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COMMERCE & TRANSPORT (TRANSPORT) DEPARTMENT

NOTIFICATION

The 30th November, 2022

Sub: Policy for Setting up Registered Vehicle Scrapping Facility (RVSF)

in Odisha

1. Introduction

In the current global scenario, environmental pollution is considered to be the most alarming issue causing climate change, threatening the lives of important species. The rising number of vehicles, especially the old vehicles, plying on the roads, is a major contributor to the Air pollution levels. Unlike developed countries, the current set up for vehicle recycling in India is extremely unorganized and the majority of the vehicles are being scrapped through the informal sector which does not follow any Legal/ Environmental or Ethical norms. The non-scientific manner of recycling causes low material recovery, environmental damage by way of water/air/soil pollution, and unsafe working conditions for workers. The current unorganized system also lacks visibility and transparency in the process for owners and the government. On this backdrop, the Ministry of Road Transport and Highways (MoRTH) have notified the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 vide Notification No. G.S.R. 653(E), Dated. 23rd September 2021 and Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Amendment Rules, 2022 vide Notification No. G.S.R. 695(E), Dated. 13rd September 2022; which lay down the procedure for establishment of a "**Registered Vehicle Scrapping Facility**" (RVSF) for carrying out dismantling and scrapping operations of "**End of Life**" vehicles, which

applies to all vehicles and their last registered owners, Automobile collection centers, Automotive Dismantling, Scrapping and Recycling Facilities and re-cyclers of all types of automotive waste products. Government of India have also requested all State Governments/ UTs to formulate Policy to carry out the provisions Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.

Now therefore, Government have been pleased to formulate the following Policy :

1.1. Short title and commencement

- (a) This Policy may be called the **Odisha Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Policy, 2022.**
- (b) It shall come into force with effect from the date of its publication in the Official Gazette.

1.2. Application. - The Policy shall apply to; -

- (a) All categories of vehicles and their last registered owners, automobile collection centers, automotive dismantling, scrapping & recycling facilities and recyclers of all types of automotive waste products.
- (b) the guidelines for Environmentally Sound Management of End-of-life vehicles (ELVs) and Automotive Industry Standard (AIS) 129.

2. Objectives and Vision

As per the data available with the Ministry of Road Transport and Highway's upto 2021, more than 18 lakh vehicles are to be scrapped in Odisha. The Vehicle Scrappage Policy of Odisha, 2022 is formulated with the following objectives:

- (i) Reduce air pollution by scrapping old and unfit vehicles,
- (ii) Improve road safety, road users, and vehicular safety,
- (iii) Improve fuel efficiency and reduce maintenance costs of vehicle owners,
- (iv) Regularize the current informal and un-organized vehicle recycling industry/facility in Odisha,
- (v) Scientifically promoting recycling of vehicle scrap,
- (vi) Promoting circular economy in an eco-friendly manner,
- (vii) Encourage setting up of Registered Vehicle Scrapping Facility.

3. General Conditions & Applicability

- 3.1 This policy shall be applicable in the State of Odisha.
- 3.2 The registered vehicle scrapping Facilities (RVSF) will be treated as Industrial Units subject to the fixed capital investment of the unit that has commenced on or after the effective date of this policy and which goes into production within three years for MSMEs and five years for Large units from the date of starting of first fixed capital investment. New investment after the effective date on existing land towards building and plant and machinery and which goes into production within three and five years for MSME and Large units respectively from the date of starting of first fixed capital investment will be considered as a new Industrial unit.
- 3.3 It shall be applicable initially for a period of **10 years**.
- 3.4 The vehicles registered in Odisha or in any other State, data of which is available in VAHAN portal may be scrapped only at a **Registered Vehicle Scrapping Facility (RVSF)**.
- 3.5 The Registered Vehicle Scrapping Facility may be owned and operated by any legal entity, be it a person, firm, society, Company or trust established in accordance with law having the following documents :
 - a. Certificate of Incorporation or Shop Act Registration or UDYAM Aadhar.
 - b. Valid Goods and Services Tax registration; and
 - c. Valid Permanent Account Number
- 3.6 The entity shall undertake to meet the minimum technical requirement for collection and dismantling centers as per Central Pollution Control Board , I.E., once de-registered and declared an End of Life Vehicles, such vehicles will go through the different stages of treatment, which involve de-pollution by removing or draining all hazardous components and liquids; dismantling of reusable and recyclable parts; shredding of car hulks and recycling of ferrous metal parts; as well as separation and recycling or disposal of automotive shredder residue. The manufacturers' service centres can directly use the salvaged materials or sometimes these materials can be sold in the second hand market. The recycled and recovered material may go back to manufacturing units.

- 3.7 The entity shall have competent manpower and appropriate equipment to carry out the de-pollution and dismantling activities in a safe and environmentally responsible manner
- 3.8 The entity shall provide evidence of the availability of an adequate usable area of land in the Industrial zone of the State by way of ownership or agreement of sell or agreement of lease of a minimum period of ten years.
- 3.9 An application for **Registered Vehicle Scrapping Facility** shall be made online at **www.nsws.gov.in** accompanied by required documents along with a non-refundable processing fee of **Rs. 1,00,000/- (Rupees One Lakh only)** and an earnest money deposit by way of a bank guarantee of **Rs. 10,00,000/- (Rupees Ten Lakhs)** for each RVSF proposed to be established.
- 3.10 All applications for grant of registration which shall be disposed within a period of **60 (sixty days) from the date of application.**
- 3.11 The registration for RVSF shall be valid for an initial period of 10 (ten) years, which shall be renewable for another 10 (ten) years at a time.
- 3.12 The Registered Vehicle Scrapping Facility established in Odisha may accept and scrap the vehicles registered in any of the State or Union Territory under the jurisdiction of any Registration Authority data of which must have been available in VAHAN portal.
- 3.13 After handing over the vehicles from the owner or authorized person to RVSF, the RVSF shall issue the "Certificate of Deposit" as evidence of transfer of ownership of the vehicle. The Certificate of Deposit, which shall be tradable, shall be necessary and sufficient document for the owner to avail incentives and benefits for the purchase of a new vehicle as may be declared from time to time.
- 3.14 All the rules of the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 and Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Amendment Rules, 2022 notified by Ministry of Road Transport Highways & other applicable Rules & Regulations must be complied with by the RVSF.
- 3.15 Unless specified otherwise, the definitions in this policy shall be the same as given in the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.

- 3.16 Unless specified otherwise, the definitions in this policy shall be same as given in the Motor Vehicle Act, 1988 and rules made thereunder and the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.

4. Criteria For Scrapping of Vehicles

The following vehicles shall be scrapped at designated **Registered Vehicle Scrapping Facility (RVSF)** Centres: -

- (i) Vehicles that have not renewed their Certificate of Registration (RC).
- (ii) Vehicles that have not been granted a certificate of fitness.
- (iii) Vehicles that are 15 years old and above, owned by the Govt./PSUs/Govt. agencies/ Autonomous Councils, etc.
- (iv) Vehicles that have been damaged due to fire, riot, natural disaster, accident, or any calamity. In this regard, self certifies of the registered owner is sufficient.
- (v) Vehicles that have been declared obsolete or surplus or beyond economic repair by the Central or State Organizations of the Government/ PSUs.
- (vi) Vehicles bought by any agency including Registered Vehicle Scrapping Facility in an auction.
- (vii) Vehicles that have outlived their utility or application, particularly for projects in mining, highways, power, farms, etc. as may be self-certified by the owner.
- (viii) Manufacturing rejects, test vehicles, prototypes, vehicles damaged during transportation from vehicle original equipment manufacturer to dealers, or unsold or unregistered vehicles as may be certified by the vehicle original equipment manufacturer.
- (ix) Auctioned, impounded, or abandoned vehicles by any enforcement agency.
- (x) Any other vehicle voluntarily offered to a Registered Vehicle Scrapping Facility for scrapping by the owner or the authorised person

5. Scrapping Yard and Collection Centre

- 5.1 The Scrapping yard shall be set up having space for vehicular movement, storing the vehicles or items received and recyclable material recovered, in a commensurate to the size and voluminous nature of the scraps to be handled by the facility.

- 5.2** The minimum land required for **two/three wheeler** scrapping yard should be **one acres** and for **light, midium and heavy motor vehicles**, it should be of minimum **two acres**. The width of road should be minimum of 7 meters for smooth movement of vehicles to the scrapping yards
- 5.3** The Scrapping Yard shall be a gated area to handle, de-pollute and dismantle End-of-Life Vehicles, white goods and other scraps along with facility for measuring radiation as is followed for the import of scrap.
- 5.4** Material handling machines shall be utilized to minimize human intervention and create safe workplaces.
- 5.5** All Scrapping Yards shall engage competent and trained manpower to process the End-of-Life vehicles, goods and other scraps.
- 5.6** The Scrapping Yard shall have dry areas (free from water logging), impermeable surfaces like asphalt or concrete flooring, asphalt or concrete roads, adequate workshop facilities for in-house maintenance, fire protection systems etc. to maintain safe workplaces, and all other required measures for keeping pollution under control.
- 5.7** Scrapping Yard shall be equipped with a de-pollution system, preferably with zero discharge system and dismantling work shall be done using technology for processing the End-of-Life vehicles, goods, and other scraps.
- 5.8** The Scrapping Yard shall comply with relevant health and safety legislation or regulation and environmental norms.
- 5.9** The Scrapping yard shall have, -
- a.** Suitable earmarked area for parking of waste vehicles
 - b.** Certified de-polluting equipment to ensure zero leakage of pollutants, designated areas for storing the segregated scrap, adequate space for storage and handling of segregated spares, and designated space for temporary storage of automotive hazardous waste such as tyre, batteries, fuel, oils, liquids and gases, suitable safety and occupational health equipment, material handling equipment for the safe transportation of spares, scrap etc.
 - c.** Appropriate Industrial grade lighting and ventilation systems, conformity to noise pollution norms and appropriate effluent treatment plants or water recycling plants.

- 5.10** In case Scrapping Yards do not have adequate capability or provisions for responsible recycling of hazardous waste (like e-waste, lead acid batteries, lithium-ion components, or for recovery of rare earth metals, etc.), or for recycling of scrap material, which is outside its scope, then such materials shall be sold to duly authorized re-cyclers or agencies, who have adequate capability and license.
- 5.11** Collection Centre may be established by a Registered Vehicle Scrapping Facility at any other place, other than the Scrapping Yard if collection center undertakes activities such as de-pollution and dismantling and the requirements applicable for Scrapping Yard shall also be applicable to such Collection Center.

6. Mandate of Vehicle Scrapage Policy

- (i) For effective implementation of this scrapage policy to reduce vehicular pollution & phase out unfit and polluting vehicles, thereby promoting the recycling of vehicle scrap in an eco-friendly manner, the followings steps shall be adopted.
- (ii) All Govt. Vehicles under different Govt. Departments, PSUs, Organizations, Autonomous Councils, ULBs etc. above 15 years of age as on 1st April, 2022 are to be mandatorily scrapped through a Registered Vehicle Scrapping Facility (RVSF) by 31st December, 2022 at the scrap value as per the existing market rates.
- (iii) Vehicles more than 15 years of age will be banned from movement in the declared **Low Emission Zones of Odisha**.
- (iv) According to OMTV Act, 1975, there shall be levied and paid a surcharge called “**green tax**” in addition to the tax levied under sections 3, 3A, 4A, 4B or 4C, in respect of every
- (a) transport vehicle suitable for use on road which has completed fifteen years from the date of its registration amounting to **four thousand rupees**, at the time of renewal of fitness certificate as per section 56 of the Motor Vehicle Act; and
 - (b) vehicles other than transport vehicles, suitable for use on road which has completed fifteen years from the date of its registration; amounting to **one thousand rupees** at the time of renewal of certificate of (registration as per sub-section (10) of section 41 of the Motor Vehicle Act).
- (v) Vehicles, seized and impounded by any enforcement agencies, if found unfit to ply on road, may be disposed of through RVSF following the prescribed procedures.

- (vi) MoRTH vide their Notification No. GSR 272(E), dated 05.04.2022 have already notified that for renewal of Fitness Certificate (**after every 2 years for vehicles up to 8 years old & one year for vehicles older than 8 years**) in respect of Transport vehicles, Fitness testing shall mandatorily be done only through an Automated Testing Stations (ATS) for HMV w.e.f. 1st April, 2023 and for MGV & LMV w.e.f. 1st June, 2024. Accordingly, those Transport Vehicles which do not pass the Fitness test or are not granted a certificate of fitness by the ATS shall be handed over to the RVSF for scrapping.
- (vii) After Fitness testing is made mandatory for transport vehicles in Automated Testing Station (ATS), this shall be made compulsory for all categories of vehicles including Non-Transport vehicles & their fitness testing after 15 years during the time of Renewal of Certificate shall be done only at ATS. Those non-transport vehicles not passing the Fitness test or not granted a certificate of fitness by the ATS shall be handed over to the RVSF for scrapping.

7. Fiscal Incentives

7.1. Benefits to the Public

- (i) To encourage & incentivize people to voluntarily hand over their vehicles to RVSF and in pursuance of MoRTH Notification No. GSR 720(E) dated 5th October, 2021; in case a new vehicle is registered against submission of "**Certificate of Deposit**", the concession in the motor vehicle tax shall be **25%** in case of **non-transport vehicles** and **15%** in case of **transport vehicles** in the State of Odisha. This concession shall be available up to 8 years in the case of transport vehicles and up to 15 years in the case of non-transport vehicles. Further, the fee for the issue of a Certificate of Registration shall not be levied for such vehicles purchased against submission of a "Certificate of Deposit".
- (ii) Scrap value for the old vehicles shall be given by the Scrapping Center approximately **6% of the ex-showroom price** prevailing at the time of scrapping. In case the vehicle has been declared obsolete/is not being produced any more, the scrapped value will be decided by negotiation between the vehicle owner and the scrapping center.
- (iii) Automobile Manufacturers will be advised to provide a discount preferably 5% on the purchase of new vehicle against the Certificate of Deposit.

7.2. Benefits to the Investor

(i) Land Incentives

- (a) Government land earmarked for Industry under the Land Bank Scheme of IDCO and other Government land wherever available will be allotted for the RVSFs. Concessional rates of land will be applicable, as specified in Odisha's Industrial Policy Resolution.
- (b) No stamp duty will be required to be paid in respect to the land allotted by the Government, IDCO and private industrial parks/estate developer to the RVSFs.
- (c) The RVSFs will be exempted from payment of premium for conversion of land for industrial purpose.

(ii) Capital Investment Subsidy

10% Capital Investment Subsidy will be provided on actual investment in Plant and Machinery installed or made operational till the date of commissioning of RVSF up to a maximum overall limit of Rs. 1 crore.

(iii) State Goods and Service Tax (SGST) reimbursement

The Industrial Unit shall be eligible for reimbursement of 25% of the net SGST paid for a period of 7 years from the date of commencement of commercial operations, provided that the SGST reimbursement shall be applicable only to the net tax paid towards the state component of GST, after the adjustment of the input tax credit against the output tax liability.

(iv) Electricity Duty

The RVSF shall be exempted from payment of electricity duty for a period of 5 years from the date of availing power supply by DISCOM for commercial operations.

8. Rights of the State Government

- (i) The State Government reserves the right to amend any provision(s) or withdraw any of the incentives/ subsidies as and when necessary for the promotion of scrapping of unfit and end-of-life vehicles and in the interest of the general people of the State from time to time under the provision of the Policy.

- (ii) The State Government reserves the right to review the matter regarding sanction/disbursement of subsidies/ incentives and in this connection, the State Government's decision shall be final and binding.
- (iii) State Government, if so decides, may engage an independent agency to study and recommend the number of RVSF viable for the state and locations thereof
- (iv) The State Government reserves the right to make/ amend the necessary rules for implementation of this policy as and when required.
- (v) The State Government will issue operational guidelines for implementation of the Policy.

By Order of the Governor

BISHNUPADA SETHI

Principal Secretary to Government