

Govt tightens noose around scrapping facility regulations

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The Ministry of Road Transport and Highways (MoRTH) is set to ban retroactively granting “consent to operate” for vehicle-scrapping facilities (VSFs).

With the proposed amendment to the Central Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021, entities are required to secure their consent to operate from the Central Pollution Control Board at least 60 days before beginning operations, or, alternatively, apply for it within the specified timeframe.

The original regulations allowed scrapping facilities to delay obtaining “Consent to Operate” for up to six months after starting operations. This leniency potentially left room for unregulated or unauthorised scrapping activities during this grace period. The amendment ensures that scrapping facilities adhere to environmental standards from the outset, minimising the risk of environmental harm associated with improper scrapping practices.



In a bid to streamline record-keeping and minimise paperwork, the amendments enable scrapping facilities to issue receipts in both physical and digital formats. Additionally, the validity period of certificates has been prolonged from two years to three years, offering greater flexibility and alleviating administrative burdens for both scrapping facilities and vehicle owners.

The recent amendment, released on March 15, introduces a provision regarding certificates of deposit (CDs) issued for government-owned or

impounded vehicles, restricting their electronic tradability and eligibility for incentives.

“The Certificate of Deposit shall be electronically tradeable and there shall be no incentives on Certificate of Deposit issued against the Government-owned vehicle or impounded vehicle handed over by an Enforcement agency and such Certificate of Deposit shall not be electronically tradeable,” the 2024 amendment reads.

Previously, there were no such restrictions on CDs for government

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- Enables scrapping facilities to issue receipts in both physical and digital formats
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vehicles.

However, to expedite the construction of VSFs, the revised guidelines have eliminated the prerequisite that mandated scrapping facilities be constructed in the orange category industrial zone.

Industrial zones are classified into the red, orange, green, and white categories, determined by a pollution index score derived from factors such as emission, effluents, hazardous waste generation, and resource consumption.

Regulatory measures apply to these zones in accordance with their categories, with red facing the highest level of regulation and white the lowest. According to the data from the ministry, there are approximately 100 registered VSFs in the country. However, India needs 1,000 vehicle-scrapping centres and 400 automated fitness test centres, Union Road Transport and Highways Minister Nitin Gadkari said in December 2023.

A total of 11,025 vehicles (7,750 private and 3,275 government vehicles) were scrapped until March 31, 2023, by registered VSFs, according to the MoRTH data.

Union Finance Minister Nirmala Sitharaman made the first announcement of the policy in the Union Budget 2021. The policy was initially introduced to tackle old and unsafe vehicles, aiming to combat urban pollution by systematically replacing vehicles aged 15-20 years and promoting the acquisition of new ones. Additionally, the policy aims to stimulate automotive sector sales, generate employment, and increase the availability of low-cost material for industries.

