MINISTRY OF POWER

CAFE norms set for M1 passenger vehicles from April 2027

Ministry of Power S.O. 5346(E) sets CAFE norms for M1 vehicles from April 1, 2027 to March 31, 2032: a fuel consumption standard per manufacturer, with credits.

THE MINISTRY OF POWER issued notification S.O. 5346(E), dated September 29, 2026, published the same day in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 5139. It is made under clauses (a), (b) and (c) of section 14 and section 18, read with section 20, of the Energy Conservation Act, 2001, in consultation with the Bureau of Energy Efficiency (BEE). It sets the Corporate Average Fuel Economy (CAFE) Norms and energy consumption standard for M1 category motor vehicles as specified under the Central Motor Vehicle Rules, 1989. It takes effect from April 1, 2027 and ceases to have effect after March 31, 2032. The norms apply to each manufacturer, which it defines as an organization that makes or imports motor vehicles subject to type approval and intended for domestic sale. They count the M1 vehicles a manufacturer makes or imports for sale in India. The notification does not itself define M1. It is signed by Diwakar Nath Mishra, Additional Secretary, under F. No. 9/2/2023-EC(Part-4).

KEY FACTS

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Notification S.O. 5346(E), under the Energy Conservation Act, 2001

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Each manufacturer's Annual Average Fuel Consumption Standard, in petrol-equivalent liters per 100 km on the Modified Indian Driving Cycle (MIDC), is a × (W − b) + c. Here b is 1229 kg in every year. W is the weighted average unladen mass in kg of all the manufacturer's new M1 vehicles made or imported for sale, worked out model by model as ∑niWi / ∑ni. The multiplier a is 0.00158 for 2027-2028, 0.00152 for 2028-2029, 0.00148 for 2029-2030, 0.00139 for 2030-2031 and 0.00131 for 2031-2032. The constant c is 3.9960, 3.8600, 3.7585, 3.5313 and 3.3273 for the same years. In each fiscal year from April 1, 2027, the manufacturer's Annual Average of Actual Fuel Consumption must be less than or equal to its standard. Both are rounded up to three decimal places. Manufacturers also declare to the Designated Agency each model's CO2 performance (pi), in g CO2/km, on both the MIDC and the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), for models sold from April 1, 2027. The Ministry of Power, in consultation with BEE, will separately notify a factor to convert the targets from MIDC to WLTP, based on that data.

Actual consumption is the weighted average over all the M1 vehicles a manufacturer makes or imports in the fiscal year: ∑vini[FCi × (1 − C.N.Fi) − ci] / ∑vini. Fuel consumption comes from the tailpipe CO2 in g/km at type approval. It is 0.04217 × CO2 for petrol, 0.03776 × CO2 for diesel and 0.06150 × CO2 for LPG, in liters per 100 km, and 0.03647 × CO2 for CNG, in kg per 100 km. Electric models are measured in kWh per 100 km. These convert to petrol equivalent with factors of 1.1168 for diesel, 0.6857 for LPG, 1.1563 for CNG and 0.1028 for electricity. A Carbon Neutrality Factor discounts tailpipe CO2 by 8% for ethanol-blended petrol vehicles (E20 or such higher blends as specified), including strong hybrids (SHEV) and plug-in hybrids (PHEV), and by 22.3% for flex fuel ethanol vehicles. For CNG vehicles it is 5% or the compressed biogas (CBG) blending percentage notified by the Ministry of Petroleum and Natural Gas, whichever is higher. For diesel vehicles it is the actual biofuel blending percentage that Ministry specifies. Volume derogation factors for super credits (vi) multiply a model's volume by 3.0 for "Battery Electric Vehicle / Range Extended Electric Vehicle", 2.5 for "Plug in Hybrid Electric Vehicle / Strong

Hybrid Electric Vehicle (Flex Fuel Ethanol)", 1.6 for strong hybrids and 1.1 for flex fuel ethanol vehicles. A manufacturer may also claim 1.0 g CO2/km, equal to 0.0422 liters per 100 km, for each eligible technology in a vehicle from the 12 in Table 1.3, up to 9.0 g CO2/km, equal to 0.3795 liters per 100 km. The 12 include start-stop systems, regenerative braking and exterior LED lighting. These claims rest on self-declaration in the first block period and on validated test results under the Ministry of Road Transport and Highways' (MoRTH) methods in the second.

The gap between the standard and actual consumption, in g CO2/km, times the number of vehicles, is a credit or a debit in the manufacturer's passbook. Credits and debits are assessed each year and carried forward within a compliance block: the first is three years from 2027-2028, the second two years from 2030-2031. Credits left unsettled at the end of a block lapse. Manufacturers may exchange or trade credits on mutually agreed terms and report the result to the Designated Agency. They may also offset a debit by buying credits from BEE, at a price per g CO2/km of INR 2,500 for 2027-2028, INR 3,000 for 2028-2029, INR 3,500 for 2029-2030, INR 4,000 for 2030-2031 and INR 4,500 for 2031-2032. The Designated Agency reports the compiled data to BEE on or before September 30 of each assessment year. Debits may be offset only in the trading window from October 1 to October 31, and the final passbook goes to BEE before November 30. A shortfall is assessed at the end of a block, after credits are settled, on the manufacturer's entire sales in that block, and dealt with under sections 26 to 28 of the Act. Small volume manufacturers, under 1,000 units in a reporting period, are exempt from the target but still report their actual consumption to BEE. Every manufacturer gives the Designated Agency state-wise sales data each year with its final compliance report. MoRTH enforces the testing, calculation, reporting, conformity of production and derogation provisions. The notification does not name the Designated Agency; it refers to the one notified in the relevant Automotive Industry Standard (AIS) under the Central Motor Vehicle Rules, 1989.

The Ministry of Power's Corrigendum S.O. 5436(E), dated October 2, 2026 and published in the Gazette of India, Extraordinary, No. 5226, on October 3, 2026, makes 25 corrections. One is to the English text: paragraph 6(2) now reads "the designated trading window of thirty-one days, from 1st October to 31st October of each assessment year", in place of thirty days. The other 24 correct the Hindi text, most of them wording and clause lettering. Among them, the Hindi now reads as the English already did on these points: the Annual Average of Actual Fuel Consumption in paragraph 2(1); kWh per one hundred kilometers for electric models, not per one thousand; ci as defined in sub-paragraphs (3) and (4); and MoRTH as the body that develops the certification methods for the Table 1.3 technologies. In Table 1.3, the Hindi now gives an alternator rating of "< 150A" in S. No. 5 and a glazing criterion of "≤ 58%" in S. No. 8, in place of "≥ 58%"; it also gives the thirty-one-day trading window. All other provisions of the notification remain unchanged.

Issued by	Ministry of Power, in consultation with the Bureau of Energy Efficiency
Document	Notification S.O. 5346(E), under the Energy Conservation Act, 2001

Dated	September 29, 2026
Published	Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 5139, September 29, 2026
Applies to	Manufacturers of M1 category motor vehicles, as specified under the Central Motor Vehicle Rules, 1989, counting vehicles manufactured or imported for sale in India
In force	April 1, 2027 to March 31, 2032
Standard	a × (W − 1229) + c, in petrol-equivalent liters per 100 km on the MIDC; W is the weighted average unladen mass in kg
a and c	a from 0.00158 (2027-2028) to 0.00131 (2031-2032); c from 3.9960 to 3.3273
Test cycles	MIDC for the standard and actual consumption; CO2 performance declared on both MIDC and WLTP
Compliance blocks	Three years from 2027-2028; two years from 2030-2031
Credit buyout from BEE	INR 2,500 (2027-2028) to INR 4,500 (2031-2032) per g CO2/km
Reporting to BEE	By the Designated Agency, on or before September 30 of each assessment year
Trading window	October 1 to October 31 of each assessment year: thirty-one days, as corrected
Small volume manufacturers	Under 1,000 units in a reporting period: exempt from the target, still report to BEE
Corrigendum	S.O. 5436(E), October 2, 2026 (Gazette No. 5226, October 3, 2026): a thirty-one-day trading window in the English text, and 24 corrections to the Hindi text
Signed by	Diwakar Nath Mishra, Addl. Secy.
File number	F. No. 9/2/2023-EC(Part-4)

Table 1.1 constants and credit buyout prices, by fiscal year

Fiscal year	a (liters/100 km per kg)	b (kg)	c (liters/100 km)	Credit buyout price (INR per g CO2/km)
2027-2028	0.00158	1229	3.9960	2,500
2028-2029	0.00152	1229	3.8600	3,000
2029-2030	0.00148	1229	3.7585	3,500
2030-2031	0.00139	1229	3.5313	4,000

2031-2032	0.00131	1229	3.3273	4,500

The notification (PDF, 1.2 MB)

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