



AIR Discussions (March 3rd Week)

AIR SPOTLIGHT: 19th MARCH 2021 VEHICLE SCRAPPING POLICY

CONTEXT:

- Minister for Road Transport and Highways, Shri Nitin Gadkari today announced the **Vehicle Scrapping Policy** in Lok Sabha.
- It was first announced in the Union Budget for 2021-22.
- India will also implement a **Global Positioning System (GPS)-based toll collection system and do away with all toll booths within a year.**

BACKGROUND:

- Centre for Science and Environment (CSE) released a report titled “What to do with old vehicles: Towards effective scrappage policy and infrastructure”, which suggests parameters of an effective vehicle scrapping policy for India.
- India will have over **two crore old vehicles nearing the end of their lives by 2025**. These, along with other unfit vehicles, will cause huge pollution and environmental damage.
- Older vehicles pollute the environment **10 to 12 times more than fit vehicles and pose a risk to road safety.**
- The scrappage policy will **reduce the congestion on the roads.**
- In 2015, **National Green Tribunal barred diesel vehicles older than 10 years** to commute on Delhi NCR roads.
- Further, the government accepted the Scrappage policy for Central and State Government vehicles older than 15 years on January 25, 2020. The policy will come into effect on April 1st, 2022.
- Apart from that, the government also introduced a **draft Vehicle Fleet Modernization Programme in 2016**. But the project never got materialized.
- IIT Bombay’s conducted a multi-city study in 2014 which estimated that **pre-2005 vehicles were responsible for 70 per cent of the total pollution load from vehicles.**

AIR POLLUTION IN INDIA:

- IQAir Quality Report 2020: As per World Air Quality Report compiled by IQAir (Swiss Air technology company), of the most polluted cities in the world, **22 out of 30 were in India in 2020.**
- **Cities in India, on average, exceed the WHO target for annual PM 2.5 exposure by 500 per cent.**
- A recent study by CSE revealed that **life expectancy in India has gone down by 2.6 years due to deadly diseases caused by air pollution.**
- Estimates peg the economic cost of air pollution to the Indian economy at **more than US\$150 billion a year.**

EXISTING INITIATIVES:

- **BS-VI Emissions Standards** provides an opportunity to renew the fleet with significantly cleaner vehicles as they are designed to emit lesser particulates compared to BS-I vehicles.
- In August 2020, Delhi government notified the **Electric Vehicles Policy 2020.**



- Under **National Clean Air Programme**, polluted cities have included old vehicle phase-out as part of their clean air action.
- **Go Electric Campaign**
- **FAME India Scheme Phase II.**
- **Hydrogen Fuel Cell Based Bus and Car Project.**
- **National Electric Mobility Mission 2020.**
- **National Policy on Biofuels, 2018**
- Remodelling of roads such as widening, expressways, flyovers, signal free movement etc. under Bharatmala Project.
- Promoting public transports such as metro rail

THE POLICY:

- In the interest of a clean environment and rider and pedestrian safety, *Voluntary Vehicle-Fleet Modernization Program (VVMP) or "Vehicle Scrapping Policy"* has been introduced which is aimed at creating an Eco-System for phasing out of Unfit and Polluting Vehicles.
- The policy is estimated to cover **51 lakh Light Motor Vehicles (LMVs) that are above 20 years of age and another 34 lakh LMVs above 15 years of age.**
- It would also cover 17 lakh medium and heavy motor vehicles, which are above 15 years, and currently without valid fitness certificates.

Benefits:

- The scrappage policy will lead to **new investment of around Rs.10,000 crores, and create as many as 50,000 jobs.**
- It would lead to **recycling of waste metal, improved safety, reduction in air pollution, reduction in oil imports due to greater fuel efficiency of current vehicles, and stimulate investment.**
- It will lead to **creation for more scrap yards** in the country and effective recovery of waste from old vehicles.
- 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.
- 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.
- As per the BEE estimates, "there will be a reduction of 22.97 million tons of fuel demand in India by 2025". This will help in saving oil import and associated costs.
- India has committed to the Paris Agreement on Climate Change and provided national targets for reducing emissions. The Scrappage policy will help meet this.
- **The objectives of the policy are to:**
 - reduce population of old and defective vehicles,
 - achieve reduction in vehicular air pollutants to fulfil India's climate commitments,
 - improve road and vehicular safety,
 - achieve better fuel efficiency,
 - formalize the currently informal vehicle scrapping industry and
 - boost availability of low-cost raw materials for automotive, steel and electronics industry.



Salient Features:

- The criteria for a vehicle to be scrapped is primarily based on the fitness of vehicles through Automated Fitness Centres in case of commercial vehicles and Non-Renewal of Registration in case of private vehicles.
- A Vehicle failing the fitness test or failing to get a renewal of its registration certificate may be declared as End of Life Vehicle.
- Criteria to determine vehicle fitness will be primarily emission tests, braking, safety equipment, among many other tests which are as per the Central Motor Vehicle Rules, 1989.
- **The Policy proposes the following –**
 1. It is proposed that commercial vehicles be de-registered after 15 years in case of failure to get the fitness certificate. As a disincentive measure, increased fees for fitness certificate and fitness test may be applicable.
 2. It is proposed that Private Vehicles be de-registered after 20 years if found unfit or in case of a failure to renew registration certificate. As a disincentive measure, increased re-registration fees will be applicable.
 3. All vehicles of Government, Municipal Corporation, Panchayats, PSUs etc may be de-registered and scrapped after 15 years from the date of registration.
 4. The scheme shall provide strong incentives to owners of old vehicles to scrap old and unfit vehicles:
 - Scrap Value for the old vehicle given by the scrapping centre, which is approximately 4-6% of ex-showroom price 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
 - The vehicle manufacturers are also advised for providing a discount of 5% on purchase of new vehicle against the scrapping certificate.
 - Registration fees may also be waived for purchase of new vehicle against the scrapping certificate.
 5. Registered Vehicle Scrapping Facility, Integrated Scrapping Facilities, Automated Fitness Centres will be set up.

HOW PROCESS WILL UNFOLD

A vehicle older than 20 years, if found unfit or registration certificate is not renewed, will be de-registered

Registered owners to hand over such vehicles to a Registered Vehicle Scrapping Facility with certificate of the vehicles' registration, their PAN details, and other documents

Scrapper to verify records of the vehicles from database of the stolen vehicles and issue a Certificate of Deposit, mandatory for the owner to avail incentives

The certificate once used will be stamped "Cancelled" by the agency

Government will maintain a database of the vehicles scrapped every year

INCENTIVES FOR VEHICLE OWNERS

<p>Scrap value: 4-6% of ex-showroom price of new vehicle to be given to the owner by the scrapping centre</p>	<p>Tax rebate: States may be advised to offer a road tax rebate of up to 25% for personal vehicles and up to 15% for commercial vehicles against</p>	<p>Discount on new vehicle: Vehicle manufacturers will be advised to give 5% discount on new vehicles against a scrapping certificate</p>	<p>Fee waiver: Registration fees may also be waived for purchase of new vehicle against the scrapping certificate</p>
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GREEN TAX:

- Ministry for Road Transport and Highways approved a proposal to levy a 'green tax' on old vehicles.
- **Personal vehicles will be charged a tax at the time of renewal of Registration Certification after 15 years.**
- **It includes 10-25% of road tax on transport vehicles older than eight years at the time of renewal of fitness certificate.**
- Personal vehicles to be charged Green Tax at the time of renewal of Registration Certification after 15 years.
- The proposal on green tax also includes steeper penalty of up to 50% of road tax for older vehicles registered in some of the highly polluted cities in the country.
- The policy will come into effect from April 1, 2022.
- **The benefits of the "Green Tax" could be :**
 - To dissuade people from using vehicles which damage the environment
 - To motivate people to switch to newer, less polluting vehicles
 - Green tax will reduce the pollution level, and make the polluter pay for pollution.

CHALLENGES:

- Who will bear the cost of monetary incentive provided to owners?
- Owners in rural areas have very limited financial resources to purchase new vehicles.
- India so far has only one government-authorized scrappage workshop in Greater Noida
- Regulation of pollutants released during scrapping.

WAY FORWARD:

- **Additional tax suggested should be bigger than the resale value of the polluting vehicle.**
- **Equity features can be built into the scheme.** It can be done by offering a discount to marginal operators such as auto-rickshaw drivers. It would be similar to the 2009 incentive given under the JNNURM scheme for buses.
- **Capacity building in the organised sector** can be focussed for scrap collection and processing.
- **Vehicle registration database for all States** should be updated. Such data will help target scrappage policy benefits better.
- **Link scrappage incentives with buying of electric vehicles.**
- There must be an **exception for Vintage and Classic cars.**
- Include **Extended Producer Responsibility (EPR)** in collecting the car for scrapping. Apart from that, there should be legally binding rules for scrapping.
- **Safe disposal and material recovery** should be the critical parameters of an effective vehicle scrapping policy.

<https://pib.gov.in/PressReleaseframePage.aspx?PRID=1705811>

<https://www.thehindu.com/business/Industry/green-tax-mooted-for-personal-vehicles-older-than-15-years/article33661858.ece>



<https://pib.gov.in/Pressreleaseshare.aspx?PRID=1693967>

<https://pib.gov.in/PressReleasePage.aspx?PRID=1692228>

<https://www.biotechnika.org/2021/03/world-air-quality-report-22-of-worlds-most-polluted-cities-are-in-india/>

<https://www.thehindubusinessline.com/specials/clean-tech/over-half-of-india-lives-with-hazardous-levels-of-air-pollution/article34012863.ece>

PRELIMS SPECIAL: NEWS IN BRIEF

India-Finland Virtual Summit

- The Prime Ministers of India and Finland held virtual summits and discussed the entire gamut of bilateral issues as well as other regional and multilateral issues of mutual interest.
- Both leaders noted that the close relations between India and Finland were based on **shared values of democracy, rule of law, equality, freedom of speech, and respect for human rights.**
- They reaffirmed their strong commitment to work for **multilateralism, a rules-based international order, sustainable development and combating climate change.**
- The leaders exchanged views on regional and global issues, including the **India-EU partnership, cooperation in the Arctic region, WTO and UN reforms.**
- Both sides noted the potential for India and Finland to cooperate in undertaking **developmental activities in Africa.**
- Prime Minister Modi invited Finland to join the **International Solar Alliance (ISA) and the Coalition for Disaster Resilient Infrastructure (CDRI).**

<http://newsonair.com/News?title=PM-Modi-to-hold-virtual-summit-with-his-Finnish-counterpart-Sanna-Marin-today&id=411986>



Water Quality Information Management System (WQMIS)

- The Ministry of Jal Shakti launched the Water Quality Information Management System (WQMIS).
- WQMIS is an **online portal that provides detailed information on laboratories for this purpose. It also gives people access to data on water quality.**
- The basic water quality parameters prescribed under the guidelines are pH value, total dissolved solids, turbidity, chloride, total alkalinity, total hardness, sulphate, iron, total arsenic, fluoride, nitrate, total coliform bacteria, e. coli or thermo-tolerant coliform bacteria.

<http://www.newsonair.com/News?title=Govt-is-committed-to-provide-quality-water-supply-to-every-rural-household-by-year-2024%3A-Gajendra-Singh-Shekhawat&id=411781>

Indian Naval Landing Craft Utility (LCU) L58

- Indigenously built Indian Naval Landing Craft Utility L58 commissioned at Port Blair.
- LCU L58 is the **eighth and last ship of the Landing Craft Utility (LCU) Mark IV Class.**
- The ship was **indigenously designed and built** by GRSE, Kolkata.
- The LCU 58 is an **amphibious ship** which can carry 160 troops, in addition to its crew.
- With a displacement of 900 tons, the ship is capable of carrying various types of combat vehicles such as Main Battle Tanks (MBTs), BMPs, Armoured Vehicles, trucks, etc
- Speeds of up to 15 knots can be achieved.
- The main armament of the ship includes two indigenously manufactured 30 mm CRN 91 guns, an electronic day-night director sight.

<http://www.newsonair.com/Text-Bulletin-Details.aspx?id=36112>

Mines and Minerals (Development and Regulation) Amendment Bill

- Lok Sabha has passed the Mines and Minerals (Development and Regulation) Amendment Bill 2021.
- The Bill seeks to amend the Minerals (Development and Regulation) Act 1957 and **provide for removal of distinction between captive and merchant mines.**
- The Bill **empowers the Central Government to issue directions regarding composition and utilization of funds maintained by the District Mineral Foundation.**



- The Bill provides that **captive mines other than atomic minerals may sell up to 50 per cent of their annual mineral production in the open market after meeting their own needs.**
- It will increase the production level of minerals, generate employment, increase revenues and ensure private participation in the exploration and mining activities.
- Bill empowers the **central government to specify a time period for completion of the auction process in consultation with the state government.**

[http://www.newsonair.com/News?title=Lok-Sabha-passes-Mines-and-Minerals-\(Development-and-Regulation\)-Amendment-Bill&id=412299](http://www.newsonair.com/News?title=Lok-Sabha-passes-Mines-and-Minerals-(Development-and-Regulation)-Amendment-Bill&id=412299)

Insurance Amendment Bill, 2021

- Rajya Sabha has passed the Insurance (Amendment) Bill, 2021.
- It seeks to **amend the Insurance Act, 1938 which will increase the limit of foreign investment allowed in Indian insurance companies.**
- **The Bill provides to increase the foreign direct investment limit from existing 49 percent to 74 percent.**
- It also has a provision for removal of restrictions on ownership and control of the insurance companies.
- Increasing the limit does not mean automatic foreign investment to that level to all companies, and each and every company will decide the limit of investment.

<http://www.newsonair.com/News?title=Insurance-Amendment-Bill%2c-2021-passed-in-Rajya-Sabha%3b-FDI-limit-increased-from-49-to-74-%25&id=412265>