

Auto makers at loggerheads on commercial vehicle emissions

SALES DIP. Raise concern over declining sales of light CVs since 2021-22

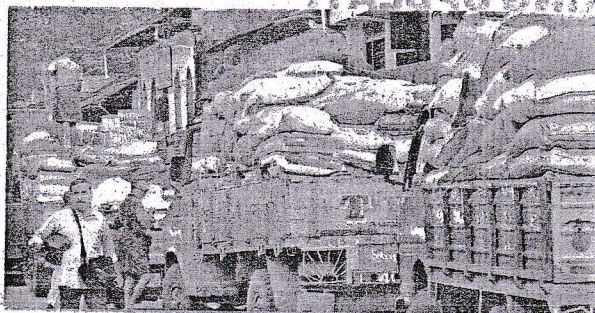
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The Indian auto industry has urged the government to extend Corporate Average Fuel Efficiency (CAFE)-3 norms primarily because of growing concern over the steep fall in sales of light commercial vehicles (N1 category, with a maximum mass not exceeding 3.5 tonnes), sources said.

A meeting between the industry and the Ministry of Road Transport and Highways (MoRTH) on Wednesday saw an exhaustive discussion on how to arrest the fall in N1 category of commercial vehicles. A document exclusively sourced by *businessline* shows the extent of the fall of these vehicles.

HIGH COST

The industry representatives, including members from the Society of Indian Automobile Manufacturers (SIAM), have informed the government that high



NOT A GOOD CHOICE. SIAM informed the government that high vehicle costs, low incomes, and limited financing make light vehicle ownership less affordable. RAMESHKURUP S

vehicle costs, low incomes and limited financing options make N1 vehicle ownership in India significantly less affordable in comparison to global scenario.

Since 2021-22, sales of such vehicles have dipped at a compound annual growth rate (CAGR) of -1.64 per cent, they informed.

"This segment is highly sensitive to macro-economic volatility and uncertainty. A temporary uptick in sales was observed post-Covid

driven by replacement demand, and increased need for last-mile delivery solutions, but subsequently, sales have resumed a downward trajectory," said a source privy to the meeting.

Therefore, SIAM proposed a phased evaluation approach by OEMs for the relevant vehicle categories, with fuel economy norms to be established based on results from the evaluation stage. According to sources, SIAM proposed a phase-wise

implementation across various tonnage categories starting with phase-I from April 2028 (for 12 tonnes to 28 tonnes), followed by 28 tonnes to 55 tonnes in phase-II by April 2029 and 3.5 tonnes to 12 tonnes from April 2030 in phase-III.

However, not all in the industry are agreeing to such a proposal, especially when it comes to the N1 category, saying that it would dilute the whole purpose of Constant Speed Fuel Consumption (CSFC, similar to CAFE norms) norms for commercial vehicles. CSFC involves testing fuel efficiency at specific, constant speeds.

EMISSION NORMS

The purpose of the government is to reduce the CO₂ emission, so postponing of the norms would impact the environment, said a source.

"Some OEMs are suggesting postponing the norms for the N1 category, which will dilute environmental control...," the source added.