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Voluntary Vehicle-Fleet Modernization Program

A guide towards setting up of Vehicle Scrappage Ecosystem

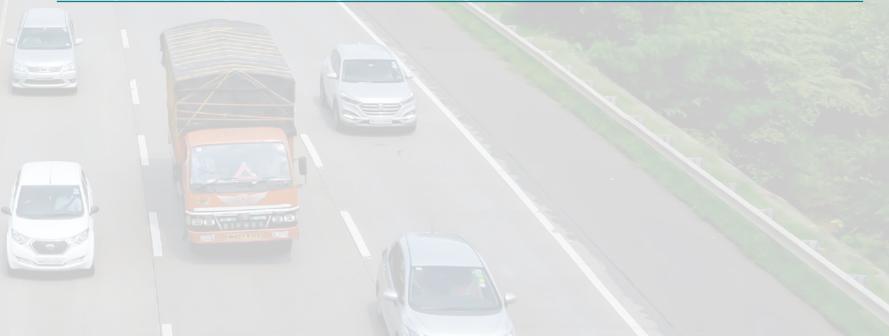




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Ministry of Road Transport & Highways Government of India

VOLUNTARY VEHICLE FLEET MODERNIZATION PROGRAM (V-VMP)





Voluntary Vehicle Fleet Modernisation Program is a significant step towards modern mobility with green growth. It will create a robust ecosystem for safer roads and structured scrappage sector.

> Shri Narendra Modi Prime Minister



VVMP is a transformative step to introduce a regime of fitter automobiles on Indian roads. The policy is a perfect blend of incentives and disincentives, directly making the roads safer and air cleaner.

> **Shri Nitin Gadkari** Union Minister of Road Transport and Highways



VVMP is a multidimensional policy with a positive impact on economy, employment, environment, and India's commitment to Sustainable Development Goals.

> **General(Dr.) V. K. Singh (Retd)** Minister of State for Road Transport & Highways and Civil Aviation

Objectives of VVMP



Voluntary Vehicle-Fleet Modernization Program (VVMP) is aimed at creating an eco-system for phasing out of unfit and polluting vehicles



Reduce pollution by scrapping ~1 Cr vehicles without valid fitness and registration



Improve road, passenger and vehicular safety



Boost auto sector sales and generate employment



Improve fuel efficiency and reduce maintenance cost for vehicle owners

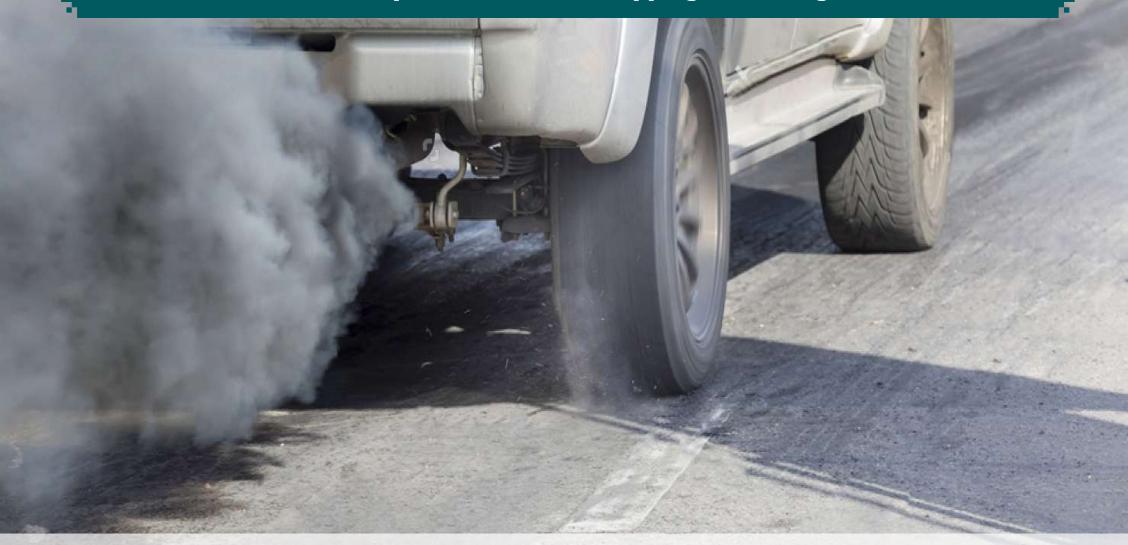


Formalize the currently informal vehicle scrappage industry

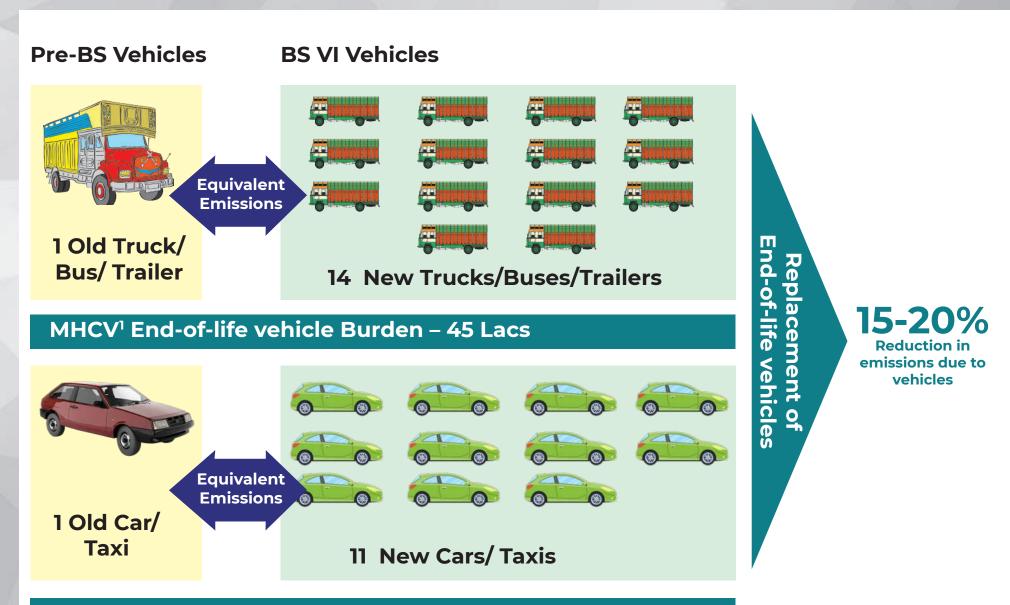


Boost availability of low-cost raw materials for automotive, steel and electronics industry

Comparison of emissions from Pre-BS and BS VI vehicles and the impact on reduction in pollution due to scrapping of existing ELVs



Scrapping of current End-of-life vehicles (ELVs) burden of the country will lead to 15-20% reduction in emissions due to vehicular pollution



LV² End-of-life vehicle Burden – 75 Lacs

1. Medium and Heavy Commercial Vehicle such as trucks, trailers, buses etc. 2. Light Vehicles such as cars, taxis, jeeps etc.

The policy also aims at making the Indian scrappage industry organized, transparent and environment friendly



Present



Unorganized setup Low traceability of vehicle owner channels



Organized setup Collection through traceable channels

Future



Opaque pricing High variance in pricing, cash transactions



Transparent pricing Index based pricing, digital payments



Fragmented Industry Even large traders have 2-5 KTPA¹ capacity



Economies of scale 3-5x scale of large traders



Low value addition Poor quality, no shredding, no tax collection



High value addition Higher % recovery from scrap, tax revenue to govt.



Lower compliance

Limited check on compliance to environment protection laws

1 Kilo Ton Per Annum



Environment friendly Improved compliance to environment protection laws

The policy targets voluntary scrapping of ~1 crore unfit vehicles strictly based on their fitness, irrespective of vehicle age



Commercial Vehicles (CVs)

Private Vehicles (PVs)



- Registration of vehicles is linked to validity of the fitness certificate
- CVs undergo fitness test
 every 2 years for first
 8 years and annually
 thereafter



- First registration is valid for 15 years
- Valid fitness certificate is necessary for renewal of registration after 15 years. Renewal is valid for 5 years

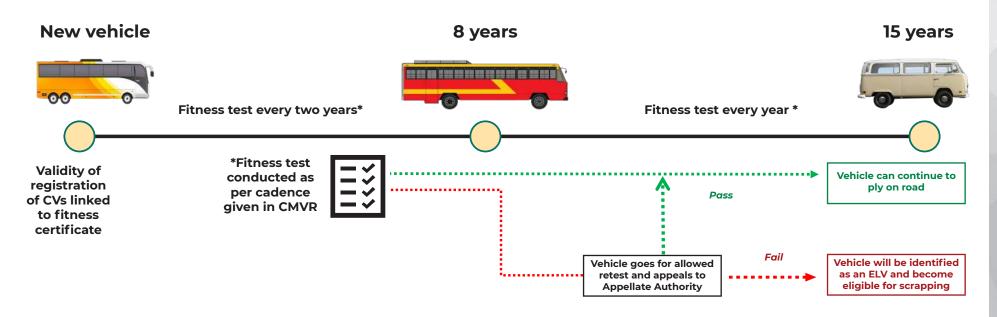
Fitness would be mandated through Automated Testing Stations for vehicles

- From 1st April 2023, fitness testing for Heavy
 Commercial Vehicles proposed to be mandated
 through Automated
 Testing Stations only.
 For all other classes
 - of CVs as well as PVs, fitness testing through Automated Testing Station proposed to be mandated in phases from 1st June 2024.

If a vehicle fails an automated fitness test, one re-test after the necessary repair/rectification, and re-inspection if ordered by the Appellate Authority, it will be declared an ELV

Commercial vehicles to be declared as ELVs in case of failure in fitness test, allowed re-test and re-inspection, if ordered by an Appellate Authority¹

Valid fitness certificate is mandatory for renewal of registration for commercial vehicles



1. Applicability in Delhi NCR subject to orders of the National Green Tribunal dated 26.11.2014 and 07.04.2015 passed in O.A. No. 21 of 2014. The order states that any petrol vehicle older than 15 years and any diesel vehicle older than 10 years shall not be permitted to ply on the roads in Delhi-NCR

Fees for conducting fitness test and granting fitness certificate have been increased for commercial (Transport) vehicles older than 15 years

Metric	Vehicle category	Existing Fees	Revised Fees (Vehicles older than 15 years)
Conducting test of a vehicle	Light Motor Vehicle – Transport	₹ 600	₹1,000 (automated testing)
for grant or renewal of fitness certificate (for vehicles older than 15 years)	Medium Goods /Passenger Vehicle	₹1,000	₹1,300 (automated testing)
	Heavy Goods /Passenger Vehicle	₹1,000	₹1,500 (automated testing)
	Light Motor Vehicle – Transport	₹200	₹ 7,500
Grant or renewal of fitness certificate (for vehicles older than 15 years)	Medium Goods /Passenger Vehicle	₹200	₹10,000
	Heavy Goods /Passenger Vehicle	₹200	₹12,500

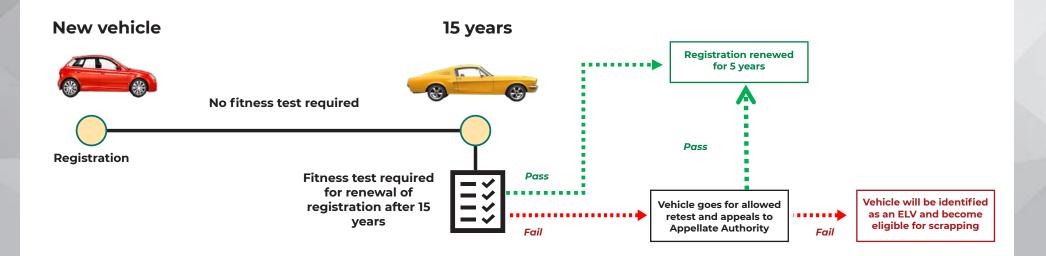
1. Medium and heavy goods vehicle include trucks, trailers etc..

2. Medium and heavy passenger vehicles include buses etc.

3. Light motor vehicles - transport includes taxis, jeeps etc.

Private (Non-Transport) vehicles to be declared as ELVs if found unfit in fitness test, re-test and re-inspection, if ordered by Appellate Authority at the time of renewal of registration¹

Valid fitness certificate is mandatory for renewal of registration for private vehicles



1. Applicability in Delhi NCR subject to orders of the National Green Tribunal dated 26.11.2014 and 07.04.2015 passed in O.A. No. 21 of 2014. The order states that any petrol vehicle older than 15 years and any diesel vehicle older than 10 years shall not be permitted to ply on the roads in Delhi-NCR

Fees for re-registration, fitness test and fitness certificate has been increased for private vehicles older than 15 years

Metric	Vehicle category	Existing Fees	Revised Fees
Issue or renewal of certificate of registration	Light Motor Vehicle (LMV) – Non- Transport	₹ 600 (for new registration and renewal of registration)	₹ 600 (New registration) ₹ 5,000 (Renewal of registration after 15 years)
Conducting test of a vehicle for grant or renewal of fitness certificate (for vehicles older than 15 years)		₹ 600	₹1,000 (automated testing)

1. Light motor vehicles –non- transport includes cars, jeeps etc.

Various incentive and disincentive mechanisms have been included in the policy to induce End-of-life vehicle owners to scrap older vehicles

Incentives



Scrap Value for the old vehicle given by the scrapping centre, approximately 4-6% of ex-showroom price of a new vehicle

Registration fees to be waived off for purchase of new vehicle against the certificate of deposit - *draft notification issued*



Draft rules notified for **state governments** to offer concession on motor vehicle tax of

- Up to 25% for non-transport vehicles
- Up to 15% for transport vehicles



Auto OEMs have been advised to provide 5% discount on purchase of new vehicle against the certificate of deposit

Disincentives



Increased fees for fitness test and issuance of fitness certificate for commercial vehicles which are more than 15 years old



Increased re-registration fees for private
vehicles which are more than 15 years old
Draft notification issued for higher

fees for fitness certificate, fitness test, and re-registration Further, the policy outlines key steps for facilitating setting-up of necessary support infrastructure in form of Automated Testing Stations (ATSs) and Registered Vehicle Scrapping Facilities (RVSFs)

Automated Testing Stations (ATSs) to automate fitness testing

Registered Vehicle Scrapping Facilities (RVSFs) to promote safe scrapping of vehicles and enhance value discovery

- Automated testing stations to be set up to minimize manual testing of vehicles as per the road map
- Vehicles failing automated fitness test to be defined as End-of-Life Vehicle (ELV)
- In first phase, 75 stations proposed; to be scaled to 450-500 stations across India
- Private investment to be encouraged through **PPP route** with partnership of state government

- RVSFs will ensure that vehicles are scrapped in an **environmentally friendly and safe manner**
- RVSFs will also promote enhanced value discovery through scientific scrapping process
- In India recovery percentage is only ~75% compared to global benchmark of ~90%
- 50-70 RVSFs needed across the country in the next 4-5 years

Transparent operations of automated fitness testing stations form the backbone for smooth implementation of VVMP

Central Government

- Notify Rules including tests to be conducted as per CMVR, 1989 and specifications of equipment and manpower
- Revision of re-registration and fitness certification fee

State Government

- Promote Private Sector investment
- Enforcing checks and balances on automated testing stations

Automated testing - no discretion & manual intervention

1 National Accreditation Board for Testing and Calibration Laboratories

Detailed guidelines have been published for setting up Automated Testing Stations (ATS')

Application process for grant of registration certificate for an ATS

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Application for **Preliminary Registration certificate** (for commencement of construction/ establishment) or grant / renewal of **Certificate of Registration** to be made to the **Registering Authority**¹, along with applicable fee

- Preliminary registration Fee: INR 10,000
- Registration Fee: INR 50,000
- Security Deposit: INR 5,00,000



Registering Authority, **may grant or renew the certificate within 60 days** from the date of receipt of the application

- No application to be refused unless the applicant is given an **opportunity of being heard**
- Information regarding grounds for refusal of the application to be uploaded on portal as specified by the Central Government, within 3 working days of passing such order

Registration certificate issued to be **valid for a period of 10 years** from the date of issuance and 5 years in case of renewal, as the case may be

Eligibility criteria for grant of registration certificate for an ATS



Owner and/or operator may be State Govt, individual, company, association or body of individuals or Special Purpose Vehicle (SPV) (such as PPP)



ATS operator must have **sufficient financial resources & adequately qualified manpower** to ensure continued operations of the station



ATS to act as **test-only facility** and **not provide** any services related to repair of vehicles or sale or manufacturing of auto spares



Strict confidentiality of information regarding make and type of vehicle tested and results of the tests to be maintained



Cyber security certifications to be obtained for the IT Systems to safely access VAHAN database



Applicant must **ensure infrastructure requirements** are met

Included in CMVR 1989, inserted by G.S.R. 278 (E)

1. Transport Commissioner from State Govt from for the purpose of registering $\ensuremath{\mathsf{ATS}}$

MoRTH has envisaged RVSFs to be technologically advanced, transparent and environmentally safe in their operations

Technology Driven

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Access to **VAHAN database** for **easy de-registration** process De-registration of vehicles through integration of VAHAN with RTOs and RVSFs Issuance of Certificate of Deposit (COD) and Certificate of Vehicle Scrapping



Access to **NCRB' & police database** for verification of stolen vehicle or vehicle involved in criminal activity, before scrapping a vehicle

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Digital payments or account payee cheque to pay the agreed consideration for the end-of-life vehicle (ELV) to the owner

Priority to Safe Operations

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Specialized equipment for de-polluting, de-risking and dismantling End-of-life vehicles to **minimize human intervention** and create a safe workplace



Designated space for **removal/re-cycling or disposal of automotive hazardous waste** such as tyres, batteries, etc. as per Central Pollution Control Board (CPCB) Guidelines

Periodic Checks by Competent Agencies



Regular audits by the competent agencies specified under rule 126 of the Central Motor Vehicles Rules, 1989

1 National Crime Records Bureau

Clear and detailed guidelines have been published for setting up Registered Vehicle Scrapping Facilities (RVSFs)

All RVSF applications will be processed through a central single window clearance portal



Application for grant / renewal of Certificate of Registration for RVSF to be made to the **Registration Authority**¹ along with

- Processing Fee: INR 1,00,000
- Security Deposit: INR 10,00,000



State/UT government will clear the proposal within 60 days else the proposal would be deemed approved



The portal will be **setup by Central government** and used for

- **Internal approvals** from state agencies (Labor, Pollution etc.)
- Inspection and audit reports of RVSF
- Approval from any other department necessary to establish/operate RVSF



Registration certificate issued to be **valid for a period of 10 years** from the date of issuance or renewal, as the case may be

- Transport Commissioner or any other Officer designated by the Government of the State/UT
 Quality management system
- 3. Environmental certification
- 4. Occupational health and safety

Additionally, the applicant must seek/ provide undertaking to seek necessary approvals from state authorities



Consent from state authorities to establish and operate RVSF, approval for plant layout and building plan



Quality certifications of ISO 9001²/ ISO 14001³/ISO 45001⁴ within 12 months of starting operations



Consent to operate from **State Pollution Control Board** (SPCB) within 6 months of starting operations



Undertaking to abide by **existing laws/Acts/ Rules/Standards etc.**



Evidence of **cyber security certifications** for secure connection to VAHAN database



Evidence of certified depolluting and de-risking equipment

Criteria for Scrapping of Vehicles at RVSF

- Vehicles which have **not renewed their Certificate of Registration** in accordance with Rule 52 of the CMVR, 1989.
- Vehicles which have **not been granted a certificate of fitness** in accordance with Section 62 of the Motor Vehicles Act, 1988.
- Vehicles which have been **damaged** due to fire, riot, natural disaster, accident or any calamity, following which the **registered owner self certifies** the same as scrap.
- Vehicles that have been **declared obsolete or surplus or beyond economic repair** by the Central/State Organizations of the government and have been offered for scrapping.
- Vehicles bought in auction for scrapping the vehicles by any agency including RVSF.
- Vehicles which have **outlived their utility or application** particularly for projects in mining, highways, power, farms, factories, airports, etc. as may be **self-certified by the owner**.
- **Manufacturing rejects, test vehicles, prototype,** vehicles damaged during transportation from vehicle OEMs to dealers or unsold/unregistered vehicles, as may be certified by the Vehicle OEM.
- Auctioned, impounded and abandoned vehicles by any Enforcement Agency.
- Vehicles **voluntarily offered to an RVSF** for scrapping, at the discretion of the owner.

Several draft notifications / standards have been issued to ensure ease of doing business for investors and digitalized processes for ELV owners

Draft notifications / standards issued by MoRTH to address investor concerns and incentivize ELV owners

#	Draft Notifications / Standards
1	Mandatory scrapping of government vehicles older than 15 years
2	Registration and Functions of Vehicle Scrapping Facility Rules, 2021
3	Revision of registration, fitness certificate and fitness testing fee
4	Concession in motor vehicle tax for vehicles bought against certificate of scrapping
5	Rules for recognition, regulation and control of Automated Testing Stations
6	Automotive Industry Standard (AIS) 129 – Guidelines on provisions for end-of-life vehicles







