

# Kia latest to join small-car CAFE-III row, writes to PMO

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After JSW MG Motor and Tata Motors Passenger Vehicles (TMPV), Kia has now approached the Prime Minister's Office (PMO) against the proposed special concession for petrol cars weighing less than 909 kg in the upcoming Corporate Average Fuel Efficiency-3 (CAFE-III) emission norms, sources told *Business Standard*.

The carmaker wrote to the PMO last week, shortly after similar representations were made by JSW MG and TMPV.

Kia told the PMO that creating a special sub-category of small petrol cars based on vehicle weight would dilute the core purpose of the CAFE framework. The framework is to promote green technologies like electric vehicles (EVs) and ensure a sustained reduction in a carmaker's fleet-wide carbon dioxide emissions over time.

Kia also backed concerns raised earlier by JSW MG and Tata Motors, saying the proposed weight threshold would create an uneven playing field.

For nearly two decades, carmakers have planned investments, products, and localisation based on the existing small-car

## Raising concerns

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- It also backed concerns that the proposed weight threshold would create an uneven playing field
- The exemption would effectively benefit a single carmaker, which has about 95 per cent share in the sub-909 kg segment, Kia wrote

definition, which is linked to length and engine size. Kia argued that changing the definition now would be unfair to carmakers and could affect their long-term plans.

Under the goods and services tax (GST) regime, petrol cars with an engine capacity of up to 1,200 cc and a length of up to four metres are taxed at 18 per cent, while all other petrol cars attract 40 per cent.

The South Korean carmaker, in its letter, also mentioned that the proposed weight-based exemption would effectively benefit a single carmaker, which has about 95 per cent share in the sub-909 kg segment.

The CAFE regulation sets annual fleet-wide carbon

dioxide emission targets for automakers, measured in grams per kilometre (g/km). Non-compliance attracts penalties from the Bureau of Energy Efficiency (BEE) under the Ministry of Power. The BEE released the first draft of the CAFE-3 norms, covering FY28-FY32, in June 2024.

The Society of Indian Automobile Manufacturers (Siam) submitted comments in December 2024 seeking changes. Months later, Maruti Suzuki independently sought a weight-based exemption for small cars, a move that split the industry.

In September, the BEE revised the draft CAFE-III norms and, for the first time, introduced weight-based relief, proposing an

additional 3 g/km deduction for petrol cars weighing under 909 kg.

Two months later, Siam submitted its comments on the revised draft, acknowledging that its members could not reach a consensus on the proposed exemption for sub-909 kg cars.

Kia as well as the PMO did not respond to Business Standard's requests for comments related to this matter.

On December 1, Rahul Bharti, senior executive officer (corporate affairs), Maruti Suzuki India, had said that cars weighing less than 909 kg may have to be discontinued if the upcoming CAFE-III carbon dioxide targets are "unscientific and unjust." He said that the 3 g/km benefit for small cars under the revised draft is "miniscule" compared to incentives for electric vehicles and strong hybrids. Also, they are far lower than relaxations offered in regions such as Europe, where the allowance goes up to 18 g/km, he added.

On December 16, the European Commission announced a new automotive package introducing a length-based exemption for small EVs under its revised carbon dioxide emissions compliance framework.

