

# Cero plans to set up 100 vehicle scrapping centres by 2025

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Cero, a 50:50 joint venture between the Mahindra Group and government-owned MSTC, plans to establish at least 100 vehicle scrapping centres in India by 2025, according to its director, Sumit Issar.

Without revealing the exact amount, he stated that the company will need to make a “huge investment” to establish these centres. Currently, India has 13-15 registered vehicle scrapping centres, out of which nine belong to Cero, Issar told *Business Standard* in an interview.

Out of about 4 million new cars sold every year, the government buys about 10-15 per cent of them. “The rest, about 3.5 million cars, are sold in the retail market. So, the retail sector has to participate in a big way,” he added. “All vehicles, government and retail alike, over 15 years old should be scrapped. They should be allowed to scrap only through registered scrapping centres (approved by respective state governments),” he said. Currently, 99 per cent of car scrapping is driven by the unorganised sector.

“Today, we have nine plants across the country: Noida, Pune, Chennai, Ahmedabad, Indore, Bengaluru,

Guwahati, Hyderabad, and Chandigarh. We can service 36 cities which are within a 300-400 km radius around these nine plants,” said Issar.

India, he said, must have at least 200 centres to cover all its large cities. Issar is also the managing director of Mahindra Accelo. In 2017, the number of vehicles that were more than 15 years old in India was 28 million. In the next five years, this is expected to reach 46 million

**Cero currently has nine plants across the country, and its director Sumit Issar (pictured) said India must have at least 200 centres to cover all its large cities**



units, he noted.

“By 2025, we would have 100-150 centres across the country...Between us (Mahindra Accelo) and MSTC, we have decided that we will be in every big city. By 2025, the target is clear that we need to be in more than 100 cities,” Issar said.

Each centre will scrap about 2,000-3,000 units per month, and the capacity can be increased by adding lines or modules based on demand, he added.

The Ministry of Road Transport and Highways issued a vehicle scrapping policy called the Voluntary Vehicle-Fleet Modernization Programme (VVMP) in March last year. Under VVMP, owners of vehicles that are over 15 years old (for commercial vehicles) and over 20 years old (for private vehicles) are eligible for incentives to scrap their old vehicles and purchase new ones.

“The VVMP policy that has come from the government is a very welcome step. Consumers will benefit greatly. If you have a car that is more than 15 years old and you try to sell it in the unorganised market, you won't get more than ₹30,000,” said Issar.