

TaMo, M&M, JSW MG oppose NITI report

Govt think-tank's report on transport sector suggested CAFE norms must incentivise smaller entry-level vehicles

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India's three carmakers — Tata Motors, Mahindra & Mahindra (M&M), and JSW MG Motor India — have opposed NITI Aayog's February 10 report, which suggested that upcoming corporate average fuel efficiency (CAFE 3) norms should favour small cars. The companies argued that such recommendations could skew the market towards internal combustion engine (ICE) vehicles and undermine long-term emission goals.

Through emails and letters to the Aayog, the three companies also raised objections to the report's classification of flexible (flex) fuel vehicles (FFVs) and compressed biogas (CBG) vehicles as "zero-emission vehicles (ZEVs)", *Business Standard* has learnt.

Tata Motors and M&M objected to being described as "collaborators" or "experts", stating their participation in stakeholder discussions did not amount to full endorsement of the recommendations. JSW MG Motor said it was not consulted at all before the report was finalised.

Even the non-profit research organisation International Council on Clean Transportation (ICCT) has opposed the report's

definition of ZEVs.

Aayog, in the report, included a disclaimer that the "assertions, interpretations, and conclusions" are those of the authors and "do not necessarily reflect the views of the Aayog or the Government of India", adding that it does not "endorse or validate" the specific policy suggestions made in the document. Queries sent by *Business Standard* to the Aayog, Tata Motors, M&M, and JSW MG remained unanswered.

Small cars and CAFE norms

CAFE norms require carmakers to meet a fleet-wide average carbon dioxide emissions target (in grams per kilometre/km) each year, failing which they face penalties. As CAFE 3 is being framed, proposals to give softer targets or relief to small (sub-909 kilogram/kg) petrol hatchbacks have sparked industry-wide controversy.

The report suggests that CAFE norms should incentivise lighter, smaller entry-level vehicles. M&M strongly opposed this, saying there is "no logical justification to grant special privileges to small cars in CAFE norms". The company cautioned that concessions based on vehicle weight "could create a perverse incentive for the industry to compromise on safety



ILLUSTRATION: BINAY SINHA

OEMs' view

M&M: "No logical justification to grant special privileges to small cars in CAFE norms"

TaMo: Promoting small ICE cars "goes against the principle of

or crash performance to reduce vehicle weight to meet stringent CAFE 3 targets", potentially undermining gains from India's vehicle safety rating programme.

Tata Motors similarly said promoting small ICE cars through CAFE "goes against the principle of transitioning to green technologies and potentially offers a loophole to continue ICE technologies".

JSW MG opposed the Aayog's recommendation as well, observ-

transitioning to green tech and potentially offers a loophole"

JSW MG: Incentive would create "competitive distortion, particularly in a segment where one OEM commands about 90% market share

ing that any incentive for a specific vehicle configuration (sub-909 kg cars) would create "competitive distortion, particularly in a segment where one original equipment manufacturer (OEM) commands roughly 90 per cent market share".

ZEV definition at the centre

A key point of contention is the report's classification of FFVs and CBG vehicles as ZEVs. FFVs are

ICE vehicles that can run on higher ethanol blends, while CBG vehicles run on biogas. Both produce tailpipe emissions.

M&M said classifying such vehicles as ZEVs is "not technically accurate", adding that FFVs and CBG-run cars derive energy from internal combustion engines, which inevitably emit tailpipe emissions. "These vehicles are not recognised as ZEVs by any country, and no policy document from the Government of India or state governments classifies them as such," it added.

Tata Motors said including FFV and CBG vehicles under a unified ZEV framework would not be recognised by any major international standard. Even Brazil — the world's largest flex fuel market — does not use the ZEV label for FFVs. The company warned that "such a new categorisation is likely to impact investor confidence".

JSW MG also flagged the issue, saying the expanded definition "risks diluting the earlier focused electrification narrative and may introduce ambiguity in long-term market signals at a critical stage of India's EV transition".

ICCT said that EVs, FFVs, and CBG-run cars have different emission profiles, and aggregating them "obscures" true zero-

emission adoption and may "inflate perceived electrification levels".

'Collaborator' tag contested

M&M said listing it as a collaborator "may inadvertently suggest that the company has fully endorsed the report and that all its contents and policy recommendations reflect our official position". Its role "was limited to participation in a single meeting in July 2024..."

"We did not receive any draft version of the report thereafter for review prior to its publication." M&M has requested removal from the list.

Tata Motors echoed this concern, noting that while it was mentioned as a contributing expert, a draft version was not shared prior to publication. As a listed company, it said it must clarify that it has "reservations on some of the contents of the report".

JSW MG said it "was not included in the stakeholder consultation process", adding that the absence of consultation with "a key EV-focused OEM may have limited the breadth of industry perspectives incorporated into the modelling and recommendations". About 80 per cent of JSW MG's cars sold are electric.