

Emissions may Cost Car Cos up to ₹5,800 cr

All carmakers except for a handful will likely fail to meet fuel economy norms: Experts

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Mumbai: Carmakers in India could end up forking out cumulative fines in the range of Rs3,600 crore to Rs5,800 crore if they fail to meet the government prescribed fuel economy standards under the CAFÉ II (Corporate Average Fuel Economy) norms by April 1, 2023.

Under CAFÉ, penalties will be imposed on a manufacturer's entire fleet. Except for a handful of companies such as Maruti Suzuki India, Tata Motors and MG Motors all other car makers stand the risk of facing penalties, said analysts and auto industry executives aware of the development. Prima facie, their actual CAFÉ score is likely to exceed the targeted score, they said.

According to Energy Conservation Bill passed by Parliament last month, a carmaker will be levied a fine of Rs25,000 per unit if its fleet CO2 emission exceeds the targetted CAFÉ score by 0.4.7 gram per kilometre and a fine of Rs 50,000 per unit

Carmakers could end up paying cumulative penalty of ₹3,600-5,800 cr if they fail to meet their target CAFÉ score for FY23

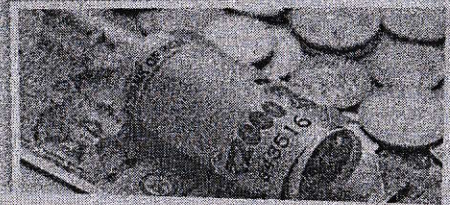
Emission Penalty

According to Energy bill, penalty of ₹25,000-50,000 per unit for every unit sold if CAFÉ norm not met



35-40% of total domestic sales in FY23 is liable for penalty if CAFÉ score higher than target

For the current year, the average corporate CO2 emission limit has been fixed at **113 gms per km**



if fleet CO2 emission exceeds the targeted CAFÉ score by more than 4.7 gm per kilometre. While auto companies have been submitting fuel economy data in the past, the norms have been tightened and stringent financial penalties for not meeting these norms imposed. The estimated cumulative penalty for carmakers is based on the annualized domestic sales of top

eight passenger vehicle makers that account for close to 85-90% of industry volumes. The penalty for carmakers may increase or decrease if the product portfolio mix changes for the remaining fiscal. CAFÉ scores are computed in such a manner that they improve if an auto maker increases the sale of electric vehicles and hybrid vehicles.