

# ***Draft for Discussion***

## **Haryana Registered Vehicle Recycling Facility Incentive Policy 2023**

**Department of Industries and Commerce,  
Government of Haryana**

**1. Preamble**

- i. In recent years, environmental issues and sustainability have become one of the main items of debate in the automotive industries, where greater emphasis is being laid on the minimal use of non-renewable resources among other things. As the vehicle ownership continues to increase, an important aspect in the endeavour in this direction is to increase the automotive industry's circularity.
- ii. In order to phase out old and unfit vehicles in a methodical and environment-friendly manner, Government of India has rolled out Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 to find out the vehicles unfit for the road which are creating pollution in the environment and then recycle them in a methodical way. In the spirit of the same, the State has decided to promote participation of private sector in establishment and operations of Vehicle Scrapping Facilities in the State.
- iii. In line with Budget Announcement 2023-24 made by Hon'ble Chief Minister Haryana, for a Recycling Facility Incentive Policy to provide incentives to the vehicle scrapping recycling, 'Haryana Recycling Facility Incentive Policy 2023' is proposed.

**2. Introduction**

- i. Haryana enjoys a number of inherent advantages when it comes to creating an industrial ecosystem that captures the positive economic impact of the new vehicle scrapping policy. The State also has one of the highest vehicle ownership rates in the country, with around 15.3% in terms of four wheelers and 63.3% in terms of two-wheelers. The total no. of registered vehicle in Haryana is around 8.6 million (2019) With a CAGR of 6.87 % (from 2009-19) it is estimated to be about 11 million by 2023. Besides all India ELV projection by 2025 is 22 million and by 2030 is 28 million and ELV in Haryana would be around 6.5 lakh in 2025 and 8.25 lakh by 2030. Thereby, ensuring a minimum scale of operations for vehicle scrapping units. Besides covering nearly 57% of the National Capital Region and surrounding Delhi from three sides, opportunities exist in targeting the intra-state market for old vehicles.
- ii. The State also features within the top states in the country in vehicle manufacturing capacity with significant investments from Maruti Suzuki, Honda Motorcycle & Scooter India, Suzuki Motorcycles & Hero Motors and besides a number of Auto component manufacturers.
- iii. Consequently, there already exists a ready market for the recycled material/components from vehicle scrapping centres, as well as a potential investor base for setting up large-scale vehicle scrapping centres, as automobile companies may also be interested in investing in vehicle scrapping facilities.
- iv. Haryana has been ranked as a Top Achiever in the Ease of Doing Business assessments conducted by the Department for Promotion of Industry and Internal Trade (DPIIT) in 2020. It has an evolved single-window approval mechanism, an established industrial infrastructure with available land, along with an existing ecosystem of ancillary units, engineering clusters and over 5.40 lakh micro, small and medium enterprises as per Udyam Registration. The Haryana Enterprises & Employment Policy 2020 (HEEP) and Electric Vehicle Policy 2022 are likely to be key in attracting additional investments besides encouraging setting up of Vehicle Recycling Facilities in the State.

### **3. Rationale for Haryana Registered Vehicle Recycling Facility Incentive Policy 2023:**

- i. The Scrappage Policy of the Government of India provides a positive push to start a new and nascent automotive ecosystem in addition to the obvious benefits of reduction in pollution, fuel import bill, raw materials availability, recycle or re-use parts and impetus of replacement demand. This scrappage policy provides an opportunity for transition into a circular economy whereby the value embedded in End-of-Life Vehicles (ELVs) components and materials is recaptured through reuse, recycling and recovery.
- ii. The Automotive OEMs and their Suppliers are rethinking the ways that vehicles and their materials are designed, constructed, used, and handled at end of life. Internationally, 85-95% of the vehicle is recovered with the vehicle designs being well suited for easy dismantling and disposal. Europe and Japan have mandated 90%-95% of vehicle recovery. A TERI report states that recycling one tonne of steel conserves consumption of 1.4 tonnes of iron ore, 740 kg of coal, and 120 kg of limestone. This can potentially reduce the instabilities in raw material supply for manufacturing new vehicles with fewer supply constraints.
- iii. Transport Department Haryana announced the Haryana Vehicle Scrappage Policy on 7<sup>th</sup> December 2022 which acts as an important catalyst for self-sustenance but also provides a platform for new types of job creation.
- iv. To push this factor, the Industries & Commerce Department is proposing the present Haryana Recycling Facility Incentive Policy 2023. It is the only dedicated policy for RVSF in India.

### **4. Vision**

To create a conducive ecosystem for growth of recycling in Haryana in addition to the obvious benefits of reduction in pollution, fuel import bill, raw materials availability, recycle or re-use parts and impetus of replacement demand.

### **5. Mission**

The mission of the Policy is to:

- i. Promote State-of-the-Art recycling facility in Haryana;
- ii. Endeavour to achieve the recyclability level of 85% by 2025;
- iii. Promote Eco-Park/Recycling Park (vehicle circular economy park) to position it as a recycling hub
- iv. Promote setting up of RVSFs jointly with Auto OEMs
- v. Curate necessary skill development programs for the recycling industry sector in collaboration with the Skilling Institutions/Universities to create a skilled workforce
- vi. Encourage setting up of Centre of Excellence for skill development.

## 6. Objectives

As per the data available with the Ministry of Road Transport and Highway's upto 2019, there are around 8.6 million registered vehicles in Haryana. The present Policy is formulated with the following objectives:

- i. Facilitate creation of a vehicle circularity eco-system in Haryana
- ii. Promote scientific recycling of vehicle scrap
- iii. To facilitate in regularizing the current informal and un-organized vehicle recycling industry/facility in Haryana
- iv. Encourage setting up of Registered Vehicle Scrapping Facility through fiscal incentives and skilling support.

## 7. Applicability

- i. This Policy will be applicable to the State of Haryana.
- ii. The Policy shall commence with effect from its date of notification in official gazette and shall remain in operation for a period of 5 years or till the time Government decides to discontinue this scheme, whichever is earlier
- iii. All the conditions stated for the registered vehicle scrapping Facilities (RVSF) mentioned in the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 and the Vehicle Scrapage Policy Haryana will be applicable unless otherwise specified in this document.
- iv. All fixed capital investments made after commencement of this Policy would be considered for the purpose of incentives.
- v. All RVSFs as approved by the Transport Department, Haryana and that have gone into commercial production after notification of this policy shall be eligible for incentives.

## 8. Industry Status

- i. The state accords the status of "Industry" to the RVSFs.

## 9. Definitions:

- i. **Fixed Capital Investment (FCI):** Fixed Capital Investment refers to Land, Building and Plant & Machinery, as specified in the policy / the schemes to be notified under the policy.
- ii. **Ultra-Mega Project:** Project having minimum Fixed Capital Investment of INR 6000 crore in A Blocks, INR 4,500 crore in B Blocks, INR 3,000 crore in C Blocks and INR 1,500 crore in DBlocks.
- iii. **MegaProject:** Project having minimum Fixed Capital Investment(FCI) of INR 200 crore in Block B, FCI of over INR 100 crore in C Blocks and FCI of over INR 75 crore in D Blocks.
- iv. **Large Enterprise:** Investment in Plant and Machinery greater than INR 50 crore and turnover greater than INR 250 crore (over and above the of limit of Medium units as defined under the MSMED Act, 2020 or amended by GoI from time to time).
- v. **Medium Enterprise:** Investment in Plant and Machinery or Equipment does not exceed INR 50 crore and turnover does not exceed INR 250 crore as defined under the MSMED Act, 2020 or amended by GoI from time to time.

- vi. **Small Enterprise:** Investment in Plant and Machinery or Equipment does not exceed INR 10 crore and turnover does not exceed INR 50 crore as defined under the MSMED Act, 2020 or amended by GoI from time to time.
- vii. **Micro Enterprise:** Investment in Plant and Machinery or Equipment does not exceed INR 1 crore and turnover does not exceed INR 5 crore as defined under the MSMED Act, 2020 or amended by GoI from time to time.
- viii. **Appellate Authority:** any officer above the rank of Registration Authority as nominated by the State
- ix. **Certificate of Deposit:** certificate issued by the RVSF to recognize the transfer of ownership of the vehicle from the registered owner to the Registered Scrapper for further treatment.
- x. **Certificate of Vehicle Scrapping:** certificate issued by an RVSF to recognize the final disposal of a vehicle.
- xi. **De-registered Vehicle:** Vehicles having age of 10 years and 15 years in case of diesel and petrol respectively in NCR. Once the vehicle has been deregistered it cannot be granted NOC for sale outside NCR. In case of failure of the owner to sell the vehicles outside NCR after three months from date of receipt of notice from the police department, above mentioned vehicles will be de-registered. BS-I and BS-II vehicles that are older than 15 years in NCR shall be de-registered automatically without the notice. De-registered vehicles will be sent for scrapping and the sale proceeds received from the scrapping of vehicles to be given to the owner net of any expenses incurred by the department.
- xii. **End-of-Life Vehicles:** all vehicles which are no longer validly registered, de-registered vehicle or declared unfit through Automated Fitness Centres or their registrations have been cancelled under Chapter IV of the Motor Vehicles Act, 1988 (59 of 1988) or due to an order of a Court of Law or are self-declared by the legitimate registered owner as a waste vehicle due to any circumstances as specified in the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.
- xiii. **Final Disposal** means the treatment of the vehicle so that the vehicle is no longer capable of being used as such, the evidence for which is the cut out of the Chassis and the disposal of its engine;
- xiv. **Recycling** means the reclamation and processing of waste in an environmentally sound manner for the original purpose or other;
- xv. **Registered owner of an End-of-Life Vehicle** means, (i) owner of the vehicle as defined in clause (30) of section 2 of the Act; or (ii) person who has gained ownership of the vehicle in a public auction in accordance with rule 57 of the Central Motor Vehicle Rules, 1989;
- xvi. **Registered Scrapper:** a person, firm, society, trust, or company owning and operating a Registered Vehicle Scrapping Facility
- xvii. **Registration Authority:** Commissioner (Transport) or any other Officer designated by the Government of the State for this purpose.

- xviii. **Registered Vehicle Scrapping Facility (RVSF):** any establishment which holds a Registration for Vehicle Scrapping issued under Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 for carrying out dismantling and scrapping operations;
- xix. **Scrapping** means the entire process from receipt and record of the End-of-Life Vehicles including depolluting, dismantling, segregation of material, safe disposal of non-reusable parts, and issuance of Certificate of Vehicle Scrapping to the registered owner of a motor vehicle;
- xx. **Scrapping Yard** means the designated location within the premises of the Registered Vehicle Scrapping Facility where the End-of-life Vehicles are processed for further treatment including recycling;
- xxi. **Treatment** means any activity after the End-of-Life Vehicle has been handed over to a collection centre of a Registered Vehicle Scrapping Facility for depollution, dismantling, shearing, shredding, recovery or preparation for disposal of the shredder wastes, and any other operation carried out for the recovery or disposal of the End-of-Life vehicle and its components; and,
- xxii. **Vehicle** means a motor vehicle or vehicle as defined in clause (28) of section 2 of the Act.

**10. Institutional Framework:**

- i. The registration procedure would be as defined for Registered Vehicle Scrapping Facility under the e Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.
- ii. Transport Department, Government of Haryana will act as an overall controller of the RVSF system. If any RVSF is found violating the policy or the relevant rules then it will be liable to pay a penalty up to INR 1 lac for each default under a proper receipt of the Government Treasury. But before the imposition of any penalty, the Transport Commissioner shall pass a speaking order by affording an opportunity after hearing the RVSF concerned.
- iii. Role of the Industries & Commerce Department, Government of Haryana will remain restricted to grant and release of the incentives under this Policy.

## 11. Incentives

For reducing the cost of doing business and to encourage investments into RVSFs, a scheme for grant a standard package of incentives is being provided. The RVSF are accorded status of Industrial Units for the purpose of such incentives. Details of admissible incentives are as under:

### i. Capital Subsidy:

S.No.	Category of Industry	Subsidy
1.	Micro Industry	10% of FCI or INR 1 Crore, whichever is lower in <b>A, B, C, D Category Block</b>
2.	Small Industry	
3.	Medium Industry	
4.	Large Industry	10% of FCI or INR 5 Crore, whichever is lower in <b>A, B, C, D Category Block</b>
5.	Mega Industry	10% of FCI or INR 10 Crore whichever is lower in <b>A, B, C, D Category Block</b>

**Applicant who has availed Capital Subsidy under this policy shall not be eligible for availing incentive under net SGST reimbursement scheme under HEEP 2020 and future Haryana's Flagship Industrial Policy (if and when released)**

- ii. Other incentives will be applicable as per Clause 1, 2, 3, 4 of Annexure 4 under the HEEP 2020 policy and future Haryana's Flagship Industrial Policy (if and when released)
- iii. **Applicants in the "A" Category Block will be eligible for availing incentives as applicable for B Category Block in HEEP 2020 and/or any future Haryana's Flagship Industrial Policy (if and when released)**
- iv. The category of blocks will be as per Annexure-3 defined under HEEP-2020 policy and future Haryana's Flagship Industrial Policy (if and when released)
- v. A special package of incentives would also be admissible for Mega and Ultra Mega Projects as per provisions in the HEEP 2020 in B, C and D Category Block and future Haryana's Flagship Industrial Policy (if and when released).
- vi. **Applicants in the "A" Category Block will be eligible for availing incentives/special package incentives for Mega and Ultra Mega as applicable for B Category Block in HEEP 2020 and/or any future Haryana's Flagship Industrial Policy (if and when released)**
- vii. The enterprise availing special package of incentives would be required to go into commercial production within three years from the date of sanction of incentives by HEEP 2020 and any future Haryana's Flagship Industrial Policy (if and when released).



- viii. Buyers who are eligible shall avail incentives and/or penalised as per the Vehicle Scrappage Policy notified by Department of Road & Transport, Haryana

**12. Procedure to apply for grant of incentives under the Policy**

- i. Application for grant of approvals for setting up of RVSF and incentives would be through single window system i.e. Invest Haryana Portal.
- iii. All project related approvals would be granted with 45 days of filing of complete application by the RVSF.

**13. Rights of the State Government**

- i. The State Government reserves the right to amend any provision(s) including amendment or withdraw any of the incentives/ subsidies as and when necessary for 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 Govt 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.

**14. Savings**

Any issue, which has not been specifically covered under this policy or requires any clarification, would be referred to the Government in the Industries & Commerce Department for decision/clarification and the decision of the Government thereon would form part of the Policy.

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