

# Auto Emission Norms to Get Stricter, Make Cars Costlier

**CAFE 3 RULES** Industry comments sought on norms that will need cos to cut carbon by 33% in 3 yrs

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**New Delhi:** Automakers in India will need to cut carbon emissions by a third over the next three years or face stiff penalties under the third iteration of corporate average fuel efficiency norms (CAFE) drawn up by the bureau of energy efficiency (BEE). The latest step by India's energy efficiency and conservation agency is likely to make cars pricier, adding to a 30% price rise since the transition to Bharat Stage VI emission norms in April 2020.

"The challenge is not only to develop a vehicle which meets the stringent CAFE 3 and CAFE 4 norms, but also to price it such that there are buyers for them. You can make a low emission vehicle but if it is not priced affordably, there will be no takers and no benefit. It will impact the CAFE score of the company," an industry executive said. Industry stakeholders have been asked to submit their comments by the first week of July.

## Green Goal

BUREAU OF ENERGY EFFICIENCY PROPOSALS

91.7 gm CO<sub>2</sub>/km

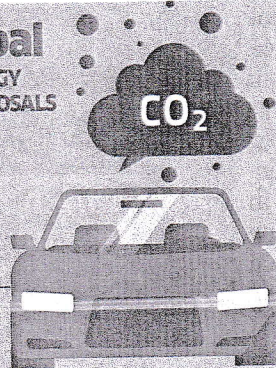
CAFE 3

70 gm CO<sub>2</sub>/km

CAFE 4

(\*Corporate average fuel efficiency)

5 Years: Extended time for auto cos to shift to CAFE 4



## EXPLAINER

CAFE norms applicable on entire fleet

They limit carbon emissions from total number of vehicles sold by a carmaker in fiscal year

Manufacturers face penalties for non-compliance with set limits

BEE will study the representations and thereafter notify the final guidelines. CAFE 3 norms will come into effect from April 2027.

BEE has proposed 91.7 gm CO<sub>2</sub>/km and 70 gm CO<sub>2</sub>/km in CAFE 3 and CAFE 4, respectively at WLTP (world harmonised light vehicles testing procedure).

However, in a small reprieve to automakers, the agency has agreed to extend to five years, instead of the

initially proposed three to transition to CAFE 4 norms, which envisages reducing vehicular carbon emissions by another 24% by 2032.

Industry stakeholders were apprehensive that a shorter lead time to transition to CAFE 4 norms would adversely impact product planning, development and investment cycles.

A second senior industry executive, who did not wish to be named,

said, "While the government has agreed to extend to five years the transition to CAFE 4, the targets outlined are tough. Not only would carmakers have to reduce carbon emissions and fuel consumption for the entire fleet in the next three years, these parameters will also be measured as per WLTP." After March 2027, fuel consumption readings are higher when determined under WLTP compared to MIDC (modified Indian drive cycle).

CAFE norms are applicable on a company's entire vehicle production and limits carbon emissions from the total number of vehicles sold by a carmaker in a financial year. Manufacturers are required to pay stiff penalties for non-compliance with set limits, which authorities say would force them to make more fuel-efficient cars.

As per the proposal, if the average fuel efficiency of the cars sold by a carmaker exceeds by up to 0.2 litres per 100 km, the penalty is ₹25,000 per vehicle, and if it exceeds by more than 0.2 litres per 100 km, the penalty is ₹50,000 per vehicle.