

National Transport Decarbonization Council (NTDC) Vehicle Scrapage Policy Workshop

Minutes of the Meeting

August 24, 2022, 1100-1300 IST

TERI organized the workshop on vehicle scrappage under its project – National Transport Decarbonisation Council (NTDC), on August 24, 2022. It involved experts and policy-makers in the area, as well as industry stakeholders. The welcome address was delivered by Mr Sharif Qamar, Fellow and Area Convenor, TERI followed by an introductory note on transport decarbonization and NTDC by Mr Shri Prakash, Distinguished Fellow, TERI. A presentation on the current practices and status of vehicle scrappage policy was given by Ms Akshaya Paul, Project Associate, TERI. The discussion on the theme was moderated by Mr IV Rao, Senior Visiting Fellow, TERI followed by the vote of thanks by Mr Shri Prakash. The discussion involved the following points:

1. Current Vehicle Scrapage Policy

- a. The vehicle scrappage policy and related notifications have been favourable to provide a basic framework for scrappage in India. But the endowment effect on private vehicle owners needs to be addressed and the difficulties faced by them need to be tested empirically.
- b. The accumulated impounded vehicles or litigation property vehicles in each police station need to be cleared and scrapped.
- c. The central government is working with the state governments for successful policy implementation across the country. The policy is based on the vehicle's fitness and does not depend on the age or kilometres travelled, which will be tested through automated testing stations (ATS).
- d. The portal for de-registration facilitated by MoRTH is user-friendly.
- e. The state investor summit has been held in 16 states for attracting investments for infrastructure creation. The national single window clearance portal has been integrated with state governments' portal, which is further linked with VAHAN and National Crime Records Bureau (NCRB).
- f. With continuous feedback from stakeholders, amendments have been considered in the policy within the small-time frame since the notification of the policy in September 2021. The effect of implementation will be realised after a 5-year time horizon.
- g. In Delhi, diesel engine cars are disposed to adjacent states, therefore requiring state and centre collaboration for uniform implementation.

2. Extended Producer Responsibility

- a. The instruments/ mechanisms for end-of-life vehicles (ELV) should be in place from the beginning of life. Therefore, there is an urgent need to adopt extended

producers' responsibility (EPR), to own up the value chain and establish circularity which will establish a reliable supply of raw materials, and integrate with global trends such as in European countries for EPR. With the delay in early notification of EPR, the stock of ELVs will pile up.

- b. The ownership/ liability should be with the producer with either in-house or common facilities that can be set up. This will result in better design in terms of recyclability, spur innovation, and reduce cost.
 - c. Vehicle manufacturers need to take responsibility for ELVs. They can develop pilot establishments and models that other manufacturers can replicate and indigenize the global methods for the Indian market through research and development.
 - d. The policy should promote EPR more than from an individual customer's perception. As the subsidy effect through the incentives may take time to counteract the endowment effect.
3. Customer Awareness
- a. Currently awareness about the policy is being raised through podcasts, Facebook, and Twitter under MoRTH.
 - b. The major challenge is to make customers aware of the incentives offered under the vehicle scrappage policy.
 - c. Customer awareness can be raised through social media campaigns particularly to sensitize the environmental impact. The government departments can lead as an example and scrap their ELVs.
4. Registered Vehicle Scrapping Facilities (RVSF)
- a. There is a deterrent faced by RVSF in not being able to circulate the freon gas, which is collected during the depollution.
 - b. There is a requirement for guidelines on CNG cylinder disposal.
 - c. The requirements of vehicle scrapping facilities pan India, which is an economy of scale sensitive operation, has a high land requirement and needs to be planned.
5. Informal Sector
- a. The dismantlers in the informal sector exhibit high recyclability potential. But they require hand-holding such as providing a depolluted vehicle and in return, the market and outreach of the informal sector can be linked with the formal sector.
 - b. The labour in India is cheap, hence replication of the European ELV management setup should not be followed, but rather used as an advantage.
 - c. To integrate and formalize the informal sector, RVSFs have been approved to authorize collection centres.
6. Incentives for vehicle scrappage
- a. The incentives such as waiver of registration and motor vehicle tax are in pipeline, to be introduced by the state industry officers. The disincentives such as a reduction in the time gap between consecutive fitness tests and an increase in fees for the fitness test have been notified.
 - b. The incentives need to be implemented to the advantage of the government and all other stakeholders.
 - c. Scrapping of vehicles has a potential for transport decarbonization, which can be amplified with a nudge towards space-efficient and cleaner transport such as EVs/ public transport through conditional incentives.

- d. A gradation of incentives such as higher incentives for a complete switch in vehicle technology from internal combustion engine (ICE) engines to electric vehicles (EV) should be encouraged.
 - e. The replacement of an SUV with a sedan/hatchback could be incentivized higher which will solve problems such as congestion and the aspirational value of larger vehicles.
 - f. The progressive scrapping of vehicles can also be explored.
7. Circularity of ELVs
- a. The vehicle parts that have a limited functional use should be utilized in remanufacturing, which can add value during recycling.
 - b. Through EPR intervention, the formal sector dismantling an ELV can extract higher value.
 - c. The regulatory framework of Automated Industry Standard (AIS) - 129 mentions materials that can be used in the manufacturing of a vehicle but there is an urgency to implement it for better recovery and recyclability.

Closing Remarks

In the vehicle scrappage policy workshop, the discussion elaborated on extended producer responsibility for vehicle manufacturers for end-of-life vehicles (ELV), the importance of fitness tests in scrapping vehicles, increasing customer awareness about the vehicle scrappage policy and incentives offered by the government, integration of the informal sector, nudging towards cleaner transport such EVs/ public transport by gradation in incentives, and promoting circular economy.

List of participants and organisations

1. Akshaya Paul, The Energy and Resources Institute (TERI)
2. Amitava Roy, Maruti Suzuki Toyutsu India Private Limited (MSTI)
3. Dr A R Sihag, The Energy and Resources Institute (TERI)
4. Dr Himani Jain, Council of Energy, Environment and Water (CEEW) - online
5. Dr Reji Mathai, Automotive Research Association of India (ARAI) - online
6. Dr Suneel Pandey, The Energy and Resources Institute (TERI)
7. Faiz Jamal, The Energy and Resources Institute (TERI)
8. IV Rao, The Energy and Resources Institute (TERI)
9. Lalit Sharma, GIZ - online
10. Narayan Sreekumar, Shakti Sustainable Energy Foundation (SSEF)
11. Nupur Ahuja, The Climate Group
12. Paresh Kumar Goel, Ministry of Road Transport and Highways (MoRTH)
13. Priti Shukla, Shakti Sustainable Energy Foundation (SSEF)
14. Prof. Ashish Verma, Indian Institute of Science (IISc)
15. Ruchika Mattoo, The Energy and Resources Institute (TERI)
16. Sahil Patel, Central Pollution Control Board (CPCB)
17. Sharif Qamar, The Energy and Resources Institute (TERI)
18. Shri Prakash, The Energy and Resources Institute (TERI)
19. Spurthi Ravuri, Centre for Study of Science, Technology and Policy (CSTEP) - online