Opinion: Recycling end-of-life vehicles in world's fourth largest auto market

We have been witnessing poor auto sales this year primarily due to the transition from BS-IV to BS-VI but it would not be incorrect to state that the number of vehicles has almost doubled in the last decade and the sector has witnessed a 10% growth rate.

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Registration waiver of new vehicles for those scrapping older ones, renewal of fitness certificates, re-registration fee for older vehicles etc. would help implement the scrappage policy faster.

By Nawneet Vibhaw

Last year, India overtook Germany to become the fourth largest auto market in the world. While highlighting the opportunities in the new car market, this also underlines some serious challenges.

As new vehicles become more affordable, the number of cars per 1000 individuals has been increasing. We have been witnessing poor auto sales this year primarily due to the transition from BS-IV to BS-VI but it would not be incorrect to state that the number of vehicles has almost doubled in the last decade and the sector has witnessed a 10% growth rate.

However, while adding more cars rapidly, old cars have not been scrapped at the required rate.

Since diesel vehicles have been allowed a 10-year term and petrol vehicles a 15-year life term, the older vehicles have to be dismantled and scrapped. India's wait for a nationwide scrappage policy still continues.

However, if recent reports are to be believed, we will soon have a vehicle scrappage policy which will let us know what to do with our 'end-of-life' vehicles.

Delhi has more than one crore vehicles. As per the Economic Survey (2017-18), Delhi has 556 motor vehicles per thousand people. Two-wheelers form close to two-third of the total vehicles.

Last year it was submitted on behalf of the Government of Delhi, before the Hon'ble Supreme Court, that out of the 1.1 crore vehicles on Delhi roads, 40 lakh vehicles have been de-registered by the Delhi Government as they are either

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more than 15 years old petrol vehicles or diesel vehicles more than 10 years old.

On August 24, 2018, the Delhi Transport Department issued guidelines for Scrapping of Motor Vehicles in Delhi, 2018 ("Scrapping Guidelines").

The Scrapping Guidelines were definitely a welcome step and a great initiative at the instance of Delhi Government. The guidelines provided that the vehicles registered in Delhi shall be scrapped only by an authorised scrapper after expiry of 90 days from the date of their issuance.

However, since considerable time has passed since then, Delhi still does not have the necessary infrastructure, be it in terms of authorised scrapping centres or even spaces to store the confiscated vehicles which are past their lifetime.

The Scrapping Guidelines which were framed in furtherance of the orders from the National Green Tribunal dated 26.11.2014 and 20.07.2016 provide for the impounding of the petrol and diesel vehicles which are more than 15 years old.

The Scrapping Guidelines define ELV or 'end of life vehicles' to mean petrol vehicles which have completed 15 years of registration and diesel vehicles which have completed 10 years of registration and those vehicles which have become unusable due to accidents or otherwise.

However, so far as the impounding procedure is concerned, the Scrapping Guidelines provide for impounding of diesel vehicles and seizure of petrol vehicles which are more than 15 years old. This created a bit of confusion as evident from the fact that diesel vehicles which are more than 10 years old have already been banned from plying on Delhi roads and hence it was difficult to understand as to why the limit had been raised to 15 years when it comes to impounding such vehicles.

This dichotomy caused many such vehicles to not be impounded but it was believed that they would start with impounding the 15 year-old diesel vehicles first and then target the 10 year old diesel vehicles.

While Delhi has taken the first step in framing the Scrapping Guidelines, the national guidelines in this regard are expected soon. The auto industry has been advocating for the implementation of the Automotive Industry Standards - 129 which provide for recycling of vehicles.

Last year, the first organised vehicle recycling unit in India was set-up in Greater Noida through a public-private partnership.

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Last week the Hon'ble Minister for Road Transport and Highways also made a statement to the effect that the scrappage policy would soon come into effect. This would mean that approximately two crore vehicles older than 15 years would be required to re-register as per the stricter norms or go off-road.

This also means that new avenues would open-up in this space and more importantly the struggling automobile companies in India would get a new boost.

The new scrappage policy would be a blessing for the air quality as more polluting older vehicles would go off the roads all across the country and new BS-VI vehicles with cleaner emissions would replace them. A lot will depend on





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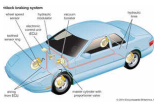
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the incentivisation scheme that the government floats, like the ones in USA and Canada, so that there is a faster acceptance of the scheme by Indian citizens.

Registration waiver of new vehicles for those scrapping older ones, renewal of fitness certificates, re-registration fee for older vehicles etc. would help implement the scrappage policy faster.

The scrappage policy is a great initiative by our government and the sooner it is brought into effect the better it would be for all of us, including the automotive companies.

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