

## **Corporate Average Fuel Efficiency Norms - Vehicular Pollution**

### **What is the issue?**

- The government is considering advancing the 2030 deadline for Indian manufacturers to switch over to electric vehicles in bikes and three-wheelers segments.
- With manufacturers opposing it, targeting cleaner air through stricter CAFE norms instead is suggested.

### **What are the CAFE norms?**

- CAFE (Corporate Average Fuel Efficiency/Economy) norms aim at lowering fuel consumption (or improving fuel efficiency) of vehicles.
- It is achieved by lowering carbon dioxide (CO<sub>2</sub>) emissions.
- Thus, it serves the twin purposes of reducing dependence on oil for fuel and controlling pollution.
- Corporate Average refers to sales-volume weighted average for every auto manufacturer.
- The norms are applicable for petrol, diesel, LPG and CNG passenger vehicles.
- The CAFE regulations are in place in many advanced as well as developing nations, including India.
- CAFE regulations in India came into force from April 1, 2017.
- Under this, average corporate CO<sub>2</sub> emission must be less than 130 gm per km till 2022 and below 113 gm per km thereafter.
- In other words, it requires cars to be 10% or more fuel efficient between 2017 and 2021, and 30% or more fuel efficient from 2022, in terms of CO<sub>2</sub> emission.

### **Why is it important to India?**

- Global automakers are attracted to make investments in India as vehicle penetration is still low here compared to developed countries.
- Also, pollution caused by the ever-increasing number of vehicles on road is worsening the air quality in many cities.
- Upgrading to stricter fuel standards is one way to tackle air pollution.
- In this context, CAFE norms assume importance in the light of their ability to

- reduce the carbon footprint of the auto industry.
- Stricter CAFE targets can also lead to manufacturers moving to electric or strong hybrid vehicles over the medium to long-term to comply with the norms.
  - This can complement other efforts at ensuring cleaner air through measures such as the -
    - i. implementation of the [BS VI emission norms](#) from April 2020 onwards
    - ii. the plan to shift to mass use of electric vehicles by 2030
    - iii. incentives under the [FAME](#) (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles) scheme
  - [While CAFE regulations focus on reducing CO2 emissions, BS VI focusses on other harmful exhaust from vehicles.]

### **What does India's Auto Policy specify?**

- The [Draft National Auto Policy](#) given in early 2018 calls for developing a roadmap for reduction in CO2 emissions through CAFE regulations.
- It aspires to match Indian CO2 reduction targets to those set by developed countries by 2025.
- The Auto Policy also contemplates economic penalties for manufacturers who do not meet the targets.
- It also envisages a system where credits (for achieving more than the mandated fuel efficiency) can be banked and traded.

**Source: Business Line**

