

AIR Spotlight - Vehicle Scrappage Policy

AIR Spotlight is an insightful programme featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, the topic of discussion is the Vehicle Scrappage Policy.

This topic is important for the UPSC exam from the following perspectives:

- GS-2: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- GS-3: Changes in Industrial Policy and their effects on Industrial Growth.

Participants:

- Giridhar Aramane, Secretary, Ministry of Road Transport and Highways
- Ashutosh Shukla, Correspondent and Interviewer

Context:

The Ministry of Road Transport and Highways has launched a Voluntary Vehicle-Fleet Modernisation Programme (VVMP), also known as the Vehicle Scrappage Policy.

What is Vehicle Scrappage Policy?

- The vehicle scrappage policy **aims at creating an ecosystem** for **phasing out unfit and polluting vehicles** in an environment friendly and safe manner.
- For instance, old vehicles (commercial vehicles over 15 years old & private vehicles over 20 years old) will have to **undergo a fitness test**. Failing the test would most likely lead to vehicle scrappage.
- **Automated fitness centres** would be established throughout the country to ease the vehicle scrapping process.
- Modern automated vehicle scrapping centres (around 60-70) will also be built.
- **All government vehicles** (including PSUs) will be de-registered after 15 years.

Read more on the [Vehicle Scrappage Policy](#) in the linked article.

Vehicle Scrappage Policy Need

- It helps in **scrapping approximately 1 crore vehicles** that are without valid fitness and registration.
- This reduces pollution & would help in India's commitment to the [Paris Agreement](#).
- The current **informal vehicle scrappage industry** needs to be formalized and the policy is a step in this direction.
- It helps in reducing the dependency on imported raw materials & boosts the availability of **low-cost raw material for the automotive & steel industries**.

Benefits of the policy

- *The owners of old vehicles will be paid around 5% of the vehicle's ex-showroom price.*
- *In addition, they will receive a **rebate of up to 25% on road tax** upon purchase of a new vehicle. In case of commercial vehicles, the road tax rebate will be 15%.*
- The policy would **create a viable circular economy** of reuse, recycle and recover and will result in value for all stakeholders.
- It will lead to a **rise in demand for new automobiles** and help the struggling automobile sector.
- The policy will also help in bringing investments of around Rs **10,000 crore**.
- It will lead to the creation of around **35,000 jobs**.
- Automated vehicle scrapping centres will help in making India the scrapping hub of South-East Asia.

Conclusion

- The policy aims to boost the sale of **new cars & commercial vehicles**, to **formalize the scrap market, to reduce pollution**, among others.
- Thus, buyers will be encouraged to buy environmentally friendly & technologically advanced vehicles.

Read more Gist of AIR Spotlight [here](#).