

One target or five: Siam opposes BEE's CAFE 3 reset

DEEPAK PATEL
New Delhi, 22 February



The Society of Indian Automobile Manufacturers (SIAM) has opposed the Bureau of Energy Efficiency's (BEE's) latest proposal to prescribe separate, tightening industry-wide carbon dioxide (CO₂) emission targets for each year from 2027-28 (FY28) to 2031-32 (FY32) under the upcoming Corporate Average Fuel Efficiency 3 (CAFE 3) norms, *Business Standard* has learnt.

The revised framework was unveiled by BEE at a February 10 meeting at the Ministry of Heavy Industries (MHI), catching several automotive (auto) industry executives off guard as it marked a clear departure from earlier discussions on the third phase of CAFE norms.

At the meeting, BEE told carmakers and government officials that industry-wide emission targets under CAFE 3 would tighten every year, dropping from 92.5 grams per kilometre (g/km) in FY28 to 77.08 g/km in FY32.

However, SIAM had, in November 2025, said that CAFE 3 should retain a single industry-wide CO₂ target of 89.6 g/km for the entire five-year period from FY28 to FY32. This would mirror the structure used under CAFE 1 and the current CAFE 2 regime, which prescribes one headline target per five-year block.

Under CAFE 2, the government notified a single industry-wide target of 113g/km for the period between 2022-23 and 2026-27. This figure represented the average emission level of the passenger vehicle industry was expected to achieve, from which individual carmaker targets were mathematically derived using a formula linked to the average weight of vehicles sold.

Following the February 10 meeting, SIAM emailed BEE on February 19, flagging the shifting goalposts. "The first CAFE 3 draft was shared on June 9, 2024, followed by a substantially revised second proposal

on September 25, 2025. At the February 10, 2026, meeting, a third revised proposal was presented for the first time, reflecting significant variations from the previous two versions," the industry body said.

The September 2025 draft proposed the following principal formula for CAFE 3: $a \times (W - b) + c \times 23.7135$, where "a" was fixed at 0.002, "W" denoted vehicle weight, "b" represented the industry's average car weight of 1,170 kilogram (kg), and "c" was designed to decline from 3,7264 in FY28 to 3,0139 in FY32.

At the February 10 meeting, however, BEE indicated that "a" would no longer remain constant and would instead decline annually, from 0.00154 in FY28 to 0.00128 by FY32. It also revised "b" upwards to 1,229 kg and altered the trajectory for "c", which would now fall from 3,9008 in FY28 to 3,2504 in FY32.

In a February 19 email, SIAM said this version of the draft was being seen for the first time, making it difficult to offer an immediate response. "At first glance, members felt the revised proposal shown by BEE, particularly the change in average weight, annual targets, and modified parameters, appears far more challenging," it added.

The industry body reiterated that its unified submission on November 8, 2025,

- At February 10 meeting, BEE proposed separate yearly CAFE-3 emission targets
- BEE revealed that targets would gradually drop from 92.5 g/km in FY28 to 77.08 g/km in FY32
- BEE said main compliance formula would be revised once more
- On February 19, SIAM told BEE it prefers single 89.6 g/km target for FY28-FY32 period
- Multiple CAFE-3 drafts since 2024 have widened industry divide

should be treated as a "packaged deal", comprising a single five-year target along with interlinked elements such as slope, super credits, biogenic factors, and off-cycle credits. "Addressing these parameters in isolation may not lead to a workable outcome," SIAM said. SIAM was referring to its November 8 letter, which argued for a single 89.6 g/km target for FY28-FY32. Neither SIAM nor BEE responded to *Business Standard's* queries.

Since 2024, the CAFE 3 norms have triggered a prolonged tussle within the auto industry, alongside long-drawn-out negotiations with BEE. The BEE released the first draft in June 2024, with SIAM submitting comments in December that year. Months later, Maruti Suzuki India independently sought a weight-based exemption for small cars, splitting industry opinion.

In September 2025, BEE revised the draft and introduced weight-based relief, proposing an additional 3g/km deduction for petrol cars weighing under 909 kg. Two months later, SIAM said its members could not reach a consensus on the exemption.

BEE is now expected to drop this provision in the final notification. Instead, it plans to modify the core equation itself to deliver more lenient targets for vehicles below 1,229 kg and tougher ones above that threshold.

Embraer CEO looks to make India global manufacturing base for KC-390 aircraft

PRESS TRUST OF INDIA
New Delhi, 22 February

Brazilian aerospace giant Embraer on Sunday signalled its readiness to set up a major production hub for its KC-390 Millennium aircraft to support the broader Asia-Pacific market if it wins the Indian Air Force's contract for up to 80 transport planes.

In an exclusive interview with *PTI*, Embraer's President and CEO Francisco Gomes Neto pitched KC-390 Millennium as

the "best" option for India, leveraging a wave of Nato acquisitions to position the plane as the new "global benchmark" for tactical airlift. By choosing our aircraft, the Indian Air Force will have an alignment with a rapidly expanding, interoperable alliance of modern air forces, he said as the force intensifies its hunt for a versatile tactical airlifter.

Describing the KC-390 as a much superior multi-mission workhorse, Neto said if

awarded the Indian contract, the company will turn India into its primary production hub for aircraft to support the Asia-Pacific market.

The Embraer CEO said the company is eyeing to set up an exclusive regional MRO (Maintenance, Repair, and Overhaul) hub for KC-390 operators in India while looking at a long-term symbiotic relationship with the country in both defence and civilian aerospace sectors.

The top executive, highlighting the acquisition of KC-390 by several high-profile Nato member nations, including Sweden, the Netherlands and Portugal, projected the plane as a strategic counter to the legacy dominance of Lockheed Martin's C-130J.

Neto said the KC-390 Millennium is a better fit for the future needs of modern air forces as it is a new generation multi-mission transport and aerial refuelling aircraft.

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