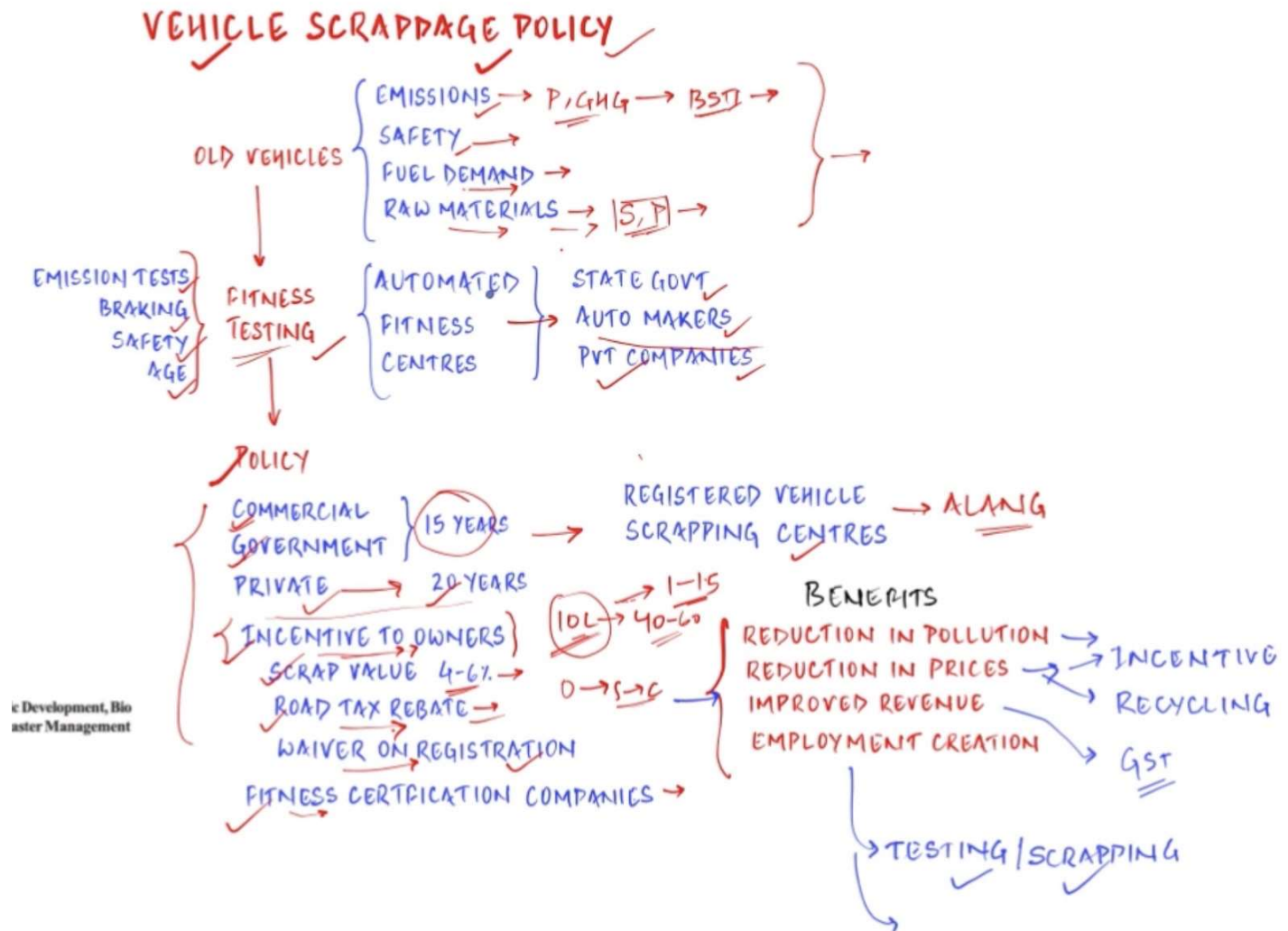


# Vehicle Scrappage Policy

- Ministry of transport



## Vehicle Scrappage Policy: Key Highlights

- Personal vehicles older than 20 years and commercial vehicles older than 15 years will have to undergo a fitness test at the government registered 'Automated Fitness Centres'.
- Vehicles that fail to pass the test will be declared as 'end-of-life vehicles', which would mean that the vehicle would have to be recycled.
- This will pave the way for older vehicles to be scrapped.
- In case, the vehicles pass the test, owners will have to pay a hefty fee for re-registration.
- According to the new policy, the re-registration fee would be hiked around eight times for personal vehicles, and around 20 times for commercial vehicles.

## What Are Automated Fitness Centres?

- Every vehicle will have to go under a mandatory fitness test at the automated fitness centres.

- The government aims to have at least 718 centres across the country.
- These centres will test the vehicle's emission, and braking and other safety components as prescribed by Central Motor Vehicle Rules, 1989.
- Appointments to these centres will have to be booked online and the fitness report will be electronically generated.

#### Incentives for buyers:

- In case you decide to scrap your old vehicle at the registered scrapping centres, you will get approximately **4-6 per cent of the value of the vehicle's ex-showroom price**.
- The ex-showroom price is the cost of the vehicle, excluding the charges paid for registering the vehicle at RTO and insurance.
- Moreover, if you buy a new vehicle you will be given a flat **5 per cent discount on presenting a scrapping certificate**.
- Registration fees will also be waived on the purchase of a new vehicle.
- 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

#### Disincentives:

- 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.