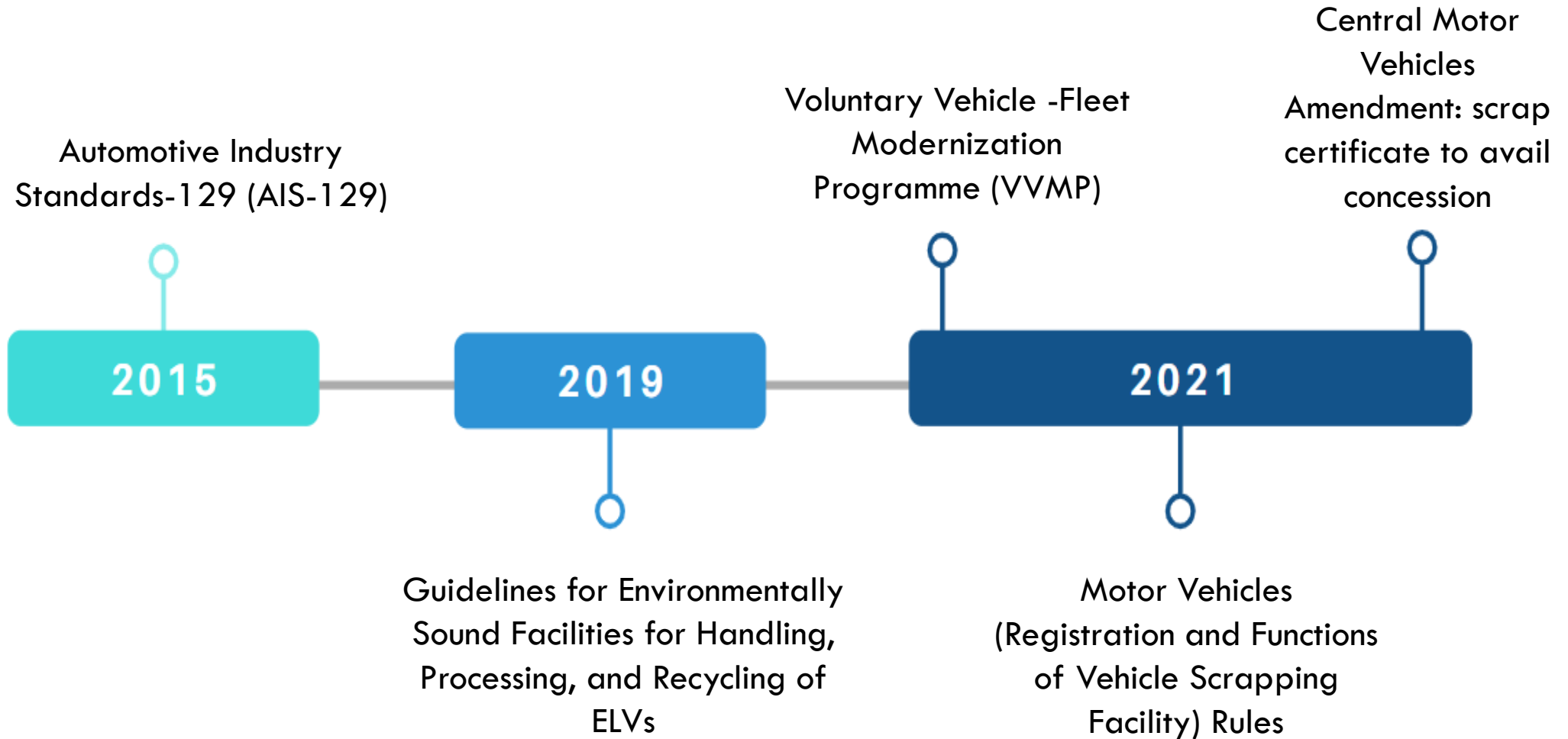


## COMPONENTS OF ELV

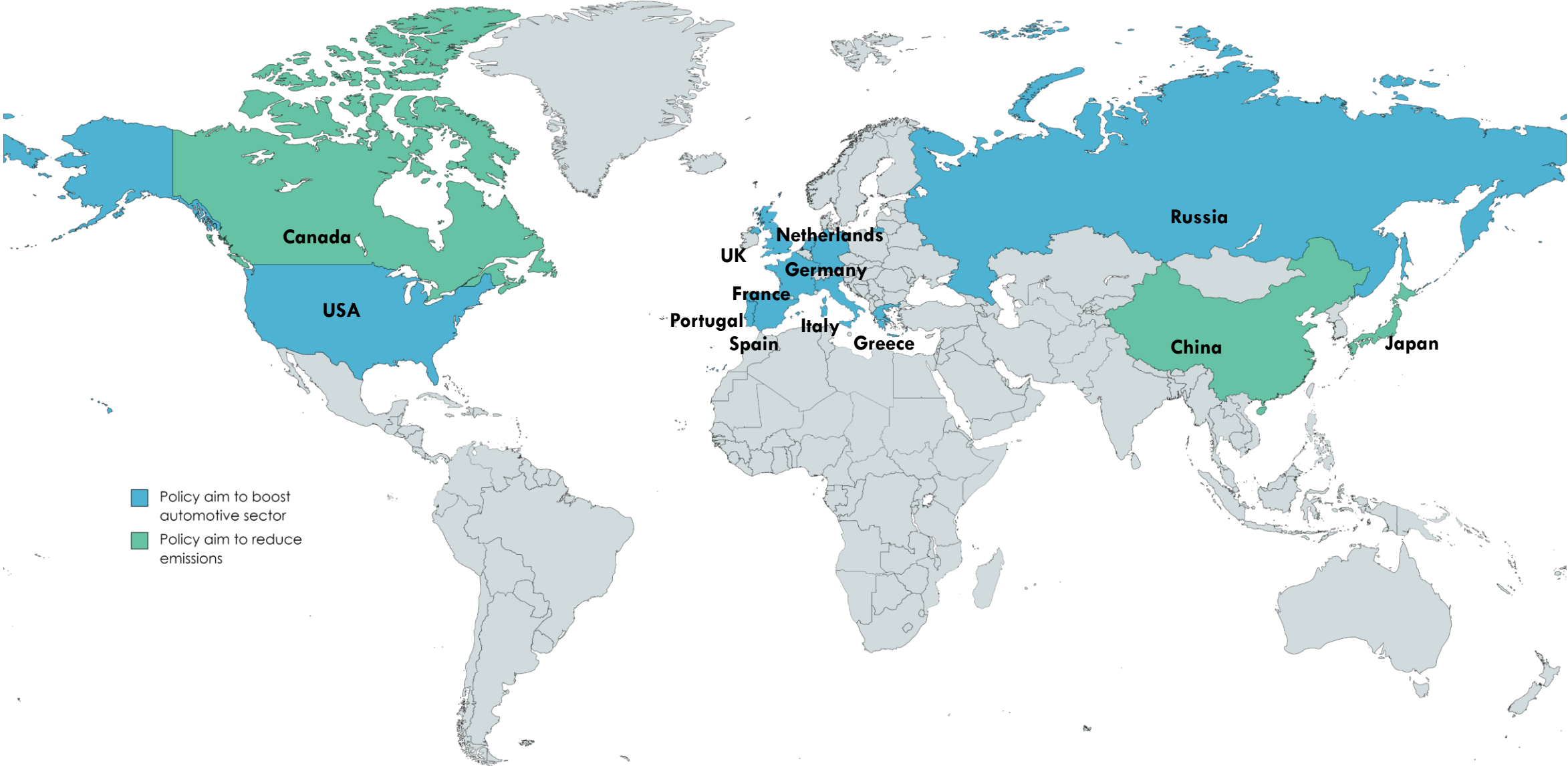
- On effective disposal, recyclable material can enter production line
- Vehicles parts and components during ELV management, can be used for repurposing, upcycling, or downcycling
- 6R - Reduce, remanufacture, reuse, recover, recycle, and redesign<sup>6</sup>



# POLICY LANDSCAPE IN INDIA



# INTERNATIONAL CASES



■ Policy aim to boost automotive sector  
■ Policy aim to reduce emissions

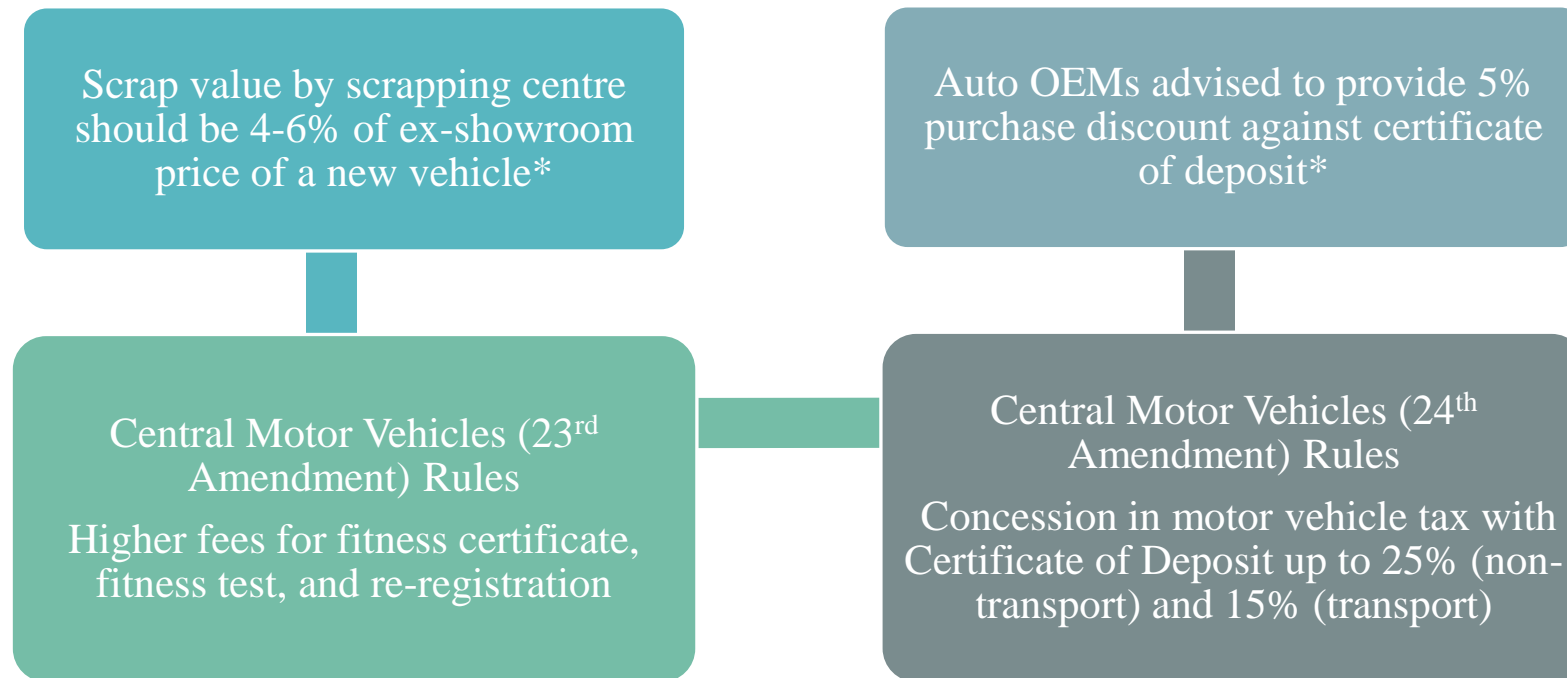


## INTERNATIONAL CASES

Place	Scheme	Incentives	Learning
Germany	Umweltprämie/ Abwrackprämie scheme, 2009	Purchase incentive- €2500 for Euro 4 compliant car	<ul style="list-style-type: none"> <li>• Promoted latest technology</li> <li>• Scrappage activities not monitored; export to Africa/ Eastern Europe</li> </ul>
	Scrappage policy, 2018	Owners of old diesel cars either upgrade hardware/ fiscal incentives to trade old cars	<ul style="list-style-type: none"> <li>• Onus on user to shift to cleaner emission cars</li> </ul>
France	Measures for the Administration of Automobile Replacement, 2009	Subsidy to scrap high polluting vehicles; Purchase rebate	<ul style="list-style-type: none"> <li>• Scrap only to certified auto-products recycling company</li> <li>• Conditional eligibility bonus</li> </ul>
UK	Car scrappage scheme, 2009	£2000 discount on new vehicle	<ul style="list-style-type: none"> <li>• Equal responsibility on automobile firm to pay discount</li> </ul>
USA	Consumer Assistance to Recycle and Save (CARS) Act, 2009	Purchase rebate depended on type of car & difference in fuel economy	<ul style="list-style-type: none"> <li>• Conditional rebate</li> <li>• Vehicles were crushed/ shredded; role of scrapping entity mentioned and resale not allowed</li> </ul>
China	Measures for the administration of Automobile Replacement, 2009	Purchase incentive of RMB 6000 for new cars/ trucks	<ul style="list-style-type: none"> <li>• Taken up by local authorities with increased incentives</li> <li>• Scrap polluting ELVs to certified recycling companies</li> </ul>

# 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



- 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 scrapping

# AUTOMATED TESTING STATIONS

- No Automated Testing Station (ATS) is functional as per Central Motor Vehicles (21<sup>st</sup> 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 upgradation of test equipment

No centralized database and data remains at local PUC centres

## REGISTERED VEHICLE SCRAPPING FACILITY (RVSF)

- 6 vehicle scrapping centres (3 in NCR, 2 in Gujarat, and 1 in Haryana) are **functional**\*
- 7 more functional vehicle scrapping centres have **applied for registration** with respective states\*
- 6 states have approved 20 applications for the establishment of RVSF\*

### CHALLENGES

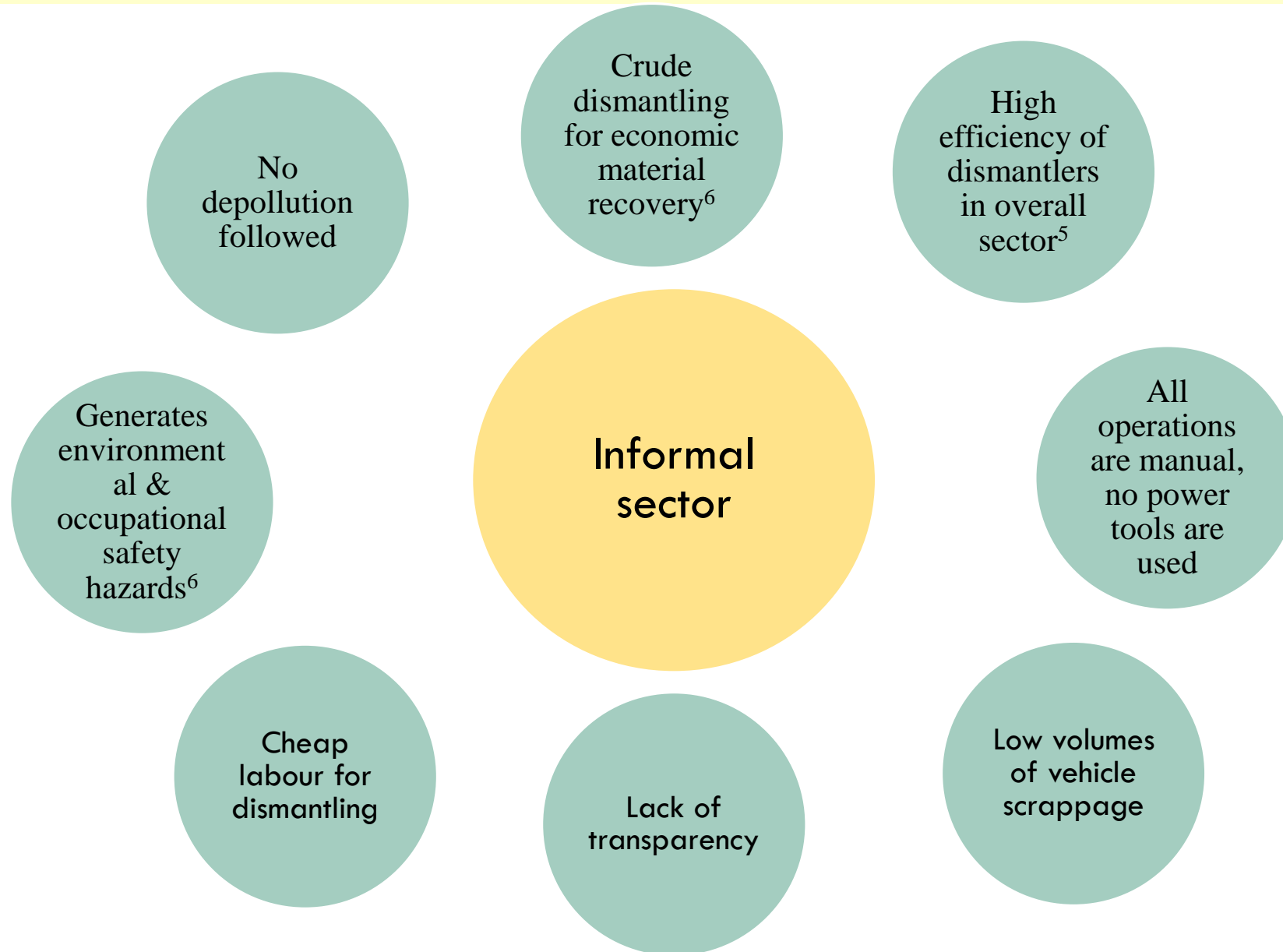
High capital investment  
e.g. land and equipment

Establishing reverse-  
logistics network

Quality-assurance test  
equipment

Investment in reuse,  
remanufacturing, and  
recycling of ELVs

# INFORMAL VEHICLE SCRAPPAGE 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?

## **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)

## **OEMs Responsibility**

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

## **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?

## **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**