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

Business Standard, 1 September 2025

Automobile demand likely to rebound in H2FY26

ANJALI SINGH
Mumbai, 31 August

India's automotive sector is expected to shift into higher gear in the second half of FY26, as a combination of policy support, rural revival and new launches align to lift demand across segments.

Brokerages see repo and CRR rate cuts, along with a likely GST rate reduction as key triggers, particularly for two-wheelers and small passenger vehicles (PVs).

Two-wheelers are expected to benefit the most from the demand upswing. Tax relief in the recent budget, improving rural sentiments and a pipeline of premium electric two-wheelers are expected to accelerate sales, B&K Securities said.

Royal Enfield and TVS Motor have already reported strong volume growth in Q1 FY26, while Hero MotoCorp is banking on the festival season and GST cuts to revive demand after recent weakness.

Passenger vehicles are set to draw traction from a wave of new SUV and EV launches. Mahindra & Mahindra (M&M) reported double-digit growth in Q1 on the back of strong demand for new models, while Maruti Suzuki delivered steady exports but flat domestic volumes. Tata Motors, however, saw a year-on-year decline.

With high retail inventory prompting discounts, analysts expect momentum to improve once GST cuts translate into lower on-road prices.

Commercial vehicles (CVs) have faced headwinds from monsoon disruptions, subdued infrastructure activity and weak mining demand.

However, brokers see a recovery in the second half, aided by last-mile connectivity, e-commerce growth and the government's infrastructure push. Tractors, meanwhile, remain a bright spot, buoyed by higher MSPs, strong farm output and above-normal monsoons driving an increase in reservoir levels.

Jefferies estimates a 7–10 per cent GST cut could reduce vehicle prices by 6–8 per cent, sparking a meaningful demand boost. It has raised FY26–28 industry volume forecasts by 2–6 per cent and earnings projections by 2–8 per cent for leading players. Among OEMs, TVS Motor is expected to deliver the fastest 27 per cent earnings compound annual growth rate (CAGR) over FY25–28, followed by M&M at 19 per cent, with Maruti Suzuki also well-placed to benefit from exports and upcoming hybrid launches.

B&K Securities also highlighted new growth drivers for ancillaries such as Subros, FIEM Industries and ZF Commercial Vehicle Control Systems, which are expected to ride on rising PV production, regulatory-driven technology adoption and strong aftermarket demand.

With policy support, rural recovery and product pipelines converging, analysts agree the industry is entering a more favourable demand cycle in H2 FY26.

Business Line, 3 September 2025

In Aug, TVS Motors tops e2W registrations, Bajaj Auto sees dip

GROWTH DRIVER. Rise in registrations aided by improvements in cost competitiveness

TE Raja Simhan
Chennai

Pure electric vehicle two-wheeler (e2W) registrations rose 1.35 per cent in August to 91,091 units as against 89,882 units in July, according to data collated from the Vahan portal (as of Tuesday morning).

This is in contrast to the trend seen in July, wherein there was a 3.50 per cent decline in registrations.

Major players including TVS Motor Company, Ola Electric, Hero Motocorpo, Ather Energy and Greaves Electric saw their registrations increase in August when compared with July, the data show. Bajaj Auto was the only player that posted a month-on-month decline in August.

Chennai-based TVS Motors took the top spot in August in e2W with 22,081 registrations, an increase of 9.20 per cent over July.

Hero Motocorp saw a 27.06 per cent in registrations to 13,312; Ola's numbers were up 8.70 per cent to 18,269; Ather's volume was up 10.81 per cent to 13,269 and Greaves Electric's 11.09 per cent increase to 4,137, Vahan data show.

Bajaj Auto saw a decline of 40.47 per cent to 11,650.

MARKET SENTIMENT

TVS Motors, in an update on its August vehicle sales, said magnet availability continues to pose challenges in the short to medium term.

Hero MotoCorp said that it was anticipating an optimistic market sentiment for the festival season, driven by favourable monsoons, an increase in agricultural demand and a projected boost in overall consumption due to impending GST reforms.

EV registrations

Company	August	July	Chg %
TVS Motor	22,081	20,220	9.20
Ola Electric	18,269	16,807	8.70
Hero Motocorp	13,312	10,477	27.06
Ather Energy	13,269	11,975	10.81
Bajaj Auto	11,650	19,569	-40.47
Greaves Electric	4,137	3,724	11.09
Total e2W	**91,091**	**89,882**	**1.35**

Source: Vahan portal

Poonam Upadhyay, Director - Crisil Ratings, says the month-on-month rise in EV two-wheeler registrations is being supported by improvements in cost competitiveness.

Battery pack prices have remained stable, while original equipment manufacturers (OEMs) have partially absorbed increased costs – mainly expenses related to stricter battery safety features, advanced battery management systems and localisation requirements to qualify for subsidies, she said. This has helped narrow the upfront price gap with internal combustion engine (ICE) scooters to 10-15 per cent from 20-25 per cent a year ago.

The sequential rise in EV two-wheeler registrations is also driven by both structural and seasonal factors, Upadhyay said.

On the structural side, consumers are becoming more comfortable with EV ownership, encouraged by the savings on running costs compared with ICE scooters and a wider range of models across price points.

On the seasonal side, the second half of August typically witnesses a pick-up in sales, coinciding with early festive occasions like Onam in Kerala and Ganesh Chaturthi in Maharashtra and southern States, when demand traditionally rises.

Together, these drivers are ensuring that this growth is part of a broader adoption trend, she added.

Business Line, 9 September 2025

Auto dealers expect mixed Sept due to *Shraadh*, GST 2.0

SLOW RISE. Aug PV retail sales grew marginally to 3,23,256 units compared to a year ago

S Ronendra Singh
New Delhi

September is expected to unfold in two distinct phases for the automobile sector, according to the Federation of Automobile Dealers Associations (FADA). The first half of the month is likely to remain muted due to the *Shraddh* period — traditionally seen as inauspicious for new purchases — and consumer hesitation amid uncertainty around GST changes.

However, the second half is projected to see a strong rebound, driven by policy clarity, festive buying sentiment, and proactive schemes from original equipment manufacturers (OEMs) that align with anticipated GST reductions. "These schemes allow customers to book vehicles now while enjoying GST-aligned benefits, ensuring timely deliveries on preferred auspicious dates such as Navratri and Durga Puja. Dealers expect this strategy to unlock deferred demand and smoothen festive season supply," CS Vigneshwar, President, FADA, said while sharing retail sales data for August.

GST 2.0 rollout from September 22 is set to be a game-changer, lowering household expenses, lifting consumption, and improving industry competitiveness. Economists expect it could reduce inflation by up to 1.1 percentage points. A vigorous monsoon has strengthened rural liquidity, with agriculture poised for above-trend output despite localised flood damage, he said.

Monthly sales data

Category	August '25	August '24	YoY %
Passenger vehicle	3,23,256	3,20,291	0.93
Two-wheeler	13,73,675	13,44,380	2.18
Three-wheeler	1,03,105	1,05,493	-2.26
Commercial vehicle	75,592	69,635	8.55
Tractor	85,215	65,477	30.00
Total	**19,64,547**	**19,10,312**	**2.84**

Source: FADA

LANDMARK REFORM

"With GST 2.0 as a landmark reform, proactive OEM schemes, and the onset of India's biggest festivals, FADA remains decisively optimistic that September will mark the beginning of a strong growth cycle for retail," he added.

Vigneshwar further said August traditionally ushers in festive cheer, with Onam and Ganesh Chaturthi heralding the season of joy. Customers continued to show strong enthusiasm with high enquiries and robust bookings. However, the only issue was conversion, which saw slowdown due to benefits of GST 2.0 kicking in September.

During the month, the total passenger vehicle (PV) retail sales grew marginally (1 per cent) to 3,23,256 units as compared with 3,20,291 units in August 2024. Similarly, two-wheeler (2W) sales grew by 2 per cent year-on-year (y-o-y) to 13,73,675 units as compared with 13,44,380 units a year ago.

Business Line, 9 September 2025

China export growth slips to six-month low as US orders drop

Bloomberg

China's export growth fell short of forecasts and slowed to the weakest in six months, as shipments to the US plunged at a faster rate.

Sales abroad rose 4.4 per cent in August from a year earlier to $322 billion, according to a statement from the General Administration of Customs on Monday. That was weaker than the median estimate in a Bloomberg survey for 5.5 per cent growth.

RAPIDLY SHIFTING

China's trade has been rapidly shifting this year after President Donald Trump's tariffs slashed direct demand from the US. Companies responded by trying to seek out alternative markets or shipping indirectly to the world's biggest economy. Exports to the US fell 33 per cent in August, the fifth month of double-digit declines. Meanwhile, shipments to the 10-nation Southeast Asian trading bloc rose almost 23 per cent , while exports to the European Union climbed 10 per cent and those to Africa were up 26 per cent .

Export prices have fallen for almost every month since mid-2023, forcing Chinese firms to ship more goods to maintain the same revenue

Still, falling prices and cutthroat competition mean that many companies are in the red despite the rising export revenue, with industrial profits falling almost 2 per cent in the year through July.

FALL IN EXPORT PRICES

Export prices have fallen for almost every month since mid-2023, forcing Chinese firms to ship more goods to maintain the same revenue.

The continued rise in volumes is visible in container data. Shanghai's port handled a record number of containers last month and all terminals in China processed more than 6.5 million containers for each of the past five weeks.

TRADE SURPLUS

Imports climbed 1.3 per cent in August, leaving a trade surplus of $102 billion. China's surplus is still on course to handily exceed last year's record of almost $1 trillion, with overseas sales making up for weaker domestic demand.

Business Standard, 11 September 2025

Auto Inc's big data move : Vahan may take wheel by Jan

SOHINI DAS
New Delhi, 10 September

Automotive original equipment manufacturers (OEMs) are likely to shift to a Vahan-based system for forecasting production and dealer dispatches by January next year, senior industry executives said. The move aims to line up dispatches more closely with dealer inventory, preventing channel stock from ballooning.

Currently, passenger vehicle (PV) dealers are holding about 600,000 vehicles as sales have slowed in anticipation of Goods and Services Tax 2.0. High inventory levels create a working capital crunch at the retailer level. Speaking at the 7th Fada Auto Retail Conclave, Tarun Garg, director and chief operating officer (sales, marketing, service, and product strategy) at Hyundai Motor India, said, "With Telangana also joining in, I have been told that by January next year, all OEMs would want to shift to the Vahan-based system."

Most OEMs currently base their production forecasts on wholesale dispatches to dealers. However, a major state like Telangana was not part of the Vahan portal, which tracks car registration data and real-world sales. PV market leader Maruti Suzuki India has proposed that Vahan numbers be used as the benchmark.

Tata Motors has also indicated that focusing on Vahan data and market share can help optimise channel inventory.

Anil Sekhar, head of salesforce excellence for commercial vehicles at Tata Motors, said the company shifted its dealer performance measures to Vahan market share about three years ago. "Incentives to dealers are linked to Vahan market share. This is better than simply pushing vehicles to dealers, and the industry is using technology-driven tools to manage inventory more efficiently," he said. Sekhar added that dealers now participate in forecasting based on their pipelines, which informs production management. "We have strict inventory management for commercial vehicles," he said at the Fada Conclave.

Fada has long spotlighted the issue of excess channel inventory. C S Vigneshwar, Fada president, said, "Dealer viability equals industry viability. We ask OEMs for inventory discipline aligned to transit days, not excessive stocking." He said that OEMs and dealers must operate as one team, not two camps.

At the end of August, PV inventory stood at around 56 days — well above the 21-day target preferred by dealers and the 30–35-day range OEMs typically maintain.

"I HAVE BEEN TOLD THAT BY JANUARY NEXT YEAR ALL OF THE OEMS WOULD WANT TO SHIFT TO VAHAN (BASED SYSTEM)"

Tarun Garg, director and COO, Hyundai Motor India

OEMs are also refining demand forecasting and variant-wise production planning. Nalinikanth Gollagunta, chief executive officer of Mahindra & Mahindra's automotive division, said the company is introducing more "granularity" in forecasting, continuously accounting for dynamic market conditions. "Starting January, all our dealers provide detailed monthly requirements," he said, adding that this allows the company to track which variants are selling and make supply decisions accordingly rather than blindly throwing something into the market.

Two-wheeler maker Honda Motorcycle and Scooter India (HMSI) plans its financial year five months in advance. Yogesh Mathur, director of sales and marketing at HMSI, said planning is based on firm dealer commitments.

HMSI vehicles have even seen stockouts during Diwali in recent years . Spare parts management is another focus. Volvo Car India, operating in the luxury segment, has developed an algorithm to optimise this. Jyoti Malhotra, managing director of Volvo Car India, explained that instead of dealers placing orders, the company generates orders for them, guaranteeing to take back any unsold parts after a year.

Business Standard, 13 September 2025

Maruti: Policy stability key to India's manufacturing future

DEEPAK PATEL
New Delhi, 12 September

India's auto-component export is grappling with a "major challenge" as nearly 30 per cent of shipments to the United States (US) now face steep tariffs of 25-50 per cent, said Hisashi Takeuchi, managing director and chief executive officer, Maruti Suzuki India, on Friday, adding that the country should continue demonstrating "policy stability and predictability" to strengthen its long-term manufacturing competitiveness.

In his speech at the annual session of the Automotive Component Manufacturers Association of India (Acma), Takeuchi said the US tariffs had put pressure on suppliers, given that a significant share of India's component export depended on that market.

He said New Delhi and Washington were in discussion and "the government is very sensitive to this issue and hopefully some solution will be found out".

He added that adversity could be turned into opportunity, recalling Prime Minister Narendra Modi's words: "*Aapda mei avsar*" (finding opportunity in adversity).

"Almost 30 per cent of auto-component exports are to the US, and about half of that is facing a duty of 25 per cent and the other half 50 per cent. That poses a major challenge," Takeuchi said.

The managing director said turbulence in global supply chains has opened up opportunities for India to position itself as a trusted, resilient and sustainable manufacturing hub.

He pointed to India's demographic advantage, strong domestic demand, and government initiatives such as the production-linked incentive (PLI), Make in India, and Aatmanirbhar Bharat.

Takeuchi cited Suzuki Motor's decision to produce its first global electric vehicle (EV), the e-VITARA, in India as evidence of the country's rising status in world markets.

The Prime Minister last month had flagged off the first batch of the e-VITARA for export at Suzuki's Gujarat plant.

"These 'Made in India' EVs will be exported to over 100 countries across the globe. It is important to diversify and avoid over-dependence on one single market," he said.

Drawing lessons from Japan's post-war industrialisation, he said long-term success depended on investing in research & development, customer-focused innovation, and continuous improvement.

India too must pursue similar strategies while ensuring consistency in governance, he said.

"As India aspires to be a global manufacturing hub, it will be important to continue demonstrating policy stability and predictability."

Calling for Indian suppliers to move up the value chain, he urged them to embrace "Kaizen" principles, treat employees as partners, and aim for global scale.

"If we combine strategic intent with India's unique advantages of domestic demand, talent, and policy support, the possibilities for our growth are limitless," he said.

Kaizen, a Japanese management philosophy that emphasises continuous, incremental improvement in processes, products, and workplace practices, was a cornerstone of Japan's post-war industrial success.

"TURBULENCE IN GLOBAL SUPPLY CHAINS HAS OPENED UP OPPORTUNITIES FOR INDIA TO POSITION ITSELF AS A TRUSTED, RESILIENT AND SUSTAINABLE MANUFACTURING HUB"

Hisashi Takeuchi, MD & CEO, Maruti Suzuki India

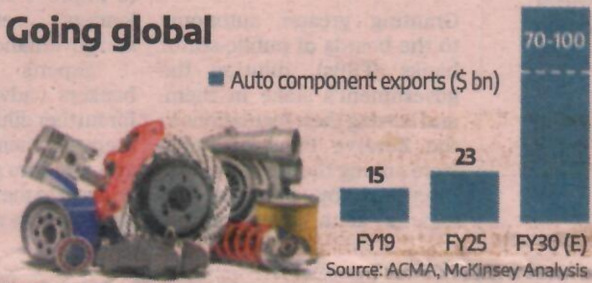
Business Standard, 13 September 2025

India's auto-component industry to touch $200 bn by 2030: McKinsey

SOHINI DAS
New Delhi, 12 September

Amid changing global trade patterns, India is emerging as a key player helped by its cost competitiveness and skilled workforce, and the Indian auto-component industry is thus projected to touch $200 billion mark by 2030, a report by McKinsey says.

The McKinsey report, titled 'Shaping the future of India's auto component industry amid global trade shifts' highlighted that geopolitical and structural changes have been redrawing global trade patterns, with an estimated $12 trillion to $14 trillion in trade expected to shift across trade corridors by 2035.



Source: ACMA, McKinsey Analysis

Despite these challenges, global trade is projected to grow from $33 trillion in 2024 to $42 trillion-$45 trillion by 2035.

The auto component industry has been heavily impacted by trade corridor shifts.

"India is now emerging as a key player in this realignment, helped by its cost competitiveness, skilled workforce, and growing domestic market," the report said, adding that this is evidenced by a steady expansion of opportunities in the domestic and export markets and a compound annual growth rate of about 10 per cent over the past five years in the Indian auto component industry. With domestic and exports demand rising further, this industry is projected to reach $200 billion by 2030, McKinsey projected. Domestic auto component sales are projected to grow 7 to 8 per cent per year until the financial year 2030, supported by vehicle growth, more parts used per vehicle, and new technologies.

India's auto component export value is projected to reach $70 billion to $100 billion by the financial year 2030.

The two pillars driving this growth are a $20 billion to $30 billion internal combustion engine (ICE) export opportunity by 2030 as global markets consolidate, and a 35 per cent CAGR in domestic EV sales in line with rising worldwide electrification and connectivity.

The Times of India, 15 September 2025

GST reset: Micro SUVs, not small cars, set to 'gain most'

Pricing Close To Hatchbacks Or Even Lower For Some Variants

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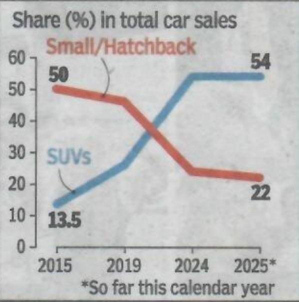
New Delhi: It will be the micro SUVs, and not the mini affordable cars, that are likely to be the big winners in govt's decision to cut GST on smaller vehicles, company officials and industry experts say.

While Maruti Suzuki, the biggest seller of mini cars in the country, is confident that hatchbacks will get a leg-up due to the lower taxes on the smaller cars, a large part of the industry feels that micro SUVs—which are priced pretty close to the traditional hatchbacks or even lower for certain variants — will emerge as the real winners.

The small car category, which govt has chosen for a lower GST rate of 18% against the current 28% (plus 1% cess on petrol version and 3% on diesel), currently comprises body styles such as hatchbacks (such as Maruti's Alto and Celerio, Renault's Kwid, Hyundai's Nios), mini SUVs (Tata's Punch, Maruti's Fronx, Hyundai's Exter), and sedans (Maruti's Dzire, Honda's Amaze). To qualify for the lowest-duty category, the models need to be under 4 meters in length with petrol engines under 1200cc or diesel under 1500cc.

IN TOP GEAR



*So far this calendar year

Some mini SUVs are priced aggressively, almost similar to prices of premium hatchbacks:

In Rs Lakh	Ex-showroom**
Tata Punch	5.7
Hyundai Exter	5.7
Maruti Fronx	6.9

**Estimated post-GST cut (from Sep 22) prices. These are for the base model

Many experts believe that the consumers' love for 'SUV-shaped' cars, which offer a higher ground clearance and are relatively better designed with higher power aspects, will mean stronger sales for the vehicles.

Tarun Garg, COO of Hyundai India, said there will be "no change in buyer preference" as demand will likely peak for smaller SUVs. "People want SUV styling, higher ground clearance, and features like sunroof and six airbags. The new smaller SUVs look good, they have better features, and come nearly at the same price as that of hatchbacks. So they will be the winners, though some new customers will also go for the base variants in the hatch segment."

The numbers bring out the trend much better. The share of hatchbacks to total car sales has slipped from a high of 50% in the year 2015 to a low of 22% (so far in 2025), while the share of SUVs in the same period has shot up from 13.5% to 54%.

Companies say the trend of SUV surge is visible across segments — from smaller SUVs, to premium ones (where models such as Hyundai Creta and Mahindra XUV7OO and Thar have taken control), to the luxury ones of BMW and Mercedes-Benz.

"It will be no different in smaller cars with demand expected to shoot up for models such as Tata Punch and Maruti Fronx which will become highly attractive post the GST price cuts," an analyst said.

However, Maruti disagrees and feels that smaller cars will make a comeback. "We believe that against a decline of 6%, the mini and hatchback segment cars will grow by 10% after the GST cuts," Partho Banerjee, senior executive officer (marketing & sales) at Maruti Suzuki said.

ELECTRIC VEHICLES

Business Line, 4 September 2025

'South and West lead in EV adoption'

MOBILITY PIVOT. Charging infrastructure a key contributor to the growth of EV adoption, says RBI report

Rohan Das
Chennai

While the 2-wheeler electric vehicle (2W EV) adoption in India has been growing in the past few years, a recent report by the Reserve Bank of India shows some parts of India have better penetration than others in 2W EV adoption.

The report, which defines an EV Adoption Ratio (AR) as the share of electric two-wheeler sales in total two-wheeler sales, showed sharp variations in adoption trends across States.

According to sales data till March 2024, the Southern and Western States emerged as frontrunners with an AR in the range of 10-12 per cent, significantly above the national average of 6-8 per per cent. Northern and Eastern States showed a notable lag, posting between 2 per cent and 4 per cent. According to Rajat Mahajan, Partner and Automotive Sector Leader at Deloitte India, EV adoption in the country is advancing selectively with States that have a significant consumer pull, infrastructure and consistent execution track record. "The growth is no longer just about early adoption; it's clustering in regions where charging infrastructure, government policies and awareness converge," he said.

Electric future

State	Total charging stations	Road length (km)	EV charging index
Karnataka	5,765	3,58,300	1.61
Goa	137	18,697	0.73
Maharashtra	3,728	6,36,887	0.59
Tamil Nadu	1,413	2,71,137	0.52
Kerala	1,212	2,59,932	0.47

Source: RBI

He added that the gap between leaders and laggards is now widening, with Southern and Western States significantly outperforming others. While States like Karnataka, Tamil Nadu, Maharashtra and Gujarat are driving national momentum buoyed by their urban demand and State policy support, the poor infrastructure and affordability issues cause a lag in States like Bihar, Jharkhand and Chhattisgarh.

The gap between leaders and laggards in adoption is widening

The report also projected that 80 per cent of 2W sales could be electric by 2030.

According to Wheelwatch, Deloitte's Auto Sector Tracker, the EV penetration rate in Q1FY26 stood at 6.2 per cent as against 4.9 per cent in Q1FY25.

LEADING STATES

According to the RBI report, charging infrastructure has been identified as a key contributor to the growth of EV adoption. It mentions that in 2025, out of five leading States with robust charging infrastructure, Karnataka, Goa and Maharashtra belonged to the southwest coast of India.

Karnataka led the larger States with a charging index (defined as number of public charging stations/km of road X 100) of 1.61, followed by Goa (0.73), Maharashtra (0.59), Tamil Nadu (0.52) and Kerala (0.47).

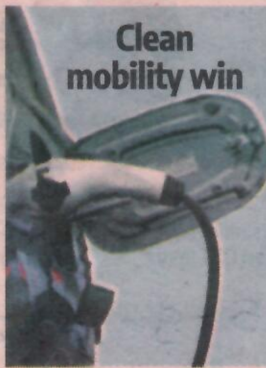
Delhi (12) and Haryana (1.41) posted among the highest scores, albeit on smaller road networks of about 16,000 km and 50,000 km, respectively.

The report also suggested that policy frameworks have played a role in EV adoption.

States that offered additional subsidies along with the Centre's FAME subsidy showed a lower drop in 2023. In contrast, States with no additional subsidies posted a higher decline.

Business Standard, 5 September 2025

EV makers relieved at status quo on GST levy



Clean mobility win

- Tata, Mahindra, Volvo, and Mercedes-Benz welcome the move as support for clean mobility
- Luxury EV makers relieved, as higher GST could have hurt their sales
- Toyota pushes for hybrid tax cuts, seeking parity with EVs
- Large petrol/diesel and hybrid cars see GST rationalised to 40%

DEEPAK PATEL
New Delhi, 4 September

Electric vehicle (EV) manufacturers breathed a sigh of relief after the GST Council on Wednesday night retained the concessional 5 per cent rate on EVs, though they now face competition from small petrol and diesel cars, which will attract a lower 18 per cent levy.

Before the Council meeting, media reports suggested that goods and services tax (GST) on electric cars priced between ₹20 lakh and ₹40 lakh could be raised to 18 per cent, and to 28 per cent for those above ₹40 lakh. These reports had caused concern across the nascent EV industry in India.

For EV makers, the Wednesday night announcement was a relief and seen as a signal of policy continuity.

Shailesh Chandra, managing director (MD), Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said: "The Council's decision to retain the 5 per cent GST rate on EVs is a forward-looking move that reinforces India's commitment to sustainable, zero-emission mobility and signals long-term policy stability."

Rajesh Jejurikar, executive director and chief executive officer (CEO) of Auto and Farm Sector at Mahindra and Mahindra, said: "We appreciate the continuation of the 5 per cent GST rate on EVs, which is a critical enabler of India's clean mobility vision. This measure will accelerate the adoption of EVs and reinforce India's leadership in sustainable, green transportation."

Tata Motors and M&M are two major electric car manufacturers in India. A senior executive of an electric car manufacturer told *Business Standard* that Wednesday night's decision came as a big relief to all electric carmakers of the country.

Jyoti Malhotra, MD, Volvo Car India, said: "In the EV segment, the continuation of the standard 5 per cent GST reinforces the government's sustained commitment to advancing electrification and promoting sustainable mobility."

Business Standard, 8 September 2025

Hinduja group to invest ₹7.5K cr in EV ecosystem in Tamil Nadu

SHINE JACOB
Chennai, 7 September

The Hinduja group has signed a deal with the government of Tamil Nadu to invest ₹7,500 crore in businesses focused on cell and battery manufacturing for electric vehicles (EVs), battery energy storage systems (BESS), and EV charging stations. The investment aims to expand the state's EV ecosystem and create more than 1,000 jobs.

The memoranda of understanding (MoU) with the UK-based Hinduja Group is the most significant commitment secured during the UK leg of Chief Minister M K Stalin's European tour under the TN Rising Europe investment drive. The investments will be made through the group's Indian flagship Ashok Leyland and other companies.

Over the past week, Tamil Nadu has attracted investment commitments worth around ₹15,516 crore, which are expected to generate 17,613 jobs.

The announcement comes less than a week after Ashok Leyland signed a pact with China's CALB Group to develop next-generation batteries. Under that agreement, Ashok Leyland will invest over ₹5,000 crore over the next seven to 10 years to manufacture batteries for both automotive and non-automotive applications, as well as for energy storage systems.

In addition, global pharmaceutical major AstraZeneca has announced a ₹176 crore expansion of its Global Innovation & Technology Centre (GITC) in Chennai, its third strategic investment in the state in two years. GITC plays a key role in AstraZeneca's global operations, enabling cutting-edge research, AI-led innovation, and technological transformation in healthcare delivery, the state government said.

TRACTOR

Business Line, 13 September 2025

'Biggest boost to tractor, entry-level motorcycle tyres from GST reforms'

Reuters

CEAT expects to see demand for its tyres for tractors and entry-level motorcycles to jump the most among its segments, following a consumption tax cut set to take effect later this month, a senior executive told *Reuters* on Friday. Last week, India announced tax cuts on hundreds of consumer items ranging from soaps to small cars to spur domestic demand amid economic headwinds from US tariffs.

> The new, simplified tax structure will move most tyres to an 18 per cent rate from 28 per cent, while tractor tyres will attract a 5 per cent rate, down from 18 per cent
>
> **ARNAB BANERJEE**
> MD and CEO of CEAT

SIMPLIFIED GST

"The new, simplified tax structure will move most tyres to an 18 per cent rate from 28 per cent, while tractor tyres will attract a 5 per cent rate, down from 18 per cent, effective September 22. We expect sales of commuter motorcycles to go up in semi-urban and rural households, and farm sales also could go up," said Arnab Banerjee, Managing Director and CEO of CEAT.

The company will pass on the lower costs from the tax cuts to customers, it said in a statement. The smaller farm segment accounts for about a tenth of CEAT's revenue.

Commuter motorcycles, meanwhile, are among the company's largest segments, and also make up the bulk of India's two-wheeler market.

CEAT does not disclose the share of revenue from this segment. The company expects fiscal 2026 revenue to grow in the double-digit percentage range,

Business Standard, 13 September 2025

Tractor sales grew 25% in Aug on rural demand, good monsoon

TE Raja Simhan
Chennai

Tractor sales in August 2025 grew nearly 25 per cent over the corresponding month last year, driven by rural demand and good monsoon. Sale of tractors in August 2025 was 73,199 units against 54,733 units in August 2024.

There was a marginal increase in August numbers when compared to the 72,797 units reported in July 2025, according to Tractor and Mechanisation Association data. The strong y-o-y growth suggests sustained momentum in rural demand, driven by active kharif sowing following a good monsoon season. Additionally, lower interest rates are also supporting sales, said Poonam Upadhyay, Director, Crisil Ratings.

The above-normal monsoon and improved reservoir levels augur well not only for kharif crops but also for the rabi season in October. While the IMD's forecast of surplus rainfall in September – especially in certain pockets – may pose risks to kharif harvests, it needs to be managed with caution, said Veejay Nakra, President – Farm Equipment Business, Mahindra & Mahindra. These factors, along with continued government support through financing schemes for farmers, could potentially drive tractor demand during the upcoming festival season, he added.

According to Narinder Mittal, President and Managing Director, CNH India, a farm and construction machinery manufacturer, growth of tractor sales reflects the resilience of rural demand and the positive impact of factors such as improved monsoon distribution, higher sowing acreage and government support for mechanisation. It also underlines the structural shift towards farm mechanisation in India, as farmers increasingly adopt technology-driven solutions for productivity, efficiency and sustainability.

"This is an opportunity to strengthen India's role as a strategic hub for agriculture globally, not only meeting local needs but also serving export markets. We remain optimistic that sustained policy focus, rural infrastructure investments and farmer-centric innovations will continue to drive growth in India's farm equipment sector," he said.

GST REFORMS

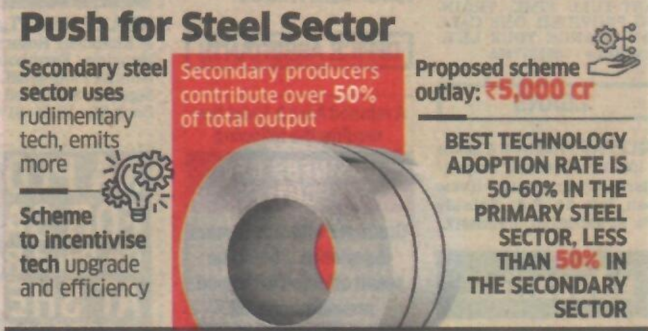
A Kotak Institutional Equities report on Automobiles & Components said GST reset will benefit the domestic tractor industry, which may sustain its momentum supported by strong farm economics, a favourable monsoon outlook and GST cuts in farm implements.

RAW MATERIAL

The Economic Times, 6 September 2025

NATIONAL MISSION BEING READIED

Govt to Greenlight Incentives to Drive Green Steel Output



Suryash Kumar

New Delhi: The government is readying a national mission to incentivise production of sustainable steel in the country as part of its efforts to decarbonise the sector, officials said.

The size of the scheme under the mission is likely to be around ₹5,000 crore to support both primary and secondary producers, said a senior government official, adding that support measures could be a combination of concessional loans, risk guarantees and other financial instruments.

"The scheme will be tailored for secondary steel producers, but primary producers will also be able to tap into it," the official told **ET** on condition of anonymity.

The scheme is being firmed up and could be launched after necessary approvals from next financial year, according to the official. A steel ministry report recently flagged the need for a comprehensive financial package to support the sector's transition towards green technology. Primary steel producers are those who use oxygen-based blast furnaces to make steel, while secondary steel producers use electric arc furnaces or induction furnaces to make steel.

India's secondary steel players command roughly half of the country's total production capacity. They are dependent on steel scrap and sponge iron as raw material.

Experts say it is imperative that decarbonisation efforts include them. "Secondary producers contribute nearly 50% to the steel production, and because of the sheer volume without decarbonising this sector, India can't achieve its net zero 2070 targets," said Amit Bhargava, partner and national head mining and metals, KPMG in India. Support measures are also needed in view of the investments required to replace technology, said experts.

The scheme is being firmed up and could be launched after necessary approvals from the next FY

According to Bhargava, secondary steel producers use electric arc furnaces and induction furnaces, which are cheaper but more polluting. "Emission reduction through improved material efficiency, use of beneficiated iron ore and alternative fuel by the secondary steel industry will be the intended outcome of this scheme," said the official.

Under the National Steel Policy, 2017, the steel ministry has projected a reduction in carbon dioxide emissions to 2.6-2.7 tonnes per tonne of crude steel through the electric arc furnace route by 2030.

Business Standard, 13 September 2025

Auto Inc seeks closer ties with Centre for critical raw materials

Working on a plan to secure supplies for next two-three quarters

SOHINI DAS
New Delhi, 12 September

The Indian automobile industry, which is battling rare-earth magnet shortage, sought greater government cooperation to secure supplies of critical raw materials.

At the same time, several auto companies and component makers are already working on a plan to secure supplies for the next two-three quarters. They are also exploring alternative routes to ensure that production is not hit.

Speaking to *Business Standard* on the sidelines of the annual session of Automotive Component Manufacturers Association of India (ACMA), the director of a leading two-wheeler major said they have already started testing several models on rare earth magnet-free motors.

"This would take some time as a large player we have volumes in millions. So testing a tech, getting it approved, securing necessary certifications, and then scaling up production at vendors, takes some time. But, the work is on," he said.

He added that he is hopeful that the talks between Prime Minister Narendra Modi and Chinese President Xi Jinping would help resolve the issue of supplies soon. "As of now, we have secured supplies for the festival season production, and by Q4, we expect that the situation will be smooth," he said.

A large component maker who makes advanced driver-assistance (ADAS) systems, lightings, and other things, said that he found an alternative route to secure rare earths.

"We have begun work with several Chinese partners, whereby we are assembling the components in China and then bringing it into India. We are also working on alternative technology and materials apart from rare earths to use in our components," said a senior executive of the company.

ACMA president Shradha Suri Marwah said, "Critical raw materials, availability of rare earth magnets, semiconductors and battery inputs are becoming a strategic issue that requires national focus."

Geopolitical volatility, trade wars, tariff escalations and export restrictions are redefining the supply chain, she said.

Marwah added that going forward she sees closer government partnerships to secure critical raw materials, deepen international alliances for access to newer markets and strengthen the industry's overall competitiveness.

Society of Indian Automobile Manufacturers (Siam) president Shailesh Chandra said that supply chains need to become "agile and diversified" so that they are capable of withstanding disruptions.

This means actively working on creating alternative supply chains by partnering resource-rich countries, he added. On rare earths, Chandra said that somehow the industry has managed to weather the crisis.

Discussions are now underway to bring the entire rare-earth magnet ecosystem to India.

Chandra, who is also the managing director (MD), Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said that the government needs to support advanced technologies in the automotive sector to reduce dependencies on imports.

India needs to not only develop downstream capabilities but also upstream capabilities.

Siam has also identified 50 critical components and said the components industry here should start manufacturing these locally to make India self-reliant.

Govt to incentivise local production of rare-earth magnets

The government is working on fiscal incentives in order to encourage domestic production of rare-earth magnets, Union Minister H D Kumaraswamy said on Friday. He said that a scheme is in the works to provide 'targeted support' to the industry for capital as well as operational expenditure. This would help bridge cost gaps and also offer relief from high tariffs on some key equipment. In the face of rising global supply chain volatility, India needs to ensure continuity of supply. He added, "The ministry is actively addressing vulnerabilities in critical raw materials. It has recognised that rare earth magnets are central to EV motors, currently dominated by Chinese supply. We are preparing fiscal incentives to encourage domestic production."

BS REPORTER

Business Line, 15 September 2025

Centre may impose iron ore export duty from October 2

STERN WARNING. Govt is pushing for production to improve and prices to be halved

Abhishek Law
New Delhi

India is weighing the imposition of export duty on iron ore as early as October 2. The move comes after the government's stern warning to industry that if domestic production fails to rise and prices are not halved, then a duty will be imposed, which could extend to a blanket ban on exports, according to people familiar with developments of a high-level review meeting.

businessline reviewed the minutes of the meeting and spoke with multiple participants from ministries, industry bodies and steelmakers.

An export duty is already being considered on low-grade iron ore (with Fe content of 58 per cent or less) in a 10-20 per cent range, which has put some industry bodies in a tizzy, sources said.

Industry bodies, including FIMI and GMOEA, have appealed to Commerce Minister Piyush Goyal and the Principal Secretary to the Prime Minister against the imposition of any duty. Despite an environmental clearance (EC) capacity of over 200 million tonnes (mt) a year, actual output has been stuck at just half that, raising alarm as India seeks to boost its steel-making capacity.

OUTPUT LAG. Despite environmental clearance for 200 mt annually, output remains low, raising concern over steel expansion

ORE PRODUCTION

Iron ore production in India for FY25 was around 290 mt. About 1.65 tonnes of iron ore are needed to produce one tonne of crude steel. So for FY25, crude steel production was around 153 mt or around 253 mt of the mineral was used. Around 24 mt was exported, leaving an excess stock of around 13-15 mt.

However, exports were close to 30 mt in FY25, lower than FY24 levels.

"If iron ore production is not increased and export-related issues are not addressed, then the export duty on iron ore will be imposed as soon as October 2, 2025," the minutes of the meeting noted, attributing the remark to one of the lawmakers who chaired the session.

Other points raised by the Minister include reducing domestic iron ore prices to half the current levels and increasing steel exports to 50 mt. Apparently, steel makers have cited iron ore prices as being a reason for their offerings being less competitive than Chinese players in global markets.

India's steel exports hovered around 5 mt in FY25, making the country a net importer of the alloy. According to a meeting participant, the Minister told attendees that if conditions were not met, "there might be a ban on exports".

"The clear directions [from the Minister] were to ramp up iron ore production in the coming months," the participant added.

SPEED UP

At the meeting, the Minister urged iron ore miners, including PSUs and the States, to act fast. Odisha came under scrutiny for restrictive policies and inefficient clearances.

State-run miners such as SAIL, NMDC and OMC were told to surrender unworked leases. For instance, NMDC has been unable to raise output, it was mentioned in the meeting. "...advised NMDC to surrender the unused mines so that they can be put back into auctions for new bidders," a draft of the minutes read.

GOVERNMENT POLICY

Business Standard, 8 September 2025

India exploring alternative mkts, says MEA official

ABHIJIT LELE
Mumbai, 7 August

India is exploring new markets for its exports — goods and services — as a diversification strategy amid the US decision to slap additional tariffs on Indian exports, said Dammu Ravi, secretary (economic relations) at the Ministry of External Affairs.

Ravi called US decision to levy high tariff an unilateral step without logic. But said he was confident that the negotiations which are underway will lead mutually beneficial outcomes. Ravi was speaking on the media on sidelines of a conference on India-Brazil Relations in Mumbai.

US President Donald Trump on Wednesday announced the decision to levy an additional 25 per cent tariff on Indian goods sent to USA for importing Russian crude oil. These are duties over and above 25 per cent announced earlier which come into from August 07, 2025. The additional 25 per cent duties would go into force in 21 days.

Ravi said the high tariffs at this point of time doesn't really pull back Indian industry. "We are looking at opportunities, but also new markets. So, if the US becomes difficult to export, then you will automatically look at other opportunities. Both within our own region, in South Asia and Africa, Middle East, Latin America. These are potential areas. I think it's very natural for countries to look for alternatives".

"It is a unilateral decision and I don't think there was any logical reason in the way it was done. US and India are very strong partners, strategic partners. We are having a complementary relationship all this while".

The leaders and the businesses on both sides are looking for opportunities.

Business Line, 13 September 2025

Engineering goods exporters ask RBI for cheap credit for small and micro units

Our Bureau
New Delhi

Engineering goods exporters have sent a follow-up letter to RBI Governor Sanjay Malhotra following Thursday's meeting on ensuring cheap credit flow to the export sector.

The exporters have emphasised that the interest equalisation scheme, which provides subsidised loans, should be reinstated for all or at least for small and micro units given their vulnerability due to stiff US taxes.

"The engineering goods sector is anticipating a significant loss in exports following the reciprocal tariffs (including Section 232 tariffs) and the additional 25 per cent tariffs. The US market accounts for around $20 billion of engineering goods exports, which is about 45 per cent of total exports from the sector annually. The government needs to step in urgently with support," Pankaj Chadha, Chairman, EEPC told *businessline*.

"MSMEs continue to face difficulties when seeking finance from banks and financial institutions, where high collateral requirements persist.

PANKAJ CHADHA,
Chairman, EEPC

Indian exporters of goods (except those exempted such as pharmaceuticals and smartphones) have been hit by 50 per cent tariffs, which includes 25 per cent penalty for the country buying Russian oil and defence goods.

EXPORTERS' PLEA

Exporters noted that discontinuation of the interest equalisation scheme (IES) since December 2024 has led to a substantial increase in financing costs. "EEPC India urges the government to reinstate the IES, particularly for MSME, or at least for the SME manufacturing units in the engineering sector," he said.

EEPC also flagged the challenges faced by MSME exporters regarding collateral-free loans for export financing.

"MSMEs continue to face difficulties when seeking finance from banks and financial institutions, where high collateral requirements persist.

"Additionally, the credit rating system used by banks to determine collateral and interest rates disproportionately affects MSMEs. As a result, MSMEs end up paying higher interest rates besides providing substantial collateral," he said.

RATING RISK

Chadha further pointed out that due to the US exposure of engineering exporters, their credit ratings have been affected.

He said that rating agencies should not consider the US exposure of companies while calculating their credit rating at least for this year.

EEPC also made a case for assistance from the government in form of scrips. "It has been observed that the average difference of duty between India and its competing nations is on an average 30 per cent. While the industry can absorb 15 per cent of the tariff, it will be very helpful if there is support from the government for the remaining 15 per cent either in the form of scrip or by getting exchange conversion at the REER rate of exchange," Chadha said.

Business Line, 13 September 2025

India, EU striving for 'win-win' trade package in uncertain times: Sefcovic

BALANCING ACT. India remains committed to achieving mutually beneficial free trade pact, says Goyal

Amiti Sen
New Delhi

FTA COMMITMENT. Union Minister of Commerce and Industry Piyush Goyal and EU Trade Commissioner Maros Sefcovic during the 65th Annual Session of Automotive Component Manufacturers Association (ACMA), in New Delhi, on Friday PTI

India and the EU may "not agree on many issues" but will reach a good trade agreement hopefully by end of the year, EU Trade Commissioner Maros Sefcovic has said.

Sefcovic, who is in India to promote bilateral economic ties and fast-track the FTA negotiations, said the trade deal was especially important amidst the global trade disruptions.

He, however, did not directly mention the US' unilateral tariff measures despite hinting at it.

"We find ourselves in a challenging world. Geopolitics and global trade are being disrupted. And we need to embrace the possibilities offered by our new reality as much as protecting ourselves from the risks. Which is why we are working on a deal to unlock investment, reduce barriers, expand market access, and enhance supply chains, to the benefit of both sides," Sefcovic said at an event hosted by Automotive Components Manufactures Association of India on Friday.

TARIFF IMPACT

Both India and the EU are at the receiving end of tariffs imposed by US President Donald Trump on trade partners.

The US, which imposed 25 per cent tariffs on India for buying Russian oil on top of 25 per cent reciprocal tariffs, recently suggested to the EU that it too should impose 100 per cent tariffs on India and China for buying Russian oil.

"We are now maximising our efforts to finalise negotiations by the end of the year...We are striving to put in place an economically meaningful, win-win package... Of course we will not agree on everything. But as major democracies, in an increasingly uncertain world, there are a lot of areas where we can work together. and I am sure we will reach very good agreement," Sefcovic said.

India and the EU agreed to resume negotiations for an FTA in May 2021, after a gap of nine years. Talks had stalled due to differences over issues such as EU's demand for market access in agriculture products, automobiles, financial services as well as India's push for greater work force mobility.

Commerce & Industry Minister Piyush Goyal, who also attended the auto sector event, said India remained committed to achieving a balanced and mutually beneficial FTA, opening new avenues for businesses and maximising opportunities for the shared growth of India and the EU.

"A balanced and mutually beneficial FTA will unlock new opportunities for people & businesses on both sides," Goyal posted on X.

TWO-WAY TRADE

Addressing the auto industry, the EU official said that his goal was to ensure that the FTA facilitates two-way trade flows with tariff liberalisation for all components, from engines to brakes. "This would be a win-win scenario for our industries and would in particular facilitate the introduction of advanced new technologies into India," he said.

In 2024 the EU was India's largest trading partner, ahead of the US and China, Sefcovic pointed out.

"More than 6,000 European companies operate in India, while overall bilateral trade in goods hit €140 billion in 2023.

"And while trade between our economies has grown by around 90 per cent in the past decade, there is still a lot of room for further growth," he said.

Earlier this week, Goyal said that 60-65 per cent of the chapters of the trade agreement had already been finalised.