

# 15 'no', 2 'yes' votes: CAFE relief for small cars leaves industry divided

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Mercedes-Benz was “neutral”, Toyota was “for consensus”, Maruti Suzuki India (MSIL) and Renault said “yes”, and the remaining 15 carmakers said “no” when asked to give their final vote on the proposal to allow a weight-based exemption for small cars under the CAFE emission norms, *Business Standard* has learnt.

The final vote from all 19 carmakers was taken at the CEOs Council meeting of the Society of Indian Automobile Manufacturers (Siam) held on the evening of November 7. The next day, Siam submitted its final written comments to the Bureau of Energy Efficiency (BEE), stating that its members have “mixed views” on the issue of weight-based exemption for small cars.

The CAFE framework sets average carbon dioxide emission targets, measured in grams per kilometre (g/km), for each automaker’s overall fleet. If a company fails to meet these targets, the BEE has the power to impose hefty penalties.

On September 25, the BEE issued a draft of the CAFE-3 and CAFE-4 norms — set to take effect from April 2027 for a period of 10 years — introducing a weight-based exemption for small cars for the first time. Under this draft, petrol vehicles weighing up to 909 kg, with engine capacity



## Voting pattern

How each carmaker voted during Siam meeting on Nov 7

Does your company agree with the BEE’s proposal to allow an additional 3g/km CO<sub>2</sub> deduction for petrol vehicles up to 909 kg?

BMW	No	Skoda Auto Volkswagen	No
Fiat India Automobiles	No	Stellantis	No
Force Motors	No	Tata Motors	No
Honda Cars	No	Passenger Vehicles	No
Hyundai Motor	No	Volvo Auto	No
Isuzu Motors	No	Maruti Suzuki	Yes
Jaguar Land Rover	No	Renault	Yes
JSW MG Motor	No	Mercedes-Benz	Neutral
Kia	No	Toyota Kirloskar	For
Mahindra & Mahindra	No	Motor	consensus
Nissan Motor	No	Source: Industry	

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■ TaMo evaluating both CNG, hybrids for larger cars, SUVs above 4 m

below 1,200cc and length under 4,000mm, will receive an additional 3g/km deduction in their declared carbon dioxide emissions.

This proposal has sharply divided the industry, a split that was evident during the CEOs Council meeting on November 7, said people

familiar with the matter.

At the meeting, the CEOs of 19 automakers were asked to give their final vote on three specific questions. The first was whether they agreed with the BEE’s proposal to introduce a “super credit” or volume derogation factor (VDF) of 1.5 for flex-fuel

vehicles and 2.5 for strong hybrid flex-fuel vehicles. The second was whether they supported the proposal to allow pooling of up to three automobile companies to meet their carbon dioxide emission targets. The third was whether they agreed with the proposal for an additional 3g/km carbon dioxide deduction for petrol vehicles weighing up to 909 kg.

Any fuel blend containing at least 85 per cent ethanol is considered “flex fuel”. The VDF is a multiplier used to calculate a manufacturer’s fleet-average carbon dioxide emissions, allowing certain low-emission vehicles, such as strong hybrids, to be counted as more than one vehicle. This effectively lowers the fleet’s average emissions on paper, making compliance easier.

All 19 CEOs (or their representatives) unanimously voted “yes” on the first two questions. But on the third question, 15 companies — BMW, Fiat India Automobiles, Force Motors, Honda Cars, Hyundai, Isuzu Motors, Jaguar Land Rover, JSW MG Motor, Kia, Mahindra & Mahindra, Nissan Motor, Skoda Auto Volkswagen, Stellantis, Tata Motors Passenger Vehicles and Volvo Auto — voted “no”. On the third question, Mercedes-Benz was “neutral”, Toyota was “for consensus”, and MSIL and Renault voted “yes”, according to those familiar with the matter. Turn to Page 6 ▶

sive process essential for understanding data flows, assessing privacy risks, and demonstrating compliance, yet it is often hindered by data fragmentation, poor documentation, and the absence of a data governance culture, making it the single most significant operational hurdle for organisations striving to meet DPDP Act requirements,” Nanda added.

Enterprises must immediately start prioritising data discovery, classification, and data-mapping exercises, implementing consent and retention workflows, strengthening breach-

response mechanisms, and deploying technology-led governance tools that provide real-time visibility across the data lifecycle, said Murali Rao, partner and leader of the cybersecurity consulting at EY India.

“These requirements are not just regulatory checkboxes. They reshape how organisations collect, manage, and safeguard personal data,” said Sanjay Katkar, joint managing director of Quick Heal Technologies.

With inputs from Anupreksha Jain

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According to these sources, Toyota did not cast a clear ‘yes’ or ‘no’ because it has no model under 909 kg in its portfolio, but it is also part of a global alliance with Suzuki Motor Corporation, the parent company of MSIL, for joint development and production of certain cars, and therefore stated it would go with whatever consensus the

other carmakers reached. None of the carmakers responded to *Business Standard*’s queries on this matter, which were sent last week. The newspaper also could not reach Fiat India Automobiles. Siam did not respond to the queries either. The September 25 draft of the CAFE-3 and CAFE-4 norms is not the first issued by

the BEE. The agency had published an earlier draft in June 2024. Siam submitted its comments on that draft in December, seeking several changes.

A few months later, Maruti Suzuki, India’s largest carmaker and the biggest seller of small cars, independently approached the BEE requesting relief for small cars through a weight-based exemption.

This marked the first signs of a divide within the industry. In July 2025, a study by Nomura stated that all major automotive markets, including the United States, China, Japan, South Korea and Europe, incorporate protec-

tions for small cars under their Corporate Average Fuel Efficiency (CAFE) regulations because of their environmental and socio-economic value.

In contrast, India’s linear weight-based CAFE framework penalises lighter vehicles with disproportionately stringent carbon dioxide targets, the study noted.

“This creates a structural bias where heavier vehicles with higher emissions comply easily, while small cars with lower emissions fail,” Nomura said. It warned that under such a structure, “light-weighting, a key decarbonisation strategy, is thus disincentivised”.

## BS SUDOKU #4737

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SOLUTION TO #4736

1	3	5	8	7	6	9	4	2
7	6	4	9	2	5	8	3	1
8	2	9	3	4	1	7	6	5
9	4	6	5	3	2	1	8	7
5	7	8	1	6	4	3	2	9
2	1	3	7	8	9	4	5	6
4	5	7	6	1	8	2	9	3
6	8	1	2	9	3	5	7	4
3	9	2	4	5	7	6	1	8

**Very hard:**  
★★★★  
Solution tomorrow

**HOW TO PLAY**  
Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9