6. CAFE Rules

India has proposed to significantly revamp its key vehicle emissions rules, called the Corporate average fuel efficiency (CAFE) norms.

Overview of CAFE Norms in India

Introduction - The Bureau of Energy Efficiency (BEE) introduced Corporate Average Fuel Efficiency (CAFE) norms in **2017** to regulate fuel consumption and curb carbon dioxide (CO_2) emissions from passenger vehicles.

Vehicle Coverage - The norms apply to a wide range of vehicles -

1. Petrol and diesel cars
2. Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG) vehicles
3. Hybrids and electric vehicles (EVs)

Weight Limit - Vehicles weighing less than 3,500 kg are covered under these norms, primarily targeting passenger vehicles.

Enforcement & Penalties - The norms were tightened in 2022–23, introducing higher penalties for non-compliance, signaling the government's commitment to cleaner and efficient mobility.

Purpose - CAFE norms aim to -

1. Reduce oil dependency
2. Lower vehicular air pollution
3. Promote cleaner technologies and more sustainable transport

Key Features of CAFE 3 Norms

1. Objectives

1. Reduce fuel consumption and CO_2 emissions per vehicle.
2. Encourage adoption of electric vehicles (EVs), hybrids, and CNG vehicles.
3. Protect the small car segment, allowing easier compliance for manufacturers.
4. Align India's standards with global best practices for fuel efficiency.

2. Applicability - Targets M1 category vehicles - passenger cars with up to 9 seats, including the driver, and a maximum weight of 3,500 kg. All manufacturers must comply with fuel efficiency & CO_2 emission targets; failure results in penalties.

3. Efficiency Targets Based on Weight - Companies have targets calculated based on the average weight of their cars. Heavier vehicles have slightly relaxed targets, while lighter vehicles face stricter limits.

4. Small Car Exemptions - Cars considered "small" are allowed up to 9 g CO_2/km lower than the standard target. Purpose - revive the small car market, which has seen declining sales. Helps manufacturers comply more easily while keeping emissions in check.

5. Incentives for Electric Vehicles (EVs) - "Super credits" system - each EV sold counts as three vehicles when calculating a company's average fuel efficiency. Encourages manufacturers to increase EV production.

6. Fuel Type Relaxation - Draft norms include a Carbon Neutrality Factor (CNF), giving relaxation based on the type of fuel used in a car. Promotes cleaner fuels and hybrid technologies.

7. Emission Pooling - Up to three manufacturers can form a pool to meet efficiency targets collectively. Pools are treated as one manufacturer, and penalties are the responsibility of the pool manager.

Benefits -

1. Reduces compliance costs
2. Balances fleet-wide emissions among smaller and larger manufacturers

Broader Impacts of CAFE Norms

1. Reduce overall fuel consumption and vehicle CO_2 emissions.

2. Support adoption of efficient and lightweight vehicles, aiding India's climate goals.
3. Help small cars and EVs remain viable in the market.
4. Encourage industry collaboration, promoting innovation and cost-sharing.
5. Indirectly boost India's energy security by lowering oil imports.

Conclusion

CAFE 3 norms are a comprehensive framework for transforming India's automotive sector -

1. Promoting energy-efficient vehicles
2. Reducing carbon footprint
3. Encouraging EV adoption and sustainable mobility
4. Allowing manufacturers to collaborate strategically to meet targets

These norms position India to align with global climate commitments, while simultaneously nurturing domestic small car and EV markets.

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