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Association of Indian Forging Industry

**Key Press Reports on Industry and Govt. Policies
(1st Fortnight July 2025)**

AUTOMOTIVE INDUSTRY

Business Line, 2 July 2025

June PV sales down 6.4% at 3.20 lakh units

SLOWING DOWN. Auto makers Maruti, Hyundai, Tata report sales decline in double digits

S Ronendra Singh
New Delhi

Slowdown in demand for small/compact cars and price hikes by companies over the last three months have led to major auto makers, including Maruti Suzuki India (MSIL), Hyundai Motor India (HMIL) and Tata Motors, reporting a decline in sales in June on yearly basis.

According to industry sources, passenger vehicle (PV) wholesales (dispatches to dealers) in the domestic market declined by 6.4 per cent year-on-year (y-o-y) to around 3.20 lakh units in June as compared with 3.42 lakh units in June 2024.

PV market leader MSIL reported a decline of 13.30 per cent in domestic dispatches to 1,18,906 units in June as compared with 1,37,160 units in the same month last year.

NEARLY FLAT

"The slowdown in passenger vehicle sales is largely due to a sharp decline in the smaller segment cars. Historically,

Downward trend

Company	Jun 2025	Jun 2024	y-o-y % change
Passenger Vehicles			
Maruti Suzuki India	1,18,906	1,37,160	-13.3
Mahindra & Mahindra	47,306	40,022	18
Hyundai Motor India	44,024	50,103	-12
Tata Motors	37,237	43,624	-15
Toyota Kirloskar Motor	26,453	25,752	3
JSW MG Motor India	5,829	4,644	25
Two-wheelers			
Honda Motorcycle & Scooter India			
TVS Motor	2,81,012	2,55,734	10
Bajaj Auto	1,49,317	1,77,207	-16
Royal Enfield	76,957	66,117	16
Suzuki Motorcycle India	73,934	71,086	4

Source: Companies/Industry sources

passenger vehicle sales used to grow at 1.5 times the GDP growth. But, now even after 6.5 per cent GDP growth, the car market is nearly flattish. This is because the once mass small car segment is not participating in the growth at all. This is clearly an affordability issue," Rahul Bharti, Senior Executive Officer, Corporate Affairs, MSIL, said.

Since 2019, entry-level price point in the industry has jumped by over 70 per cent, he added.

HMIL reported a decline of 12 per cent y-o-y in June to 44,024 units as compared with 50,103 units in June last year.

"In the domestic market, the geopolitical situation continued to affect the market sentiment with domestic sales registering 44,024 units in June 2025. As we come closer to the beginning of production at the Talegaon (Maharashtra) plant, we remain cautiously optimistic about a gradual recovery of demand, supported by re-

duction in repo rates and improving liquidity on account of cut in CRR," Tarun Garg, Whole-time Director and Chief Operating Officer, HMIL, said.

Harrier maker Tata Motors reported decline of 15 per cent y-o-y in its domestic dispatches to 37,237 units in June as compared with 43,624 units in the corresponding month last year.

BRIGHT SPOT

"The EV segment emerged a bright spot, driven by robust growth and launch of EV models across original equipment manufacturers (OEMs), enhancing customer interest and consideration," Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility said.

However, led by continued demand for its products like Thar Roxx and XUV series, utility vehicles maker Mahindra & Mahindra (M&M) said it has dispatched (to dealers) 47,306 units in June, up 18 per cent year-on-year as compared

with 40,022 units in the same month last year.

Toyota Kirloskar Motor (TKM) also has maintained its sales momentum and recorded a growth of around three per cent y-o-y in June 2025 by selling 26,453 units in the domestic market as compared with 25,752 units in the same month last year.

'Windsor' electric car maker JSW MG Motor India reported monthly sales of 5,829 units in June 2025, registering a growth of 21 per cent y-o-y. In the two-wheelers segment, 'Apache' maker, TVS Motor Company reported domestic sales growth of 10 per cent y-o-y to 2,81,012 units last month as compared with 2,55,734 units in June 2024.

Royal Enfield reported dispatches of 76,957 units in June, a jump of 16 per cent y-o-y as compared with 66,117 units in the corresponding month last year.

Bajaj Auto reported a decline of 16 per cent y-o-y in its domestic dispatches to 1,49,317 units in June as compared with 1,77,207 units in June 2024.

Geopolitical tensions, uncertainty over tariffs to hit auto demand

IN THE SLOW LANE. Decrease in lending rates, reduction in EMIs fail to boost sentiment

Aroosa Ahmed
Mumbai

Geopolitical tensions, the India-Pakistan conflict and continuing uncertainty over tariffs are impacting passenger vehicle (PV) demand and consumer sentiments in the automobile segment.

According to automobile dealers, despite a decrease in the lending rates and reduction in EMIs, there has been no substantial increase in consumer sentiment with regard to purchase of cars.

"The tariff disturbed the domestic automobile mar-



ket. The sales numbers are being worked out but it appears not to be a steady month. We are yet to see a direct impact of the lowering of income tax. However, with the stock markets doing well, we are hopeful that the senti-

ments will soon pick up and translate into an increase in sales," CS Vigneshwar, President, Federation of Automobile Dealers Association (FADA), told *businessline*.

PV wholesales (dispatches to dealers) in the domestic market declined 6.4 per cent year on year to around 3.20 lakh units in June compared with 3.42 lakh units in June 2024, according to industry sources.

"The conflict situation between India and Pakistan impacted the automobile industry with many consumers cancelling their bookings. The sentiments are also

dampened due to extreme heat, early and late rainfall in areas across the country. Overall, this year will be a tough year for the industry," said Manish Raj Singhania, Chairman of Research & Academy, FADA.

FESTIVAL SEASON

Dealers are expecting PV sales to pick up in the festive season.

"The decrease in sales is not happening at an alarming rate. With good monsoon, we are anticipating a pick up in demand for PVs during the festival season," said Rajesh Mehta, an automobile dealer.

Daimler's new commercial vehicles to help raise market share in shallow mines segment

Our Bureau
Chennai

With the launch of a new range of heavy-duty mining vehicles on Wednesday, BharatBenz hopes to increase its market share in the shallow mine segment (up to 80 m depth) beyond 50 per cent, Satyakam Arya, Managing Director and CEO, Daimler India Commercial Vehicles (DICV), a wholly owned subsidiary of Daimler Truck AG said. He did not specify the numbers.

The mining truck market

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MORE TORQUE. Satyakam Arya, MD and CEO, Daimler India Commercial Vehicles, at the launch of new construction and mining vehicles at the Oragadam factory near Chennai **BIJOY GHOSH**

size is roughly around 5,000 units a year. This includes the complete range — from the shallow mine to mid mine up to 200 m.

AGING FLEET

"India's construction and mining sector continues to be one of our strongest business pillars. Many fleets are 8-10 years old and reaching end-of-life, creating a major

replacement cycle," Arya said. The company will consider exports after reaching certain volumes, and one destination is Indonesia, he added.

India's mining and construction equipment sector is projected to more than double to \$45 billion by 2030 from \$16 billion.

DICV launched the all-new BharatBenz Construc-

tion and Mining range comprising their HX and Torqshift series models. The heavy-duty truck series directly addresses the critical need for reliable, high-performance vehicles as large contractors increasingly invest in owned assets and modernise their aging fleets. "These are 15 to 20 per cent better performance vehicles," said Arya.

The torque shift range introduces a Mercedes-Benz Automated Manual Transmission (AMT) transmission, proven successful in over a million vehicles globally. The transmissions are imported due to the lower volume but the company will localise it on attaining a critical mass. The AMT aims to reduce driver effort by 40 per cent. DICV's 28 tonne budget variant of the new launch is priced at ₹56 lakh (HX) while the 35 tonne vehicle is priced at ₹65 lakh (Torqshift).

Dealer sentiment for July tilted towards slowdown: FADA

SPEED BREAKERS. Agrarian tailwinds, rare-earth shortages, US tariff concerns to impact

S Ronendra Singh
New Delhi

Evolving geopolitical tensions and potential spill over from the US tariff measures warrant vigilant supply-chain management and could temper consumer sentiment, Federation of Automobile Dealers Associations (FADA) said on Monday. Also, challenges in securing rare-earth materials have stalled component production, further constraining supply and retail volumes, it said.

"As we enter July, dealer sentiment appears tilted towards slowdown — flat and de-growth expectations (42.8 per cent and 26.1 per cent) exceed growth forecasts (31.1 per cent). Similarly, booking-pipeline traction remains uneven — only 21 per cent of two-wheeler (2W), 38 per cent of passenger vehicle (PV) and 32 per

Bumpy road

Category	June'25	June'24	YoY %
Passenger Vehicles	2,97,722	2,90,593	2.45
Two-Wheelers	14,46,387	13,81,040	4.73
Three-Wheelers	1,00,625	94,326	6.68
Commercial Vehicle	73,367	68,825	6.60
Tractor	77,214	71,047	8.68
Total	20,03,873	19,11,354	4.84

Source: FADA Research

cent of commercial vehicle (CV) dealers report healthy enquiry flows," CS Vigneshwar, President, FADA, said while sharing the monthly retail sales data.

In the 2W arena, early monsoon showers and renewed rural activity have spurred interest, yet heavy rainfall, variant shortages and price increases effective July are moderating conversions, he said.

"PV faces high-base effects, limited new-model launches and tight financing, offset in part by festival planning and fresh incentive

schemes. CV continues to grapple with muted infrastructure demand, higher ownership costs from new taxation and mandatory AC-cabin norms, even as extended order pipelines provide some relief," Vigneshwar said.

MIXED BAG IN JULY

Overall, July is likely to witness mixed fortunes — driven by agrarian tailwinds and school re-openings, yet tempered by seasonal headwinds, elevated price-points and liquidity constraints, he added.

On monthly retail sales, the industry body shared that PV sales grew 2.45 per cent to 2,97,722 units in June as compared with 2,90,593 units in the corresponding month last year. "Some dealers indicated that certain PV makers have introduced compulsory billing procedures such as automatic wholesale debits, to meet volume targets; inventory consequently stands at around 55 days. June, thus, painted a picture of modest but steadfast PV performance amid varied market cues," Vigneshwar said.

Similarly, 2W sales grew around 5 per cent to 14,46,387 units (13,81,040 units). On 2W, the FADA President said that rising EV penetration also shaped buying patterns. "Overall, June demonstrated a resilient two-wheeler performance amid mixed market signals," he said.

'Rare-earth magnet crisis a wake-up call for auto parts makers'

DEEPAK PATEL
New Delhi, 8 July

The ongoing shortage of rare earth magnets, following China's curbs in April, has emerged as a wake-up call for India's auto component industry, said Vinnie Mehta, Director General of the Automotive Component Manufacturers Association (Acma) on Tuesday. The industry body is now conducting a comprehensive study to map vulnerabilities in its supply chain and identify areas where resilience needs to be built, he added.

"This is a wake-up call...The only solution for us is to be Atmanirbhar. That is where we have to focus all our energies," Mehta said at a press briefing here. He added that inventories are currently cushioning the impact of the disruption, but "inventories are not infinite."

In 2024-25 (FY25), India's overall auto component imports rose 7 per cent year-on-year (Y-o-Y) to \$22.4 billion. China remained the largest source of imports, increasing its share from 29 per cent in FY24 to 32 per cent in FY25, Acma stated.

The total size of the Indian auto component industry stood at \$80.2 billion in FY25, marking a 9.6 per cent year-on-year growth, supported by increased supplies to automakers, higher exports, and aftermarket demand, Acma noted.

Acma President Shradha Suri Marwah acknowledged the indus-

try's overdependence on China for rare-earth magnets, which are vital yet low-cost components used across electric motors and various automotive systems.

Both Marwah and Mehta reiterated the need for rapid localisation of critical components. "There are no options left...We have to move towards a high percentage of localisation. The government is very clear on this, and so is the industry. We don't want to be stuck in situations like this — as a country or as an industry," she mentioned.

Acma will release findings of its supply chain vulnerability study at its annual session on September 12. The theme this year is Managing Geopolitical Challenges and Creating a Resilient Supply Chain, according to

Mehta. Marwah said that while the industry is agile and is already working on alternate solutions, the long-term answer lies in building domestic processing capabilities. "India has the raw materials. We just need the technology to process rare-earth minerals, and we'll be able to do it. There's a lot of work happening, and we're hopeful the situation won't be as bad as it seems," she said.

Mehta also addressed the government's ongoing efforts to finalise a trade agreement with the United States. While he praised the Centre's consistent consultations with the industry, he admitted that progress was difficult.

**VINNIE MEHTA,
DG, ACMA, SAID
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Daimler Trucks increasing focus on India for both domestic and export markets

TE Raja Simhan
Chennai

German auto major Daimler Truck is increasing its focus on India not only for export of its vehicles, but as a major sourcing destination and for developing new products. The company also expects the India-EU trade agreement to boost exports from the country.

"One concrete example is that, although a new segmentation was only formed earlier this year, the company plans to develop a medium-duty driver cabin with a single team in India. Previously, this cabin would have been developed separately in Germany, Brazil and India," said Achim Puchert, Member of the Board of Management, responsible for Mercedes-Benz Trucks and BharatBenz.

"In the future, we will also



Daimler India Commercial Vehicles has produced more than 2.5 lakh trucks and buses, which are sold within India and exported to more than 60 countries

produce that cabin in two plants only instead of three. This is one example of our new speed of execution. We identify and immediately act on opportunities coming from our new global scope,"

he said at the company's Capital Market Day 2025, in Charlotte, North Carolina, US on Tuesday.

COST REDUCTION

"In India, as a new region, we will leverage our manufacturing footprint, as well as logistics and supply chain components for scale and cost efficiency... India provides a huge scale and cost reduction potential. It is strategically important for cost competitiveness with R&D, manufacturing and logistics," he said.

Daimler India Commercial Vehicles has been in business for 13 years and in that short period of time, has produced more than 2.5 lakh trucks and buses, which are sold within India and exported to more than 60 countries.

Eva Scherer, CFO & Member of the Board of Management, said India represents a

strategic long-term opportunity.

"There, we are leveraging domestic volume to build a foundation for profitable export growth. While still early, the potential EU-India trade agreement could accelerate this opportunity for us," she added.

Karin Radstrom, President & CEO, Daimler Truck Holding AG, said, "India is one of the high-impact opportunities. Local scale opens export opportunities with a target of over 60,000 units by 2030."

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CAFE battle hots up: M&M counters Maruti on relief

Industry divide complicates govt's efforts to finalise new fuel-efficiency norms

DEEPAK PATEL
New Delhi, 13 July

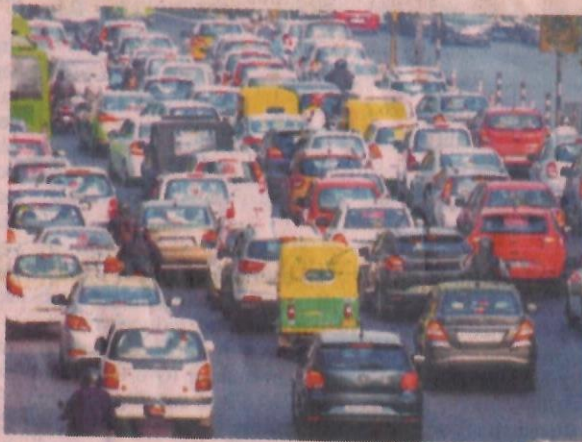
Soon after Maruti Suzuki (MSIL) sought relief under the Corporate Average Fuel Efficiency (CAFE) norms, citing lower emission by small cars, Mahindra & Mahindra (M&M) has hit back. Small cars account for over half of carbon dioxide (CO₂) emissions from all passenger vehicles (PVs) in India, and giving them relief from the upcoming CAFE norms would undermine the country's global competitiveness, Mahindra & Mahindra has told the Ministry of Road Transport and Highways, it is learnt.

M&M's July 9 letter to the ministry, in response to the relief sought by MSIL under the CAFE-III and CAFE-IV regimes, indicates the deep divide in the auto industry. The growing rift between MSIL and rival automakers has complicated the government's efforts to finalise the CAFE norms.

According to sources, the Bureau of Energy Efficiency (BEE), under the Ministry of Power, is in the final stages of drafting CAFE-III and CAFE-IV but wants to ensure the framework is seen as balanced and equitable. CAFE-III and CAFE-IV regimes are scheduled to be implemented between April 2027 and April 2037.

Earlier this month, MSIL Chairman R C Bhargava had said small cars emit less per passenger, use fewer materials, and consume less fuel and claimed that rival carmakers are opposing concessions out of self-interest, rather than the country's priorities.

CAFE norms set CO₂ emission limits (in



What are CAFE norms?

CAFE norms set carbon dioxide emission limits (in grams per kilometre) for automakers' fleets, effectively pushing them to improve fuel efficiency and shift to cleaner technologies. CAFE-II norms are currently in force. CAFE-III and CAFE-IV regulations are scheduled to be implemented between April 2027 and April 2037.

Maruti's arguments

- Small cars emit less CO₂ per person compared to larger vehicles
- **Resource efficiency:** Use fewer materials and less fuel
- **Affordable transport:** Critical for population segments dependent on two-wheelers

M&M's letter to ministry

- 53% of CO₂ emissions in industry are from PVs, which make up 60% of market
- Relief will stall progress, delay EV adoption, innovation, and climate goals
- Less innovation in small cars can reduce India's auto industry's global leverage after FTA

grams per kilometre) for automakers' fleets, effectively pushing manufacturers to improve fuel efficiency and adopt cleaner technologies. CAFE-II norms are currently in force, while the upcoming CAFE-III and CAFE-IV norms will be significantly stricter.

In a key clarification, M&M defined small cars using the GST framework — vehicles

under 4 metres in length and with engine capacities of up to 1,200 cc (petrol) or 1,500 cc (diesel) — a definition that also includes compact SUVs like the Kia Sonet. MSIL, in contrast, has sought relief specifically for cars weighing under 1,000 kg, a narrower classification focused primarily on entry-level hatchbacks and sedans.

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CAFE battle hots up: M&M counters Maruti on relief

In its letter, M&M argued that although small cars make up around 60 per cent of the PV market, they contributed 53 per cent of the industry's CO₂ emissions in FY25.

"Granting concessions would not only perpetuate this level of emission but also lock it in for the future by removing CAFE penalty avoidance incentive for innovation in this segment towards fuel efficiency and lower emission," M&M said.

It warned any possible relaxation could be a "significant setback" to the national goals of reduction in vehicular emissions, increased EV adoption, and global competitiveness.

"Our national goal of 30 per cent EVs by 2030 will take a hit if only larger cars focus on EV. Globally, OEMs (original equipment manufacturers) meet CAFE targets by intentionally deploying EVs in their vehicle lineups, regardless of the size of the cars," it mentioned.

The relative lack of innovation in the small car segment will hold the industry back, reducing Indian industry leverage in a post-FTA (free-trade agreement) future with more free trade, it noted.

M&M stated that there should be "no relaxation of target" under CAFE-III and CAFE-IV norms for small cars and that electrification of the small car segment could be a growth catalyst. "Electrification of this segment can be a compelling value proposition for first-time buyers due to favourable total cost of ownership," it wrote.

M&M did not respond to *Business Standard's* queries on this matter.

According to Society of Indian Automobile Manufacturers (Siam) data, M&M sold 551,487 vehicles in FY25 — 20 per cent year-on-year growth — all of them SUVs. Maruti Suzuki, with a broader portfolio of hatchbacks, sedans, and SUVs, sold 1.76 million units, flat from FY24, amid continued weakness in demand for hatchbacks and sedans.

According to the BEE's draft proposal, automakers would be required to cut average fleet emissions by 33 per cent under CAFE-III compared to CAFE-II. M&M argued that this would put an "enormous burden on OEMs", especially given the pace of EV adoption and infrastructure development.

It pushed for a more achievable target of a 21 per cent reduction, translating to 92.9 g/km under the Modified Indian Driving Cycle, India's standard lab test for emissions and fuel efficiency.

M&M has proposed that EVs be given additional weight in the compliance formula. It recommended a "volume derogation factor" of 4 for battery EVs, meaning each EV sold would count as four units for meeting emissions targets, which, it argued, would make investment in EVs and related infrastructure more attractive.

Sources said a few automakers have told the government that hatchbacks and sedans are losing out not just due to pricing, but also because buyers now prefer SUVs for their features, higher ground clearance, spaciousness, and aesthetics. With easier financing options, the price gap is no longer a major barrier. There are also safety concerns. Some manufacturers have pointed out that structurally safer vehicles tend to be heavier due to reinforcements and multiple airbags. Providing relief to vehicles under 1,000 kg, they warned, could disincentivise safety features.

In light of the upcoming stricter CAFE-III norms, several automakers have requested policy stability. If no relief is granted for small cars, they want long-term assurance on existing incentives such as the 5 per cent GST rate for EVs and multi-year commitments under the PLI scheme, rather than annual reviews.

Indian Automotive Sector Seals Deals Worth \$1.3 b in April-June: Report



IAN S

New Delhi: The automotive industry in India maintained its strategic momentum in Q2 2025, recording a total of 29 transactions valued at \$1.3 billion, including public market activity, a report said on Monday.

The industry saw 28 deals worth \$946 million, excluding IPOs and QIPs, according to Grant Thornton Bharat's 'Q2 Automotive Dealtracker'.

As per the report, the deal values declined 36% quarter-on-quarter (QoQ); however, they doubled compared to Q2 2024.

"This indicates a clear pivot toward higher-value transactions, and it also translated into a notable jump in average deal size — from \$17 million to \$34 million," the report stated.

The quarter's activity was led by autotech and Mobility-as-a-Service (MaaS) segments, reflecting investor focus on scalable, tech-driven mobility solutions. Electric vehicles (EVs) remained the largest driver, accounting for 34% of deal volumes and 39% of deal values, the report noted.

As per the report, shifting global trade dynamics, evolving domestic policies, and heightened investor appetite for innovation and clean mobility, India's auto sector continues to transition toward a more sustainable and competitive future.

"The Indian auto industry is in a phase of strategic transformation — balancing policy shifts, global trade developments, and rising investor appetite for sustainable mobility solutions," said Saket Mehra, partner and Automotive Industry leader, Grant Thornton Bharat.

ELECTRIC VEHICLEC

The Economic Times, 3 July 2025

EV MAKER'S BOYCOTT TAKES TOLL WITH NET INCOME DOWN 71%

Tesla's Q2 Sales Fall 13% on Musk's Politics, Competition

New York: Sales of Tesla electric cars fell sharply in the last three months as boycotts over Elon Musk's political views continue to keep buyers away, a significant development given expectations that anger with the company's billionaire CEO would have faded by now.

The company reported a 13% plunge in sales on Wednesday in another sign that Musk's embrace of US President Donald Trump and far-right politicians in Europe has had a deep and enduring hit to Tesla's brand appeal.

The new figures also suggest that Tesla could disappoint when it announces second quarter earnings later this month. In the first three months of this year, net income fell 71%.

Sales fell to 384,122 in April through June, down from 443,956 in the same period last year. During this period, Musk formally left the Trump administration as a cost-cutting czar and hopes rose that sales would recover.

Sales of the Models 3 and Y totalled 373,728, above the estimate of 356,000 from Wall Street analysts. Tesla shares rose about 1.5% in early trading.

Tesla is also facing stiff competition from other electric makers, especially in Europe where China's BYD has taken a bite out of its market share.

Musk has acknowledged that his



Sales fell to 384,122 units in April through June, down from 443,956 in the same period last year

holding off while they waited for new versions of Tesla's best selling Model Y, and recently predicted a major turnaround in sales.

The new figures come as the company is focusing less on coming out with new models and more on robots, self-driving technology and robotaxis ferrying passengers around without anyone behind the wheel. AP

work as head of the Department of Government Efficiency and his embrace of European far-right candidates have hurt the company. But he attributed much of the sales plunge to customers

A FIRST FOR 2025

Tesla's China Shipments in June Increase

Tesla saw its first increase in vehicle deliveries from its Shanghai factory this year, with the US automaker potentially buoyed by the clearance of regulatory hurdles for its advanced driver-assistance features.

The car manufacturer delivered 71,599 units from the plant in June, according to data released by China's Passenger Car Association on Wednesday, which didn't break the figures down into exports and domestic sales.

That's a 0.8% increase from a year earlier and up 16% from May.

While modest, the year-on-year increase may signal a turning point for the electric vehicle pioneer in China, where it's navigating a relentless

price war. The government last month unveiled new guidelines that could pave the way for further deployment of Tesla's more advanced driver assistance programs, potentially offering a crucial competitive edge in a market that increasingly prioritises intelligent vehicle technology. Bloomberg



The EV maker delivered 71,599 units in June, a 0.8% increase on-year

Japan to invest up to \$400 million in India's EV, battery, recycling sectors

Abhishek Law
New Delhi

In a significant geopolitical and economic manoeuvre, Japan is lining up investments of \$100-400 million (₹860-3,500 crore) in India's electric vehicle, battery and recycling sectors, multiple sources present in trade meetings held over the past two days told *businessline*.

Over the past 48 hours, senior Japanese government officials, top brass from leading battery-makers, automobile manufacturers and even PE firms held a flurry of high-level, closed-door meetings and conferences with India's conglomerates, EV-makers, battery firms and recyclers. Nearly 70 companies across the two Asian nations participated.

The move is part of Japan's strategy to loosen China's stranglehold over global supply chains of lithium-ion batteries, critical minerals and rare earth magnets — essential materials for clean-tech and EV revolution.

People present at the trade talks said the Japanese trade and investment agencies are actively scouting for Indian partners in EV manufacturing, cell production, mineral processing and recycling ventures.

Funding arrangements



The move is part of Japan's strategy to dismantle China's stranglehold

were discussed, too, with some private equity players from Japan also present.

STRATEGIC MOVE

The proposed capital infusion could back joint ventures, technology transfers and new processing facilities, positioning India as a pivotal player in Asia's alternative supply chain matrix. Strategic investments are being explored too.

The Quad recently released a joint statement stating the grouping was "deeply concerned" about the "abrupt constriction and future reliability of key supply chains, specifically for critical minerals".

At the Delhi meeting, one of the Japanese companies was open to partnerships in recycling catalytic converters (they clean the exhaust fumes in internal combustion engine vehicles), which would give access to plat-

inum and palladium.

Platinum finds usage in hydrogen fuel cells, used extensively in EVs. One of the Indian firms present there confirmed having the tech-access to move ahead on it.

70 COMPANIES PRESENT

Some 70 companies from the two nations participated. Among the big Indian companies present were Maruti Suzuki and Tata, and battery-makers and recyclers like Attero and Lohum.

Tata Capital was also present while conglomerates included the likes of Vedanta.

Japanese officials were scheduled to visit Lohum's facility in Uttar Pradesh.

Attero CEO and Co-Founder Nitin Gupta told *businessline*, "Current geopolitics create significant opportunities for India and Japan to collaborate on critical minerals and rare earth magnets."

"There was a conference organised by the Ministry of Finance, Japan, METI (Ministry of Economy Trade and Industry) and JETRO (Japan External Trade Organisation) at the Embassy of Japan on battery and critical mineral ecosystem. Maruti Suzuki also participated," said Rahul Bharti, Senior Executive Officer, Corporate Affairs, Maruti Suzuki.

India's EV Dream in a Slow Lane as 90% Cars Still Run on ICE

CARMAKERS HEDGE THEIR BETS Nine out of 10 cars sold in first half of 2025 run on internal combustion engines

Lijee Philip

Mumbai: The electric dream is alive, with glitzy EV launches and a loud government push, but India's bumper-to-bumper traffic remains largely fossil-fuelled. Nine out of 10 cars sold in the first half of 2025 run on internal combustion engines (ICEs).

While the government has set an ambitious target for electric vehicles to make up 30% of all passenger vehicle sales by 2030, carmakers are hedging their bets, underscoring the wide gap between policy ambitions and market reality.

Maruti Suzuki, India's largest carmaker, sold 87% ICE vehicles — those run on petrol, diesel and CNG — in the January-June period, with hybrid and mild hybrid EVs making up the remaining 13%, data collated by market researcher Jato Dynamics showed.

The ICE share of Mahindra & Mahindra, which currently sells three EV models in the country and has several more lined up, was 93% during the period while Kia posted near 100% ICE sales.

Clearly, the electric transition remains aspirational for most players, as consumers stay anchored to familiar, affordable technologies and remain reluctant to make the switch.

"This is the nature of transition—it's gradual, uncertain, and complex," said a senior official of a

Delhi-based car company who requested not to be identified. By 2030, however, electric and hybrid vehicles will account for at least 30-40% of the market — a big leap from the current under 10%, he added.

Even Tata Motors, the market leader in electric cars, sold 88% ICE vehicles in the first half. A spokesperson said the firm's multi-powertrain strategy spanning petrol, diesel, CNG, and electric is "about giving consumers the power of choice while preparing for future shifts."

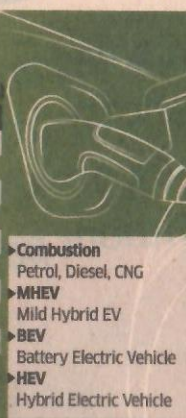
Only two manufacturers bucked the trend. Toyota, with a diversified approach, saw 55% of sales come

Treading on ICE

Powertrain split for CY January to June 2025 for top 10 OEMs (%)

Company	Combustion	MHEV	BEV	HEV
Maruti Suzuki	87.1	11.0	-	1.9
Mahindra	92.9	-	7.1	-
Hyundai	98.2	-	1.8	-
Tata Motors	88.3	-	11.7	-
Toyota	54.8	16.0	-	29.2
Kia	99.7	-	0.3	-
Skoda	100.0	-	-	-
Honda	98.2	-	-	1.8
MG Motor	18.7	-	81.3	-
VW	100.0	-	-	-

Source: Jato Dynamics



from combustion engines, balanced by 29% hybrids and 16% mild hybrids. JSW MG Motor went all-in on electric, targeting urban buyers willing to pay premium prices. As a result, 81% of its sales came from battery electric vehicles (BEVs).

The government is playing its part, continuing to offer FAME II (Faster Adoption and Manufacturing of Electric Vehicles) subsidies and pushing stricter emission norms.

Yet, according to Ravi Bhatia, pre-

sident of Jato Dynamics, price sensitivity and "charging anxiety" among consumers keep EVs largely confined to metro corridors.

India's automotive landscape is not just vast, but deeply varied. Urban buyers prioritise convenience, while rural customers focus on affordability and durability. Some regions are seeing growing EV infrastructure, while others still struggle with basic electrification. That's why carmakers aren't put-

ting all their eggs in one basket, Bhatia explained.

CNG is gaining popularity in urban and semi-urban areas for its lower running costs. Diesel has lost its popularity but continues to dominate high-mileage segments such as SUVs. Petrol remains the most widely accessible fuel.

Meanwhile, EVs are making quiet but steady inroads as infrastructure begins to improve.

India's auto market could reach 7.5 million units by 2030, with electric and hybrid vehicles expected to capture a 30-40% share.

Tata Motors has committed ₹33,000-35,000 crore toward its passenger and EV businesses from FY26 to FY30 to drive product-led growth, including seven all-new nameplates and 23 model updates across ICE, CNG and electric segments.

As BS7 emission norms loom and global supply chains shift toward electrification, manufacturers are carefully balancing immediate consumer demand with long-term regulatory pressures. The question is no longer if the transition will happen, but which companies will survive the journey, industry executives said.

Over 60% of all 3-wheelers sold in June are EVs

TIMES NEWS NETWORK

Chennai: Electric vehicle penetration in three wheeler retails hit 60.2% in June 2025, up from 55.5% in the year-ago month.

According to the latest auto retail data from the Federation of Indian Automobile Manufacturers, EV penetration in two wheeler retails hit 7.3% in June, up from just under 6% in the year ago period.

EV sales hit 4.4% of car and SUV retails in June, up from 2.5% in the year ago month. In trucks and buses, EV sales were 1.6%, up from 0.8% in the year ago month. In construction equipment, EV sales were 0.1% compared to 0% earlier.

Overall, auto retails stayed in the green line this June although the sales growth is modest. Two

wheelers were up 4.7%, three wheelers nearly 7%, passenger vehicles 2.5%, tractors nearly 9% and commercial vehicles 6.6%.

Driven by uptick in infrastructure projects, construction equipment retails were up 55% in June. Total auto sales were up nearly 5% at just over 2 million units compared to 1.9 million units in year ago period. Year to date, the total sales are 6.5 million units up nearly 5% from 6.2 million units in June 2024, said Fada president C S Vigneshwar. "Early monsoon rains and rising EV penetration shaped buying patterns in two wheelers, while in passenger vehicles, incentive schemes and fresh bookings lent support."

In June, EV share in two, three wheelers and PV retails came close to inflection point, say auto experts.

EV sales surge 29% to 1.8L units in June: FADA

Mumbai: Electric vehicle (EV) sales in India rose 28.6% to 1,80,238 units in June over the year-ago period, driven by massive jump in e-passenger vehicle volumes, Federation of Automobile Dealers' Association (FADA) said in a statement on Tuesday. Electric passenger vehicle sales, as per FADA data, stood at 13,178 units in the previous month compared to 7,323 e-PVs in June 2024, registering a sharp increase of nearly 80% year-on-year.

The e-passenger vehicles' share in the overall electric vehicle market shot up to 4.4% in June 2025 from 2.5% in June 2024, it said.

Electric three-wheeler vol-

umes during the month under review were recorded at 60,559 units, up 15.8% from 52,302 units in the same month last year. The e-three-wheeler segment, as per FADA data, rose to 60.2% in the total EVs demand in June 2025 against 55.4% in the period a year earlier.

Electric two-wheeler retail sales during June 25 surged 31.7% at 105,355 units as against 80,003 e-two-wheelers retailed in June 2024, the automobile dealers' body said. Electric commercial vehicle retail sales for the period under review was seen at 1,146 units as compared to 515 units in June 2024, a growth of 122.5% year-on-year, FADA said. AGENCIES

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VIOLATION OF LOCALISATION NORMS

E-bike Makers Skid Off After FAME Red Flag

Sales plunge for smaller manufacturers has led to mkt consolidation

Ajay Rag

Mumbai: Electric two-wheeler makers penalised for violating Faster Adoption and Manufacturing of Electric Vehicles-II (FAME-II) subsidy norms have seen a collapse in sales, with several smaller players nearly vanishing from the market.

The government's crackdown has consolidated market share among a few players.

Gurugram-based Okinawa Autotech saw its annual sales nosedive from 31,618 units in 2023 to 4,855 in 2024. In the first half of 2025, it has managed to sell just 1,422 vehicles, according to data from the government's Vahan portal.

Ampere Vehicles, owned by Greaves Electric Mobility, also recorded a drop in volumes. Combined sales reported on Vahan under both Ampere and Greaves fell to 26,963 units in 2025 so far, down from 36,148 units in 2024 and 66,958 in 2023.

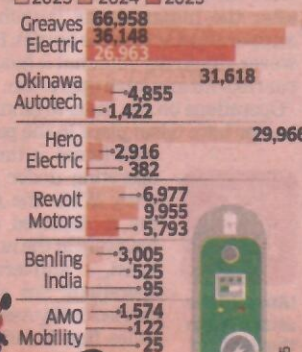
Other manufacturers such as AMO Mobility and Benling India have almost disappeared from the market, selling just 25 and 95 vehicles, respectively, in 2025. Launched in 2019, FAME-II aimed to promote domestic manufacturing by mandating that a fixed percentage of components be sourced locally to qualify for demand incentives. However, between late 2022 and early 2023, the government began investigating multiple companies after receiving complaints of non-compliance.

"The market has been a bit slow but is likely to improve... We are finding our own ways to sell our vehicles," said Sushant Kumar, founder of

Going Downhill

Electric two-wheeler sales

2023 2024 2025*



*Till July 13, 2025
Source: Vahan

AMO Mobility, without elaborating.

Hero Electric, once a market leader, is now undergoing insolvency proceedings. The resolution professional has invited bids for the bankrupt company. Hero had 29,965 vehicle registrations in 2023, which plunged to 2,916 units in 2024 and 382 units so far in 2025.

"This is a case of regulatory action that essentially took the wind out of these companies," said V G Ramakrishnan, managing partner at Avanteum Advisors LLP. "They benefited from the subsidies without following the rules and ultimately paid the price. They had a business model but failed to invest in localisation or comply with government directives, yet continued to claim incentives."

The decline in registrations follows the Ministry of Heavy Industries' decision to suspend subsidy disbursements after several electric two-wheeler makers were found violating Phased Manufacturing Programme (PMP) localisation norms under FAME-II.

e2W firms in talks with govt for localisation relief

May import motors from China due to rare-earth shortage

SURAJEET DAS GUPTA
New Delhi, 14 July

Electric two-wheeler (e2W) firms have approached the Ministry of Heavy Industries (MHI), seeking exemptions from including electric motors in the localisation calculations under the production-linked incentive (PLI) scheme for automobile and auto components — and from the phased manufacturing programme (PMP) localisation requirement for subsidy eligibility under the PM Electric Drive Revolution in Innovative Vehicle Enhancement scheme.

In a meeting with the MHI, 2W companies told the government that their stock of rare earth magnets is dwindling, leaving them with no option but to import electric motors — already fitted with rare earth magnets — directly from China. Earlier, many companies would import the magnets from China and assemble the motors locally.

“For eligibility under the PLI scheme, one must reach a domestic value addition (DVA) of 50 per cent to receive financial incentives, which range from 13-16 per cent. However, now that we’ve stopped local assembly and



For a smoother ride

- Firms have sought exemptions from including electric motors in localisation calculations under PLI
- Imported motors will face 2-3-month delays due to customisation and local testing
- Industry seeks relief from PLI's domestic value addition norms to retain incentives
- Pushing to bypass PMP's local assembly rule to continue receiving ₹5K subsidy per vehicle

are importing the entire motor from China, it's impossible to meet the DVA threshold. We've requested a temporary exemption until the situation with China is resolved,” says a senior executive of an e2W company.

A similar challenge exists under the PMP scheme, which mandates local motor assembly to qualify for subsidies (₹5,000 per vehicle until the end of March 2026). The same executive says the subsidy will be denied if the motor is imported. 2W firms argue that this shift to imports will raise overall production costs. “The price increase varies by original equipment manufacturer, depending on volumes. Also, these motors must be customised for different models, and the vehicles must undergo testing by Indian agencies. So, there will still be a delay of two to three months before hitting the roads,” says the executive.

The MHI, while acknowledging the challenge, wants any exemption to be strictly time-bound. Some firms have proposed that it will last until the subsidy programme ends in March next year. The government has asked firms to submit a list of critical electric motors (those with magnets) without which the vehicle cannot be produced or operated. In the four-wheeler sector, however, some major players have already been importing electric motors for their India-assembled models from China.

TRACTOR

Business Line, 2 July 2025

TAFE reaches settlement with US' AGCO, will retain Massey Ferguson brand in India

Our Bureau
Chennai

Tractor industry giant Tractors and Farm Equipment Ltd (TAFE) has reached a settlement with American agriculture machinery firm AGCO on all issues relating to branding, shareholding and corporate governance.

According to a statement from TAFE, under the settlement, the ownership of Massey Ferguson brand will rest with TAFE as the sole and exclusive owner for India, Nepal and Bhutan.

SHARE BUY BACK

Further, TAFE will buy back AGCO's 20.7 per cent stake in TAFE for a consideration of \$260 million. This will make TAFE a wholly-owned



TAFE will buy back AGCO's shares in TAFE, which is 20.7 per cent of its equity, for \$260 million

subsidiary of the Amalgamations Group.

On the other hand, TAFE will retain its 16.3 per cent shareholding in AGCO and not exceed it, while participating in AGCO's future buy-back programmes.

"TAFE will remain a long-term investor in AGCO through planned periodic interactions with AGCO leadership," the TAFE statement said. "All ongoing legal pro-

ceedings will be irrevocably and unconditionally withdrawn. A consent decree will be sought in the three suits relating to Massey Ferguson brand currently pending before the Madras High Court," the statement said.

TAFE-AGCO DISPUTE

The dispute between TAFE and AGCO, which dates back to April 2024, escalated in September 2024, when AGCO announced the termination of its agreements with TAFE, including the brand licence for Massey Ferguson. In response to this, TAFE filed a contempt petition, claiming that AGCO's action violated previous court orders.

"As we step into a new era in TAFE's growth story, we recognise and cherish the

long partnership we've had with AGCO, and continue to support AGCO as an engaged shareholder," Mallika Srinivasan, Chairman and Managing Director, TAFE, said. "TAFE and Massey Ferguson have been synonymous in the minds of the Indian customers for over 65 years. We re-dedicate our commitment to the transformation of Indian agriculture through our innovative products, solutions and service to the farming community in India," she added.

The agreements will be effective after both parties complete certain governmental and other processes in India relating to repurchase of the shares held by AGCO in TAFE. AGCO will also file the agreements with the US SEC.

After 8 months, tractor sales top 1 lakh units in June on good farm activity as rains arrive early

TE Raja Simhan
Chennai

After a gap of eight months, tractor sales breached the one-lakh mark in June, thanks to the timely arrival of monsoon, good rabi crop harvest and improvement in kharif crops.

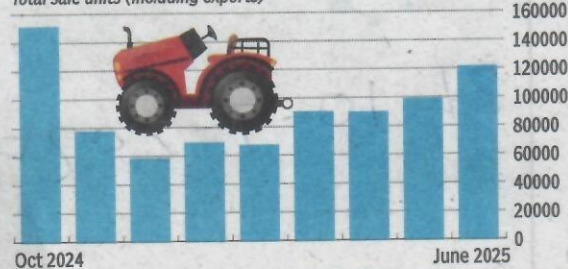
In June, tractor sales were up 10 per cent to 1,21,613 units as against 1,10,348 in the same month last year, and increased 22 per cent over May, according to Tractor and Mechanisation Association data.

Prior to this, sales crossed one lakh units in October 2024, and dropped for four consecutive months, and bounced back from March this year, the data show.

June tractor volumes growth was supported by the early onset of rains and healthy agricultural activity,

On an upward trajectory

Total sale units (including exports)



said a report from Anand Rathi Research. Rural markets, the monsoon, rabi output, cash flow, better interest rates and higher disposable incomes, thanks to tax cuts, would improve momentum, it added.

JULY TO BE BETTER

Veejay Nakra, President - Farm Equipment Business, Mahindra & Mahindra, in a

release said record foodgrain production — especially rice, wheat and pulses — coupled with various government initiatives to improve farmer income are expected to augur well for tractor demand in the coming months.

"In the exports market, we have sold 1,623 tractors, a growth of 13 per cent over last year," he said. "We have sold 51,769 tractors in the

domestic market during June, a growth of 13 per cent over last year," said the release.

A statement by Escorts Kubota said that timely arrival of South-West monsoon, improvement in sown area for the kharif crops and announcement of higher minimum support prices by the government for the kharif season have collectively helped uplift farmers' sentiment.

"Moving forward with prediction of above-normal monsoon, higher water reservoir levels, anticipated record kharif harvest and resultant improved liquidity conditions in rural markets, the industry will continue to grow in the rest of the year as well," the statement said.

Escorts Kubota sold 11,498 tractors in June (11,245 tractors), a 2.2 per cent growth, it added.

RAW MATERIAL

Business Line, 5 July 2025

H&H Aluminium invests ₹150 crore in India's largest solar frame unit in Rajkot

Avinash Nair
Ahmedabad

Gujarat-based H&H Aluminium Pvt Ltd has set up India's largest aluminium solar frame manufacturing plant at Rajkot on an investment of ₹150 crore to manufacture aluminium frames for solar modules. Interestingly, the company will operate the plant with a production line imported from China.

The plant, with 24,000 tonnes per annum capacity, was inaugurated by Gujarat BJP president and Union Jal Shakti Minister CR Patil at an event in Ahmedabad on Friday.

"The trial production of the plant, spread over 28,000 sqm at Chibhda village, commenced in June 2025, and is expected to start commercial production within the next one month. At full capacity, the plant will be able to support sales of ₹700-750

crore per annum," said Utam Patel, Director of H&H Aluminium Pvt Ltd.

"Our initial target is to meet the quality provided by China. Pricing and quality were the two major reasons why indigenous production of aluminium frames for solar modules did not pick up in India," he said.

"The quality (of domestic production) is not on par with that of China," said Patel.

When asked if the company was relying on indigenous technology for manufacturing the aluminium frames, he said: "The large machinery needed for this plant is being imported from China. These machineries are not manufactured in India. The entire production line has been imported, which includes aluminium extrusion presses and anodising lines."

"Compared to India's requirement, this facility is small. But will expand it

slowly," the company official said, adding that India has been importing 90-95 per cent of aluminium solar panel frames.

ANTI-DUMPING DUTY

In September 2024, the government imposed an anti-dumping duty for five years on imports of anodised aluminium frames for solar modules originating in or ex-

ported from China. The anti-dumping duty ranges from \$403 to \$577 per tonne, and is imposed on imports from specified Chinese producers or exporters and any other non-specified entities.

"This anti-dumping duty came after we had bought land and machinery for the project. We knew the government would help," Patel remarked.

Govt probes ₹4,000-cr non-BIS steel trade; Japan, Korea, China under lens

Abhishek Law
New Delhi

The Steel Ministry has been apprised of irregularities in quality in steel shipments coming in from select markets, including Japan and South Korea, apart from China.

At a recent Ministry-level meeting, a report flagged a sharp increase in applications for bringing in non-BIS-certified steel. Incidentally, rejections at the Ministry-level have also gone up, with one in every four applications being turned down.

Many intermediaries were making minor changes in declarations to bypass quality norms. These were mostly not true, it was found.

The ₹4,000 crore non-BIS steel import business (as per industry estimates) is now under detailed review, with the Ministry set to tighten scrutiny on incoming consignments and approvals, including sourcing country norms (from where the steel is sourced). "Higher imports were registered from Japan and Korea, which are not devoid of quality concerns," it was mentioned during a review meeting, a Ministry official said.

COMMITTEE FINDINGS

Meeting participants pointed out "minor" variations in chemical composition or



product measurements to categorise offerings as a new segment, thereby seeking permission for "cheaper or substandard" metal imports.

"It was also observed that imports were being carried out with minor alteration in steel grades to bypass BIS standard requirements," an observation by the technical committee noted.

In FY24, there were 23,301 applications (for import of non-BIS steel), of which 18,120 were cleared. The rejection rate stood at 22 per cent, with 5,181 applications being rejected. On the other hand, the applications shot up to 15,645 in the first six months of FY25, when the influx from China and imports hit, steel prices were cheaper than prices in the domestic market, nearly 34 per cent up on an annual basis, with there being 11,805 clearances. This meant that there were 25 per cent rejections (or 3,840 applications were shot down), indicating that there was heightened vigilance on such shipments.

Larger steel players in India had raised objections to such cheaper imports skew-

ing domestic market dynamics, post which quality control and traceability norms were upped on imports.

In the country, steel intermediaries or importers apply on the SIMS portal seeking import permission for non-BIS grades, where all details like chemical properties, type and other information are provided. Applications are required to be submitted for six months' intended quantity, post which a call is taken.

RELAXATION

However, the Ministry, earlier this month, relaxed quality control in part. Relaxations were on the condition that if the steel products were loaded/shipped on or before July 15, 2025, intermediaries need not follow norms on sourcing of steel. This was done as a temporary relief to MSMEs for pre-placed orders.

The BIS outlined 151 standards covering 1,376 steel grades under the Steel Ministry's Quality Control Orders. Typically, in India, once a steel standard is formulated by the Bureau of Indian Standards and incorporated, adherence has to be made to these norms. In case formulation of new standards and incorporation into QCO has not yet been done, import has to be done by obtaining NoC from the Ministry of Steel.

GOVERNMENT POLICY

Business Standard, 3 July 2025

Siam urges govt to fully exempt LCVs from CAFE regulations

DEEPAK PATEL
New Delhi, 2 July

The Indian automobile industry has urged the Centre to completely exempt N1 light commercial vehicles (LCVs) from the new Corporate Average Fuel Efficiency (CAFE) norms that will come into effect in April 2027, sources told *Business Standard*.

This category of LCVs is defined as goods-carrying vehicles with a gross vehicle weight not exceeding 3.5 tonnes.

Last month, the Society of Indian Automobile Manufacturers (Siam) made the exemption request on multiple grounds. This included a prolonged sales slowdown in the segment, rising costs due to frequent regulatory changes, weak electric vehicle penetration in this category and limited access to affordable finance for buyers.

A total 466,623 N1 vehicles were sold in India in FY25, marking a 5.81 per cent year-on-year (Yo-Y) decline, according to Siam. Mahindra & Mahindra, Tata Motors, and Ashok Leyland were the top three players in the segment during FY25.

CAFE norms are government-mandated fuel consumption standards that require auto manufacturers to meet fleet-wide average carbon dioxide emission targets, based on vehicle weight and sales volume. These norms are designed to reduce oil imports and carbon emissions from road transport.

Automakers that fail to

meet the requirement are liable to pay a penalty on a vehicle basis.

The ongoing process among the auto industry, the Bureau of Energy Efficiency (BEE), Ministry of Power and Ministry of Heavy Industries (MHI) are focused on the next two phases of regulations — CAFE-3 and CAFE-4.

These are scheduled to come into effect from April 2027. Each phase is expected to remain applicable for a five-year period, stretching the regulatory horizon to March 2037.

Last month, the Siam made a formal submission to the central government requesting a complete exemption for N1 category vehicles from the upcoming fuel efficiency mandates.

The submission argued that this segment has been under prolonged stress, recording a compound annual decline of 1.64 per cent in sales between FY19 and FY25.

Although there was a temporary jump in volumes after the pandemic due to demand for last-mile delivery, the trend has since reversed.

The performance of N1 vehicles, Siam said, does not align with the broader GDP growth, indicating structural weaknesses.

A key factor behind the segment's stagnation, the submission pointed out, has been the rapid succession of regulatory mandates like the BS-IV to BS-VI transition in 2020, the



What Siam said

- N1 vehicle sales are declining despite post-Covid recovery
- Frequent regulatory changes have sharply raised ownership costs of N1 vehicles
- Most N1 buyers have low-income, self-employed driver-owners
- N1 vehicles contribute just 1.7% to transport GHG emissions
- Imposing CAFE norms on N1 vehicles would hurt livelihoods, yield little benefit

introduction of real driving emissions (BS 6.2) in 2023 and the proposed ethanol fuel standards (E20), among others.

Siam did not respond to *Business Standard*'s queries regarding this matter.

According to sources, the Siam also highlighted the steep affordability gap between Indian LCV buyers and their European counterparts.

While a European operator can typically buy an LCV with 9 to 10 months of income, the same acquisition in India requires over

40 months of earnings.

Around 80 per cent of N1 owners in India are single-driver operators, who fall within the annual income range of ₹5 lakh to ₹12.5 lakh and rely on their vehicles for daily income generation.

Siam pointed to additional challenges faced by these buyers, including poor access to low-interest loans from public sector banks, reliance on costlier non-banking lenders, and urban restrictions that limit vehicle operations to specific hours.

These reduce asset utilisation and returns on investment. Moreover, N1 vehicles are in direct competition with three-wheeler cargo carriers, which are cheaper to buy and operate, the industry body stated, according to sources.

Importantly, the Siam said that N1 vehicles contribute just 1.7 per cent to transport-related greenhouse gas emissions in India and a mere 0.13 per cent to the transport sector's crude oil import bill.

Given this low environmental footprint, the industry argued that imposing CAFE targets on this segment would yield minimal climate benefits but hurting livelihoods.

As an alternative, Siam has proposed a data-driven approach: manufacturers would voluntarily report annual N1 vehicle sales, including fuel mix, and corresponding fleet average carbon dioxide emissions to the BEE.

The BEE, in turn, could periodically review the data to evaluate the need for future policy interventions.

A bittersweet Q1 for economy

SHIVA RAJORA
New Delhi, 2 July

The April to June quarter (Q1FY26) has been an uneven period for economic activity, with factory output, exports and private capex hitting a rough patch, even as the farm sector and services like transport and construction have picked up pace along with government capex.

While the spike in global uncertainties as well as unseasonal rains and an early monsoon have hurt industrial output, urban demand continues to face headwinds and though rural demand is accelerating, it is still patchy, reckoned several economists.

They expect Q1 GDP growth to be in the range of 6-7 per cent, roughly in line with the 6.5 per cent uptick recorded in the same quarter of FY25, but slower than the 7.4 per cent growth for the preceding quarter estimated by the National Statistics Office (NSO). The NSO will release national income numbers for the quarter at the end of August.

ILLUSTRATION: BINAY SINHA



Uptick expectations

Q1FY26 GDP growth projection (In %)	
HSBC	6.8-7
Crisil	Over 6.5
India Ratings	6-6.5
IDFC First	6-6.5

* Actuals

Q1FY25* 6.5

Q4FY25* 7.4

Source: BS Research

What's hot

- Rural demand, services like transportation, construction
- Farm output
- Govt capex

What's not

- Industrial output
- Urban demand
- Exports and private capex

Paras Jasrai, associate director, India Ratings says that early monsoon rains, while playing a dampener for industrial activity, particularly electricity and mining, bode well for agriculture. Data shows that kharif sowing has been nearly 10 per cent higher this year, following a good rabi harvest.

"Below normal temperatures during summers this year have crashed electricity demand. This is a direct result of the adverse climatic conditions. Growth in the manufacturing sector remained subdued during Q1 because of tariff wars and exports having fared badly after a good showing in April," said Jasrai. Turn to Page 6 ▶

A bittersweet Q1 for economy

"The only positive is that input prices still remain benign. We expect growth to remain between 6-6.5 per cent in Q1," said Jasrai of India Ratings.

Radhika Rao, senior economist, DBS Bank, said that after an early onset and a lull in the first half of June, the southwest monsoon gathered momentum towards the tail end of June, but with regional dispersion. Passenger car sales and consumer goods production have been modest, accompanied by easing credit growth.

"Sentiments are broadly holding up, while wealth effects improved after a rough March-April. GST collections surged at the start of FY26, which can partly be explained by higher import-led transactions, but also indicate a strong demand-led improvement," added Rao.

Echoing similar views, IDFC chief economist Gaura Sengupta said high frequency indicators like two-wheeler and FMCG sales, electronic payments point to a moderation in urban demand, even as growth in rural wages drives rural demand. "The rural demand is still not broadbased, but is gaining momentum. General capital expenditure has picked up

pace due to front loading by both the Centre and the states, even as private capex marked a sharp slowdown. Growth in Q1 has more or less been similar (6-6.5 per cent) to what it was in the last year," she posited.

Crisil chief economist Dharma-kirti Joshi told *Business Standard* that the services sector, particularly transport services are doing well as evidenced by E-way bills and rail traffic. Growth in the construction sector during the quarter was also good, while infrastructure and capital goods are doing well owing to an uptick in government capex.

"Had it not been for the uncertainty due to the tariff war and unseasonal rainfall that dampened industrial activity, growth during Q1FY26 could have surely outpaced growth in the corresponding quarter of the previous year. There is still a chance that the economy may have performed better this year," he remarked.

HSBC Global Research economists on Wednesday said that 70 per cent of indicators they tracked were growing positively, and if this held up through June, which looks

likely based on available data for the last month, Q1 could see growth of 6.8-7 per cent, with the informal sector taking the lead. Strong indirect tax collection, MSME credit, and wage growth in small firms highlight the improvement in the informal sector, they noted.

"Two pivots are defining FY26 - from investment to consumption, and within consumption, from formal to informal. A rise in government spending is an added bonus, focused not just on consumption, but also capex. That said, construction and financial services were weaker than a month ago," argued the note whose lead author is Pranjal Bhandari, HSBC's chief economist for India and Indonesia.

The Centre for Monitoring Indian Economy data released on Tuesday showed new investment projects from the private sector slipped to ₹4.1 trillion in Q1, 81.35 per cent less than the ₹21.7 trillion worth of outlays in the previous quarter. On a year-on-year basis, this tally was 42 per cent higher, albeit on a low base — fresh capex plans by India Inc had slipped to a 14-quarter low of ₹2.85 trillion in Q1FY25.

Steel Ministry may crack down on substandard imports; gives 15 days to clear stock

Abhishek Law
New Delhi

Malpractices in India's steel imports have surfaced, with traders allegedly sidestepping BIS quality norms and manipulating data to bring in substandard consignments from China, Vietnam, and Japan.

Increased scrutiny by the Steel Ministry has uncovered how several small importers falsified paperwork while applying for "new grades" to evade import restrictions and mandatory quality checks. The Ministry took penal action, including putting on hold clearance of suspect shipments — including some Japanese consignments at ports.

Numerous traders and manufacturers were found attempting to bypass the Bureau of Indian Standards (BIS) requirements by making minor alterations to steel grades. Official data showed there were 1,136 import applications for steel grades that are neither internationally recognised nor covered under BIS standards. The BIS has outlined 151 standards covering 1,376 steel grades under the Steel Ministry's Quality Control Orders (QCO).

TIGHTENING NORMS

A 15 to 20-day relaxation window has been granted for select shipments to come in; or to clear old stock.

The Ministry has sought "firm assurances" from leading domestic steel and stainless steelmakers "that no price hikes will be effected until December 2025".

In fact, calls have been made by a top Steel Ministry official to an industry captain seeking such assurances, *businessline* has learnt.

"So traders and importers get a 15 to 20-day relaxation.



Post that, the QCOs come in — finished product or inputs, every thing needs a BIS certification," said a second official present in a meeting with various stakeholders, held on Monday.

India used to import approximately 400,000 tonnes of non-BIS-compliant steel annually, valued at around ₹4,200 crore, as per industry sources. The government made it mandatory in October last year for all non-BIS-compliant steel imports to receive prior approval from the Ministry.

GOVT'S OBSERVATIONS

The core issue, a Ministry official said, was certification requirements, particularly for imports from Chinese entering through Vietnam. It was seen that most cast iron (CI) and stainless steel imports from Vietnam are essentially of Chinese origin.

"Vietnam has seen large-scale Chinese investment, and many of the manufacturing units there are fully or partially Chinese-owned," an official said.

In June, the Steel Ministry expanded quality standards for steel and steel products under QCO. It stated that input materials — slabs, billets, or hot-rolled coils that are used to make BIS-certified steel in the foreign factory — also need to adhere to the relevant BIS standard.

Centre has spent ₹29,576 crore until March on automobile PLI: Ministry

S Ronendra Singh
New Delhi

The Centre has spent ₹29,576 crore until March 2025 and created over 44,987 job opportunities across the automotive value chain through the production linked incentive (PLI) scheme on auto.

The details came out while reviewing the PLI scheme in a meeting conducted by the Ministry of Heavy Industries (MHI).

The amount spent is 70 per cent of the total investment outlay of ₹42,500 crore projected for five years of the scheme.

In terms of incentives, the MHI has disbursed ₹322 crore till March 31, from the projection of ₹336 crore.

The budget estimate for FY26 was cut to ₹336 crore from ₹3,150 crore last year.

SECTOR PUSH

Tata Motors, Mahindra & Mahindra (M&M), Ola Electric, Toyota Kirloskar Motor, Bajaj Auto, TVS Motor Company, Delphi-TVS Technologies, Bosch Automotive Electronics India, Sona BLW Precision Forgings and Uno Minda are some of the major names who have got approvals for incentives for their products under the PLI scheme.

“Chaired a review meeting with senior officials of the Ministry of Heavy Industries on the PLI-Auto Scheme... Going forward, we are committed to regular industry workshops, faster claim disbursements, and robust support to stakeholders paving the road for a self-reliant and globally competitive auto



The amount spent is 70% of the total investment outlay of ₹42,500 crore projected for five years of the scheme

sector,” HD Kumaraswamy, Minister Of Heavy Industries and Steel, said in post on X.

The scheme was launched in September 2021 with budgetary outlay of ₹25,938 crore for a period of five years (FY22-23 to FY26-27), to boost manufacturing of advanced automotive technology (AAT) products.

The scheme helps to facilitate and promote deep localisation for AAT products and enable creation of domestic as well as global supply chain.

It is focused on zero emission vehicles (ZEVs) — battery electric vehicles (BEVs) and hydrogen fuel cell vehicles.

The incentive under the scheme is applicable from FY22-23 to FY26-27 (five years) and the disbursement is applicable in the sub-

sequent financial year from FY23-24 to FY27-28.

The PLI-auto scheme has been subdivided into the champion original equipment manufacturer incentive scheme and component champion incentive scheme.

NET-ZERO EMISSIONS ROAD MAP

Auto industry lobbies to extend 'ICE age' till 2055

DEEPAK PATEL

New Delhi, 10 July

The Indian automobile industry has urged the government to defer the proposed ban on the sale of internal combustion engine (ICE) -based four-wheelers from 2040 to 2055, sources familiar with the matter told Business Standard on Thursday.

Earlier, the Bureau of Energy Efficiency (BEE) had proposed, during discussions on upcoming fuel-efficiency norms, that the sale of ICE-run four-wheelers be halted by 2040 — with the aim of making Indian roads ICE-free by 2055, assuming a 15-year average

vehicle life cycle.

The proposal has met with resistance from the automobile industry, with its apex body, the Society of Indian Automobile Manufacturers (SIAM), flagging concerns over the economic ramifications of such a move. According to sources, SIAM has argued that a 2040 ban, implemented without wide-ranging consultations and rigorous socioeconomic impact assessment, could destabilise ongoing and future investments and threaten millions of jobs in the automotive value chain.

The industry has conveyed to the BEE that it continues to rely heavily on ICE vehicles.

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Auto industry lobbies to extend 'ICE age'

The auto sector contributes over 6 per cent to India's gross domestic product (GDP), accounts for more than 40 per cent of manufacturing GDP, and supports over 30 million jobs. It also attracts significant foreign investment and contributes substantially to tax revenues.

The BEE proposal was part of deliberations on the upcoming third and fourth phases of the Corporate Average Fuel Efficiency (CAFE) norms — regulations aimed at reducing vehicular emissions by mandating average fuel consumption standards across automakers' fleets. While CAFE-I and CAFE-II are already in force, CAFE-III and CAFE-IV remain under discussion among BEE, the Union power ministry, and industry stakeholders.

Senior government officials confirmed that a BEE presentation included a suggestion to phase out ICE vehicle sales by 2040 to meet the 2055 zero-ICE fleet target, aligning with India's broader goal of achieving net-zero carbon emissions by 2070. However, sources said the auto industry recommended this timeline be tightly aligned with India's net-zero target. Given the average 15-year life of a vehicle, SIAM argued that the sales of ICE vehicles could continue until 2055 without derailing the country's decarbonisation road map.

SIAM also urged the BEE to engage in broader consultations involving other arms of the government, including the NITI Aayog, the Ministry of Road Transport and Highways (MoRTH), and the Ministry of Heavy Industries (MHI), to assess the full economic and employment impact.

Drawing parallels with international trends, SIAM pointed to developments in the European Union (EU), where a proposed 2035 ban on ICE vehicles was under review. Citing factors like slower consumer adoption of zero-emission technologies, electricity decarbonisation challenges, and even potential penalties of 16 billion euros facing EU carmakers next year, the industry highlighted the complexity of transition timelines.

"Europe has a per-capita income five times higher than India, 42 times more public charging infrastructure, and a significantly cleaner grid. Yet, many European carmakers are falling short of their own fuel-efficiency targets," said an industry executive who did not wish to be named.

SIAM did not respond to *Business Standard's* queries on the matter.

According to sources, the government has not yet taken a final decision on a ban on ICE vehicle sales, and intense deliberations on the next phase of CAFE norms are ongoing.