



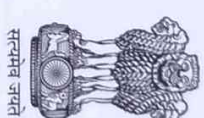
**Ministry of Road
Transport & Highways**
Government of India



Voluntary Vehicle-Fleet Modernization Program

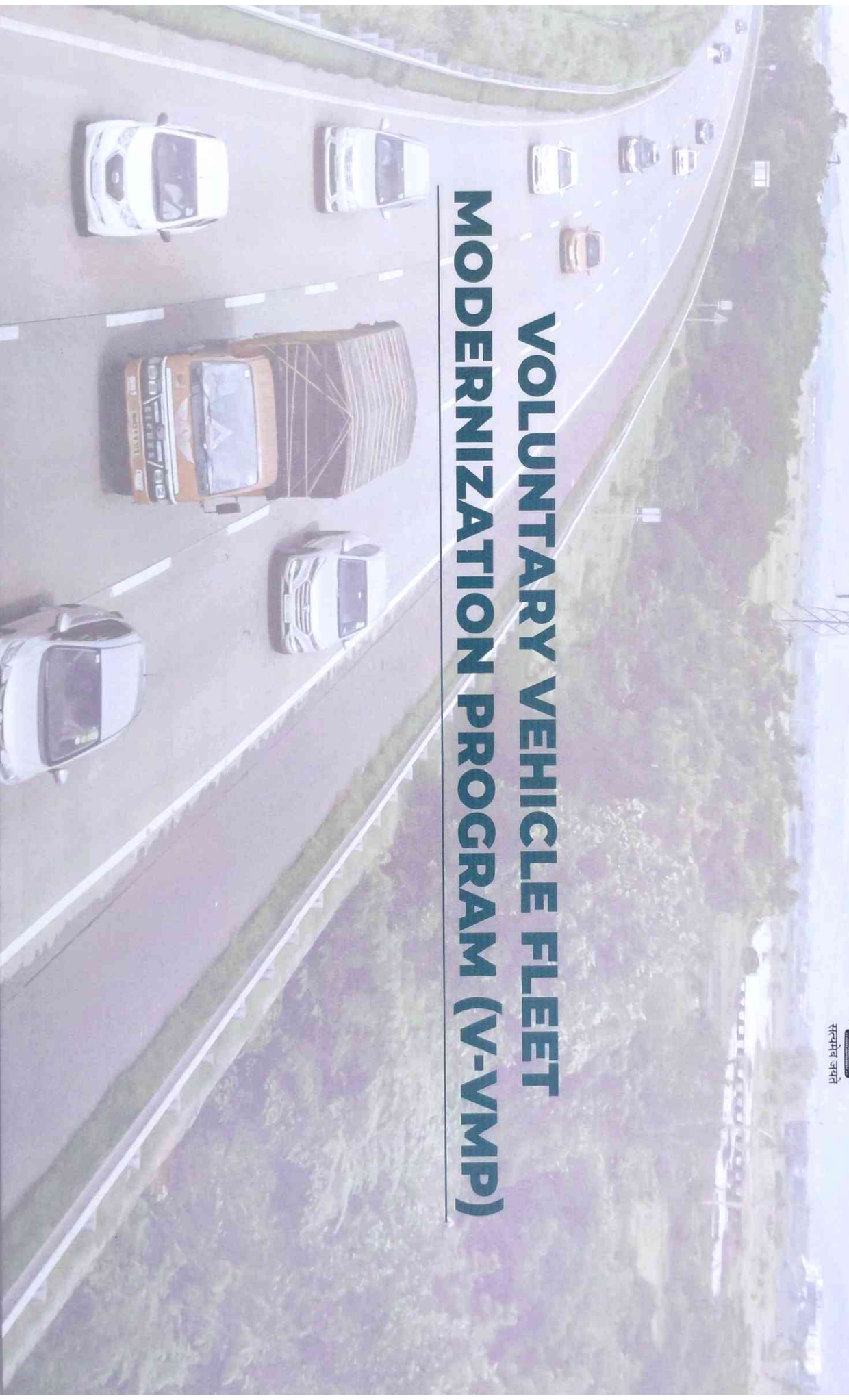
A guide towards setting up of Vehicle Scrappage Ecosystem





**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

“VWMP 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.”

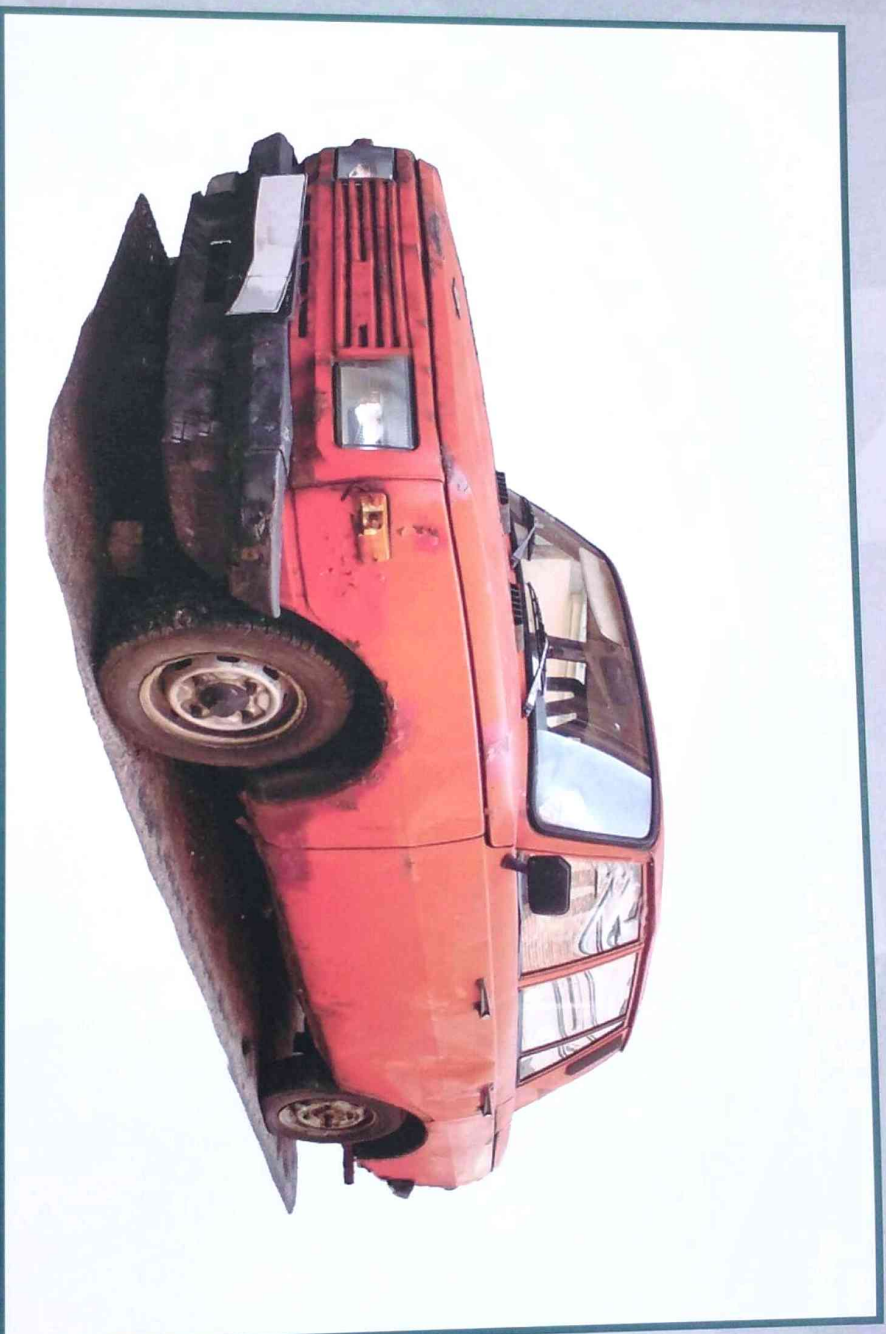
Shri Nitin Gadkari

Union Minister of Road Transport
and Highways

“WMP 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 VWMP



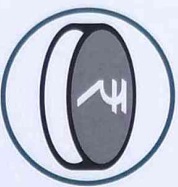
Voluntary Vehicle-Fleet Modernization Program (VWMP) is aimed at creating an eco-system for phasing out of unfit and polluting vehicles



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 scrapping 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

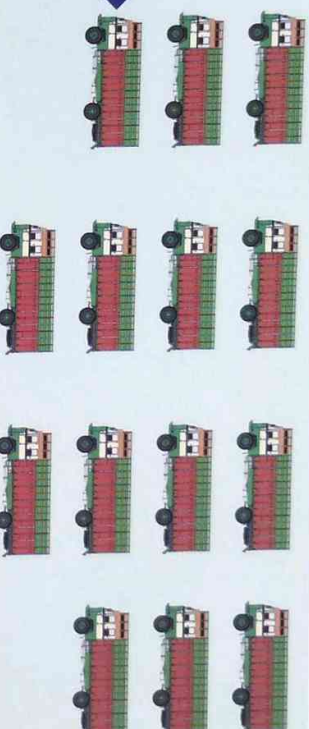
Pre-BS Vehicles

BS VI Vehicles

1 Old Truck/
Bus/ Trailer



Equivalent
Emissions



14 New Trucks/Buses/Trailers

MHCV¹ End-of-life vehicle Burden – 45 Lacs



Equivalent
Emissions



11 New Cars/ Taxis

LV² End-of-life vehicle Burden – 75 Lacs

Replacement of
End-of-life vehicles

15-20%
Reduction in
emissions due to
vehicles

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



Opaque pricing

High variance in pricing, cash transactions



Fragmented Industry

Even large traders have 2-5 KTPA¹ capacity



Low value addition

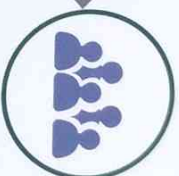
Poor quality, no shredding, no tax collection



Lower compliance

Limited check on compliance to environment protection laws

Future



Organized setup

Collection through traceable channels



Transparent pricing

Index based pricing, digital payments



Economies of scale

3-5x scale of large traders



High value addition

Higher % recovery from scrap, tax revenue to govt.

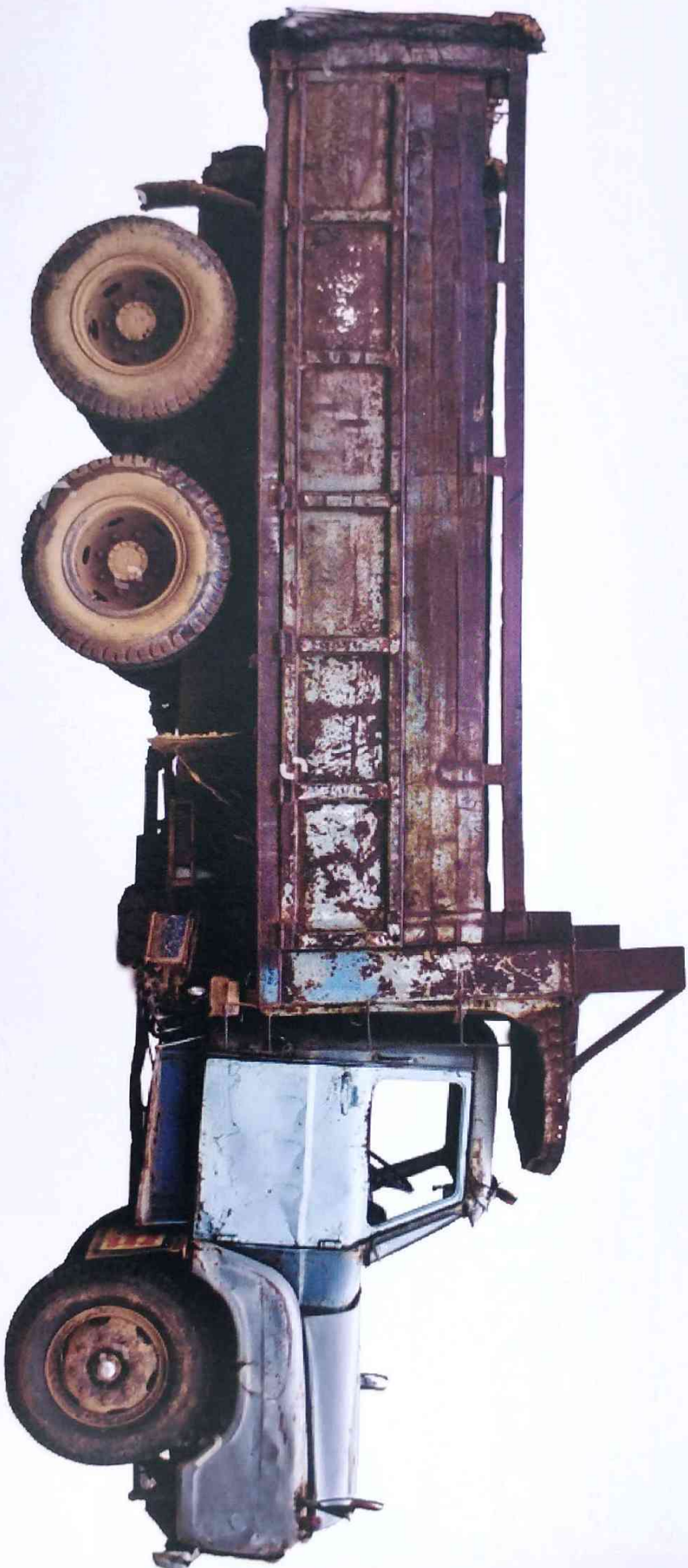


Environment friendly

Improved compliance to environment protection laws

¹ Kilo Ton Per Annum

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



Commercial Vehicles (CVs)



- 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

Private Vehicles (PVs)



- 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

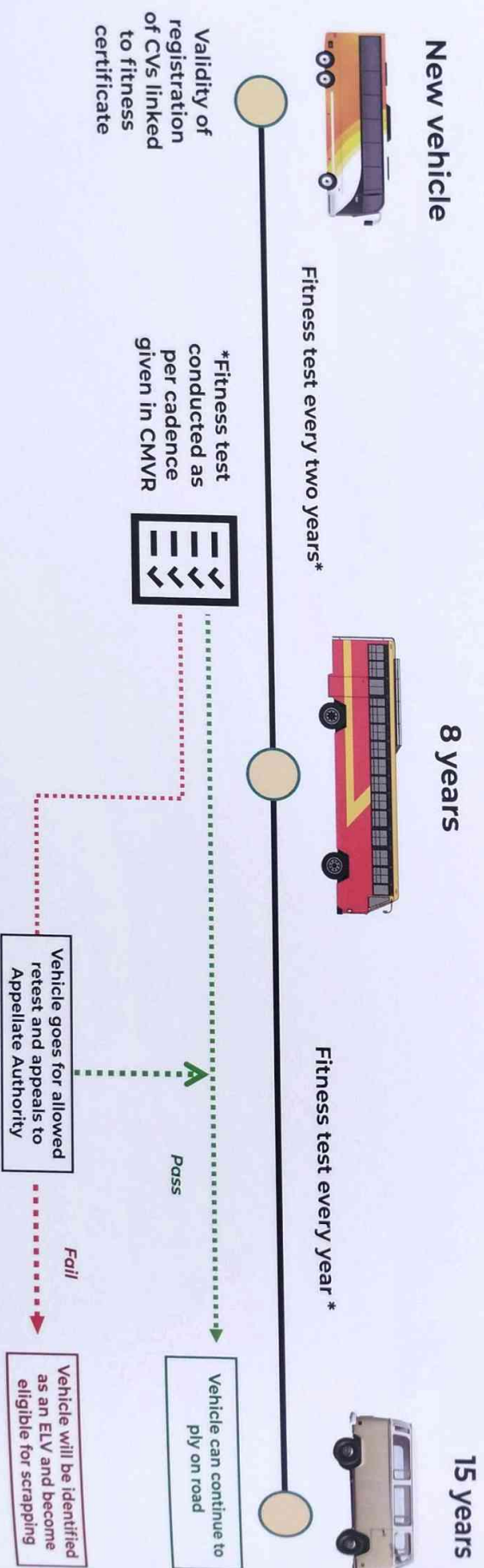
Fitness would be mandated through Automated Testing Stations for vehicles

- 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

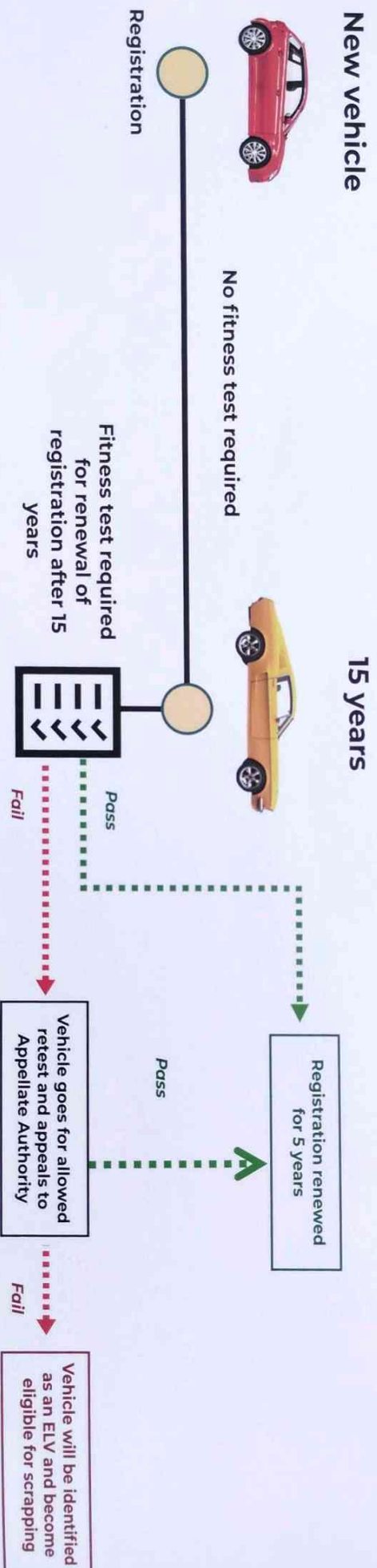
Fees for conducting fitness test and granting fitness certificate have been increased for commercial (Transport) vehicles older than 15 years

Metric	Vehicle category	Existing Fees	Revised Fees (Vehicles older than 15 years)
Conducting test of a vehicle for grant or renewal of fitness certificate (for vehicles older than 15 years)	Light Motor Vehicle	₹ 600	₹ 1,000 (automated testing)
	Medium Goods/Passenger Vehicle	₹ 1,000	₹ 1,300 (automated testing)
	Heavy Goods/Passenger Vehicle	₹ 1,000	₹ 1,500 (automated testing)
	Light Motor Vehicle	₹ 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 (ATs) and Registered Vehicle Scrapping Facilities (RVsFs)

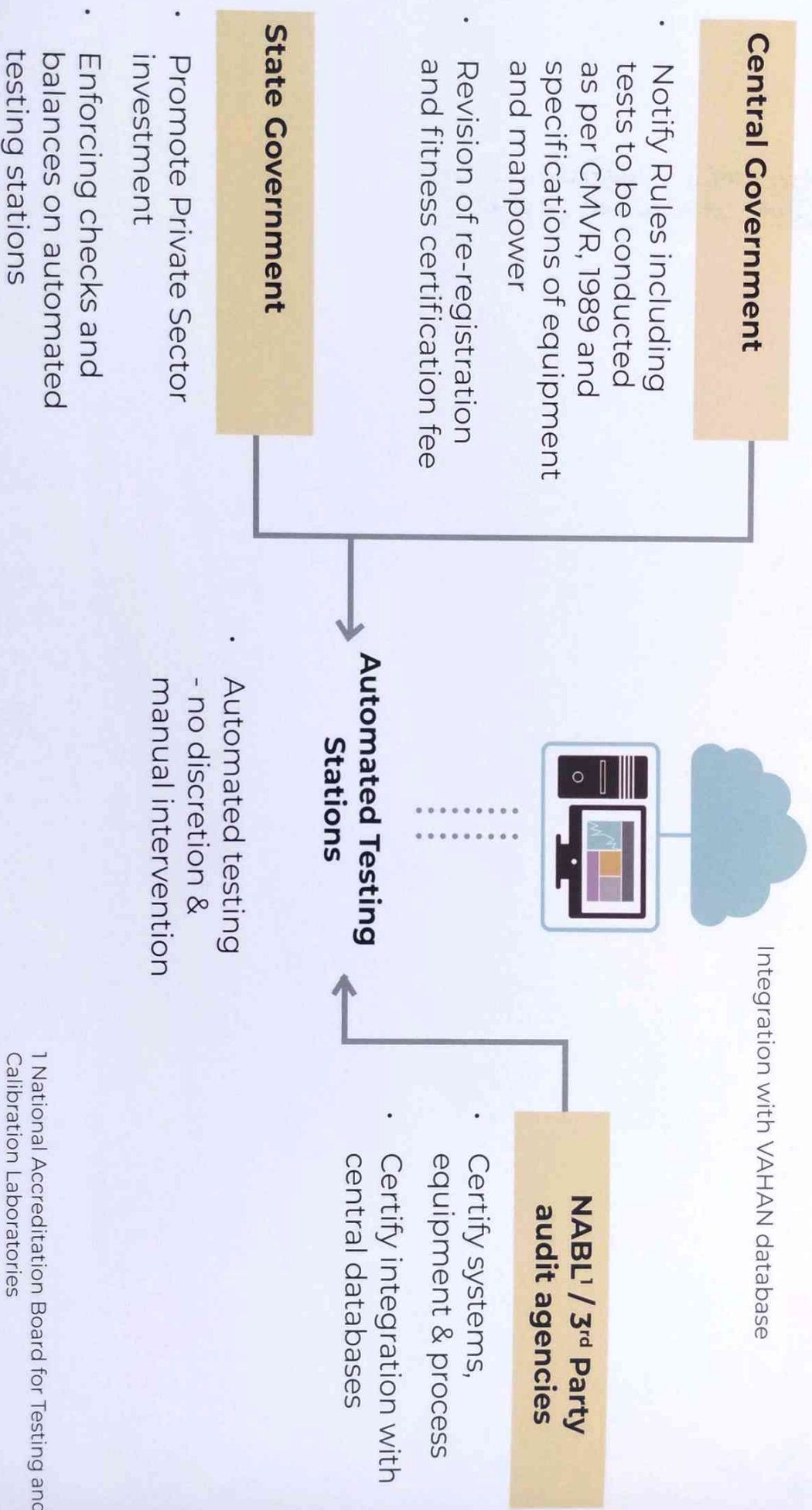
Automated Testing Stations (ATs) to automate fitness testing

- **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

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

- 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



Detailed guidelines have been published for setting up Automated Testing Stations (ATS)¹

Application process for grant of registration certificate for an ATS



Application for **Preliminary Registration certificate** (for commencement of construction/ establishment) or grant / renewal of **Certificate of Registration** to be made to the **Registering Authority¹**, 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

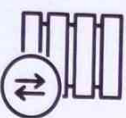


Applicant must **ensure infrastructure requirements** are met

Included in CMVR 1989, inserted by G.S.R. 278 (E)
1. Transport Commissioner from State Govt for the purpose of registering ATS

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

Technology Driven



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 **NCRB¹ & police database** for verification of stolen vehicle or vehicle involved in criminal activity, before scrapping a vehicle



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



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

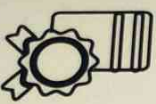


State/UT government will clear the proposal **within 60 days** else the proposal would be **deemed approved**



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

1. Transport Commissioner or any other Officer designated by the Government of the State/UT
2. 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**

Detailed criteria have been defined in RVSF rules for scrapping of vehicles at RVSFs

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