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Key Press Reports on Industry and Govt. Policies
(2nd Fortnight August 2025)

Business Line, 2 August 2025

Renault Group completes acquisition of 51% stake in Chennai plant from Nissan

S Ronendra Singh
New Delhi

French car-maker Renault Group on Friday said it has completed the acquisition of 51 per cent stake in the Chennai plant — Renault Nissan Automotive India Private Ltd (RNAIPL) — previously held by Nissan as a step in its international development.

Renault Group now fully owns its Chennai plant, and this strategic move strengthens the Group's ambition to make India a key pillar of its international growth, the company said.

The company also relies on a leading engineering centre based in India, jointly owned with Nissan, which plays an active role in developing and adapting vehicles to meet the needs of both local and international markets, it said.

KEY MARKET

"India is a key market for Renault Group. Over the past 14 years, we have successfully established the Renault brand thanks to our dedicated teams and partners, reaching peak sales of over 1,00,000 vehicles sold per year. India also plays a vital role in our global R&D footprint. With full ownership of our plant in Chennai, we now have all the means to accelerate in India," François Provost, Chief Executive Officer, Renault Group, said.

BROADER MOMENTUM

This move is part of a broader momentum, highlighted by the opening of Renault Group's largest design centre outside France, announced in April, and the launch of the New Renault Triber — the first model in an ambitious product offensive that will include four new vehicles, he said.

The company aims to strengthen its sales in the Indian market and expand its exports from this major industrial hub. To support this transformation, Stéphane Deblaise will take over as CEO of Renault Group in India, effective September 1, 2025.

"Stéphane Deblaise, with his strong international experience and deep knowledge across our entire value chain, is ideally positioned to design and implement our strategy in the region," Provost added.

In March, both Renault and Nissan announced that they have entered into a share purchase agreement in which Renault Group will own 100 per cent of RNAIPL by acquiring the 51 per cent shareholding held by Nissan. They, however, did not disclose the financial details of the transaction.

All future actions of RNAIPL, including the fate of its employees, will be decided by the new management, they had said. "Today, the transaction of shares in RNAIPL between Nissan and the Renault Group has been completed, and the Renault Group now owns 100 per cent of the shares in RNAIPL. Nissan and the Renault Group will continue their current projects, and RNAIPL will continue to produce Nissan vehicles.

GROWTH HUB

India remains a strategic growth hub for Nissan with new model launches, export potential and a strong engineering presence," a spokesperson at Nissan Motor India, said.

The Economic Times, 5 August 2025

Bosch Acquires 74.2% Holding in Johnson Controls-Hitachi India

LOG IN Part of Bosch's global takeover of Johnson Controls' residential, light commercial AC business

Writankar Mukherjee

Kolkata: Robert Bosch Gmbh is set to get a bigger foothold in India's home appliances market, with the German giant taking control of AC maker Johnson Controls-Hitachi Air Conditioning India (JCHAI).

Bosch bought a 74.2% stake from JCHAI's parent entities Johnson Controls-Hitachi Air Conditioning Holding (UK) and JCHAC India HoldCo Ltd effective July 31, according to a stock exchange filing by JCHAI on Monday.

Bosch said it will soon announce details of the mandatory open offer for the balance 25.75% shares held by minority shareholders of JCHAI.

Financial details of the deal were not disclosed.

The acquisition is part of a global deal wherein Bosch announced a takeover of the AC solutions business for residential and light commercial buildings from Johnson Controls about a year ago.

As part of the deal, Bosch decided to wholly acquire the Johnson Controls-Hitachi Air Conditioning joint venture in India, including Hitachi's 40% stake. The size of the global deal is $8 billion—the biggest-ever in Bosch's history.

Bosch currently has a home appliances business in India, selling refrigerators, dishwashers, washing machines, kitchen appliances and vacuum cleaners, positioned in the premium segment and competing with LG and Samsung, among others.

The addition of the AC business of JCHAI will make Bosch a full spectrum appliance manufacturer in India, attaining distribution and manufacturing scale.

Last year, the company said it will globally integrate the acquired AC business, though industry executives said later that in India, the decision will be taken after completion of the open offer since JCHAI is a listed entity.

JCHAI clocked ₹2,756 crore in sales in FY25 and ₹58 crore in net profit. While revenue surged 44% from the year before, the company also turned profitable since in FY24, it had incurred a net loss of ₹75 crore.

Industry executives said JCHAI also improved its market share which had earlier fallen to a single-digit low. In air-conditioning, the company competes with Tata-owned Voltas, LG, Havells, Daikin and Blue Star.

JCHAI manufactures a wide range of cooling products spanning room, commercial, and ductable ACs under the Hitachi Cooling and Heating brand name.

In the June quarter, JCHAI's sales fell by 14% year-on-year to ₹852 crore. The performance however came ahead of a more than 40% decline in industry sales in 1QFY26 due to early onset of monsoons this year, and erratic rainfall.

JCHAI said in its latest annual report that demand for light commercial air conditioners is growing thanks to increasing government spending in healthcare, educational institutes, metro and railway networks, besides private sector investments into hospitals, commercial and residential real estate, hospitality and data centres.

Cool Deal

JCHAI is now majority-owned by Bosch

Bosch will make an open offer for the remaining **25.75%**

Bosch already sells premium home appliances in India

JCHAI made ₹2,756 crore revenue in FY25

Competes with Voltas, LG, Havells, Daikin, and Blue Star

AJAY M

ET Insight

AC sales growth fell to a decade low this summer due to unseasonal rains

The Economic Times, 21 August 2025

TaMo Re-enters South Africa's PV Market after 6 Yrs

IANS

New Delhi: Indian automobile manufacturer Tata Motors on Wednesday announced that it has re-entered South Africa's passenger vehicle market after six years, launching three SUVs and an entry-level compact hatchback.

Tata launched models including Punch (compact SUV), Curvv (coupe-inspired SUV), Tiago (hatchback), and Harrier (premium SUV) in the South African market. All models are traditional combustion engine-based vehicles and will be available for sale starting in September.

Co to operate through 40 dealerships, expansion plans by 2026, Motus Holdings named exclusive distributor

"Our return to South Africa marks a significant milestone in Tata Motors' global journey. We are excited to bring our new-generation of vehicles—engineered with cutting-edge technology, uncompromising safety, and modern design —to a market that values safety, quality and innovation. With Motus as our preferred partner, we are confident in delivering a superior ownership experience that resonates with South African consumers and contributes meaningfully to the local economy," Shailesh Chandra, managing director, Tata Motors Passenger Vehicle and Tata Passenger Electric Mobility, said.

The company will operate through 40 dealerships, with plans to expand to 60 by 2026, according to an official statement. Tata's passenger car division has named Motus Holdings as its exclusive distributor in South Africa.

Business Standard, 21 August 2025

Ashok Leyland set to rev up its West Asia growth plans

SHINE JACOB
Chennai, 20 August

Driven by rising share of export market sales, Hinduja Group's Indian flagship company Ashok Leyland is set to expand its footprint in West Asia with a new manufacturing unit in Saudi Arabia.

Chairman Dheeraj Hinduja told *Business Standard* that the company is in the final stages of coming up with a new unit in the region. It would have a product mix of electric buses, light trucks and conventional vehicles. Though the plan is to start as an assembly unit initially, depending on the demand, it may go for localisation, going ahead. He added that 2025-26 is set to be the best year for the company's exports.

This comes at a time when exports witnessed a massive surge of 30 per cent year-on-year (Yo-Y) to 15,255 units in FY25. Of this, around 40 per cent came from the Gulf Cooperation Council (GCC) region, according to company sources.

Adding to this success, export volume increased by 29 per cent during the first quarter of the current financial year, as the entire commercial vehicle industry is seeing flat growth.

"We are in the final stages of exploration of another facility in the Middle East (West Asia). The Middle East numbers have been growing exceptionally well, especially in the United Arab Emirates (UAE) and Saudi Arabia markets. Our inclination is to look at Saudi as the new destination for Ashok Leyland," Hinduja said.

Interestingly, the aggressive move to West Asia comes amid the company's electric vehicle arm Switch Mobility announcing the shutdown of its Sherburn facility in the UK early this year. This will be the company's second unit in West Asia after the Ras Al Khaimah assembly unit for buses and trucks in the UAE that started in 2009.

"Our plant in the region is already close to full capacity. It has the capacity to manufacture more than 6,000 vehicles per year. Hence, we are in the process of establishing a new plant," remarked Balaji K M, chief financial officer of Ashok Leyland.

"People see our buses as an Emirati brand. To begin with, it will start as an assembly unit. Since Saudi is a large market, depending on how it grows, we will take it forward," Hinduja added. "The products will be a mix of electric buses, light trucks, and also conventional vehicles as well. It will be an Ashok Leyland plant, not Switch Mobility's," he said. The lion's share of Ashok Leyland's international sales is coming from the GCC, South Asian Association for Regional Cooperation (Saarc), and Africa.

"Every time we have enhanced the capacity at Ras Al Khaimah, it has never been enough. From an international operations perspective, it will be the best year that Ashok Leyland has seen," Hinduja said.

The decision to shut down production in the Switch UK unit was taken owing to several factors like lower demand and higher production costs, among others.

"We will use our Indian or UAE base to supply to the UK and European markets in the future. We are working on a number of products and have not exited the UK. We will continue to service the market for existing buses that are operating there. From a production perspective, we think India or Ras Al Khaimah will be far more competitive as a location rather than manufacturing in Europe itself," he said.

Eyeing greener pastures

- **1,95,097 units**: Total commercial vehicle sales by Ashok Leyland in FY25
- **29%**: Rise in company's exports reaching 15,255 units
- **23%**: Rise in industry's total exports during the financial year
- **6%**: Share of exports in total turnover
- The company has identified ASEAN geography as the next engine of exports volume growth

The Times of India, 22 August 2025

SUV, sedan prices likely to see sharp cut, with lower 40% GST

But Fear Is GST Council May Come Up With A New Cess

Pankaj Doval & Sidhartha | TNN

SUV BUYERS MAY GAIN MORE

- Small cars and two-wheelers are expected to see the GST burden fall **from 29% to 18%**
- Absolute gain (in value terms) for those buying SUVs may be higher
- GST reduction for all internal combustion engine vehicles (powered by diesel and petrol), including hybrids, will reduce differential with EVs, which attract 5% GST.
- Many see this as a disincentive for EVs
- It is to be seen to which extent the auto industry is willing to pass on the gains, considering anti-profiteering clause does not come into play

New Delhi: It isn't just small cars and two-wheelers, large sedans and SUVs too are likely to see a sharp reduction in prices as goods and services tax (GST) is expected to come down from the current, up to 50%, to proposed 40%, the slab for luxury and sin goods.

But, there is also the fear that the GST Council may come up with a new cess on higher-end vehicles. At a ministerial panel meeting on rate rationalisation on Thursday, some states demanded a cess on top of the 40% tax. Currently, SUVs and sedans over four metres in length and engine capacity above a certain level attract 28% GST and 22% cess.

A final decision on rates will be taken by the GST Council, led by Union finance minister Nirmala Sitharaman next month, amid indications that the Centre is keen on a flat 40% levy on a handful of sin and luxury goods without any cess.

Govt sources had said that cess will be removed as it was to be levied for five years to "compensate" states for "revenue loss" due to GST implementation, but was extended by another three years to cover losses due to Covid.

While small cars and two-wheelers are expected to see the burden fall from 29% to 18%, the absolute gain (in value terms) for those buying SUVs may be higher.

The reduction for all internal combustion engine vehicles or those powered by diesel and petrol, including hybrids, will reduce the differential with electric vehicles, which attract 5% GST.

Many see that as a disincentive for EVs, particularly in the more price-sensitive segment of two-wheelers, where the difference in GST will be 13 percentage points compared to 23 percentage points currently. EVs have a higher capital cost but lower operating cost, with purchase price often acting as an entry-level barrier.

A concern among consumers and in govt circles is regarding the auto industry's willingness to pass on the gains, given that the anti-profiteering clause does not come into play.

Although the auto industry is often accused of pocketing the gains, govt sources said there will be pressure on companies to pass on the benefits, especially to boost demand, amid sluggish sales.

Business Standard, 22 August 2025

Auto firms split over GST rejig impact

Many fear buyers may defer purchases of vehicles until the GST Council gives final nod

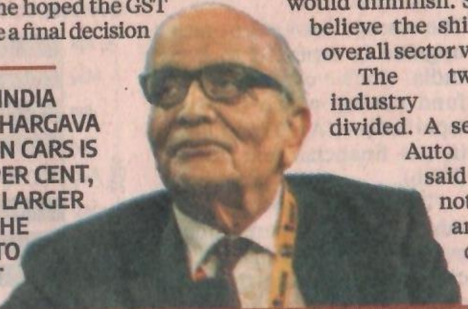
SURAJEET DAS GUPTA
New Delhi, 21 August

With the Group of Ministers clearing a new goods and services tax (GST) regime of 5 and 18 per cent, scrapping the 12 and 28 per cent slabs, automotive companies are split on its immediate impact. Many fear buyers may defer purchases of cars and two-wheelers until the GST Council gives final approval, which could hand them a bonanza.

Maruti Suzuki India Chairman R C Bhargava (*pictured*) said that GST on cars is currently 28 per cent, with a cess on larger cars pushing the total burden to 40–45 per cent. "Now with only two slabs, GST logically comes down to 18 per cent. But it's unclear if the cess will stay for bigger cars. If removed, GST on small and large cars would be the same. At present, discounts are strong, so people are still buying despite the GST buzz. It's too early to say whether sales will really be hit by purchase deferments," he said.

Bhargava said he hoped the GST Council would take a final decision quickly to avoid prolonged uncertainty. For Maruti, a cut from 28 per cent to 18 per cent on small cars could revive demand in a segment that has been shrinking. But experts caution that if the cess on bigger cars goes, the appeal of small cars over larger ones would diminish. Still, many believe the shift will lift overall sector volumes.

MARUTI SUZUKI INDIA CHAIRMAN R C BHARGAVA SAID THAT GST ON CARS IS CURRENTLY 28 PER CENT, WITH A CESS ON LARGER CARS PUSHING THE TOTAL BURDEN TO 40–45 PER CENT



The two-wheeler industry remains divided. A senior Bajaj Auto executive said they have not noticed any sign of customers delaying purchases, despite the Prime Minister's August 15 announcement of lower GST.

A rival executive disagreed: "We are seeing queries about cancellations. Unless a final decision is taken soon, August and September sales could be hit. It's logical for buyers to wait and watch."

Currently, internal combustion engine (ICE) two-wheelers above 350 cc attract 28 per cent GST, while electric vehicles face 5 per cent. With an 18 per cent cap, the hope is ICE two-wheelers too will fall to that rate. Several companies are preparing to push the industry body to urge the government not to delay until Diwali but clear the changes quickly, to avoid a September slowdown.

Business Standard, 23 August 2025

TaMo seeks govt help to ease EV raw material sourcing

Says that battery localisation remains a challenge

DEEPAK PATEL
New Delhi, 22 August

Spreading risks in sourcing raw materials for electric vehicle (EV) manufacturing is "very critical" and the government can play a key role by enabling access to these from multiple locations worldwide, said Vivek Srivatsa, chief commercial officer at Tata Passenger Electric Mobility, on Friday while stressing the need for faster localisation, especially of batteries. He was speaking during a panel discussion at BloombergNEF summit.

India's EV ecosystem remains heavily reliant on China for critical components — particularly lithium-ion cells for batteries and rare-earth minerals used in traction motors.

In April this year, China imposed export restrictions on rare-earth magnets, creating supply bottlenecks for EV makers. Since these magnets are vital for traction motor's performance, the neighbouring country's indirect ban triggered warnings of production slowdowns across the EV sector in India.

Asked about his opinion on localisation of batteries, Srivatsa replied: "I think it is a bridge we have to cross sooner or later, considering that the government has firmly embraced electric mobility, and they want to further it. The logical next step is to really push localisation."

"...the traditional internal combustion engine (ICE) category cars and their components took a longer time to achieve a very high level of localisation. We are still talking about 90-95 per cent of localisation in the best case scenario (for ICE cars). It took years. For EVs, the speed of localisation has to be much faster," he added.

He stated that it is helpful that an EV has fewer components than an equivalent ICE car but the challenge is that a "battery is a tough one to localise". Tata Motors (TaMo) is one of the key electric car makers in the country.

Srivatsa stated: "I think spreading our risks in terms of where we source our core materials from is very critical. That is where the government can really help us, allowing us to access several fundamental components from various locations around the world."

However, there has to be strong support from the government to help localise the other components — whether in terms of "bureaucracy" or "incentivisation" — further to the production-linked incentive (PLI) scheme that is already present.

"It is imperative that localisation has to be done fast. It has to be very well orchestrated between the industry and the government to accelerate and reach a high level as soon as possible," he noted.

"There are two benefits. It is a geopolitical issue, so our dependence (on other countries) comes down. The other benefit of localisation is cost control and cost savings. So, it is a bridge we have to cross very fast," he stated.

In June this year, Tata Motors sold 4,708 electric cars in India, recording a growth of just 2.48 per cent year-on-year (Y-o-Y), according to data released by the Federation of Automobile Dealers Associations (Fada).

JSW MG Motor sold 3,972 electric cars in India in the same month, recording a growth of 168.38 per cent Y-o-Y, according to Fada data. Chinese auto major SAIC Motor holds 49 per cent stake in JSW MG Motor.

Plugging the gap

- According to TaMo, pushing localisation is the next logical step for the govt, having embraced electric mobility
- EVs have the advantage of having fewer components than equivalent ICE cars
- TaMo cites geopolitical and cost factors in favour of localisation
- Govt needs to move beyond the PLI scheme, and incentivise the localisation drive, it suggested

The Times of India, 23 August 2025

Festive retail sales get hit, buyers await GST, price cut

Season Opening Turning Out To Be A Muted Affair: Cos

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New Delhi: The news of a reduction in goods and services tax (GST), while cheering consumers and companies, has also led to a peculiar problem for retailers—both offline (on ground) and online.

Companies say that festive demand, that usually begins from Ganesh festival in Maharashtra and Onam in the south, is turning out to be a muted affair as buyers wait for the GST rates to actually come down, which eventually will see fall in retail prices.

"We are worried as the festive opening is normally a bumper period, running up to Dussehra and Diwali. But the news of a GST rate cut and impending reduction in retail prices is keeping buyers out of the market till the time a decision finally happens on the ground," car and consumer goods companies and retailers told **TOI**.

The situation is the same for white goods retailers, such as TVs, air-conditioners, and dishwashers. "We are already getting numerous queries from buyers about price cuts and when they will actually happen. Buyers say they will now wait for the price reduction before taking deliveries," CEO of one of the top consumer goods companies said.

The exercise to rationalise GST rates is likely to see the govt bring down the taxes on certain categories of consumer goods and autos. For example, small cars and two-wheelers are likely to see GST rates come down from 28% to 18% slab.

For ACs, TVs (larger than 32 inches) and dishwashers, it's a similar reduction in GST that is being anticipated.

Companies are in a dilemma now, as price cuts will only happen when GST Council approves the cuts and announces final tax slabs. Consumers, however, have decided to wait rather than purchase, with many even cancelling car bookings.

Saharsh Damani, CEO of Federation of Automotive Dealers Association (Fada), said they have already taken up the matter with commerce minister Piyush Goyal and heavy industries minister HD Kumaraswany. "We are already seeing pressure in Kerala and Maharashtra when it comes to sales conversions. Dealers are carrying high inventory due to the expected festive rush and if the stock is not liquidated within 60 days, banks will charge higher interest rates (on inventory finance) while slapping penalties. We are seeking help from banks, car and two-wheeler companies and govt. We have been assured of help by both the ministers." Brands such as LG, Samsung and Sony are also witnessing a slowdown in sales of their TVs.

Worrying Time For Cos

"We are getting queries from buyers about price cuts and when they will actually happen. Buyers say they will now wait for price reduction before taking deliveries,"
—says CEO of a top consumer goods company

- Consumers have decided to wait rather than purchase, with many even cancelling car bookings, say companies
- Brands such as LG, Samsung and Sony are witnessing a slowdown in TV sales
- Dealers are carrying high inventory due to expected festive rush and if stock is not liquidated within 60 days, banks will charge higher interest rates (on inventory finance) and slap penalties, says Federation of Automotive Dealers Association

GST Council to meet on Sept 3 and 4

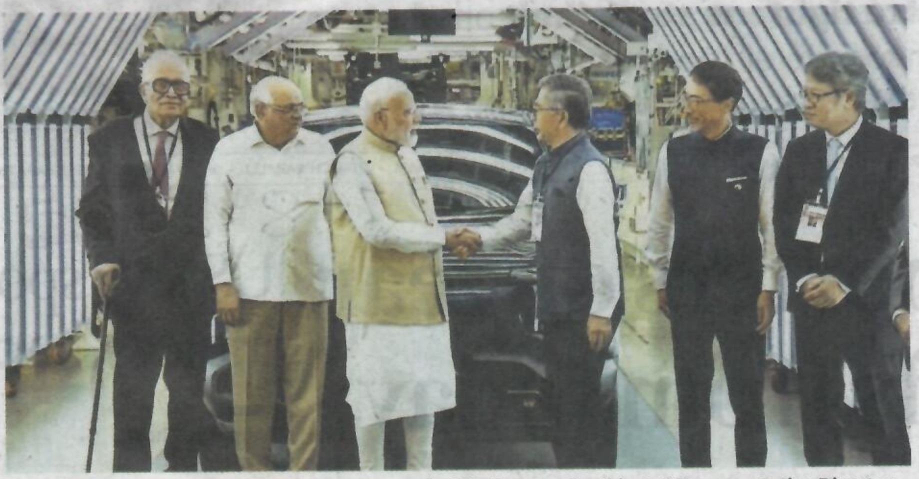
New Delhi: GST Council will meet on Sept 3 and 4 to discuss rate rationalisation, including a switch to a two-slab structure along with one more for luxury and sin goods. The two-day meeting here, will be preceded by a meeting of officers on Sept 2, an office memorandum issued by the GST Council Secretariat said. TNN

Business Line, 27 August 2025

Suzuki to invest ₹70,000 cr in India over next 6 years

EV PUSH. PM hails firm as Make in India brand ambassador; flags off first e-Vitara model

Avinash Nair
Hansalpur, Gujarat



CHARTING FUTURE COURSE. PM Narendra Modi greets President & Representative Director of Suzuki Motor Corp, Toshihiro Suzuki, during the flagging off ceremony of e-Vitara from the Hansalpur facility in Gujarat. Also seen are Gujarat CM Bhupendra Patel and other officials PTI

Suzuki Motor Corporation on Tuesday said it will invest ₹70,000 crore in India for the next six years, which will include ₹3,200 crore in setting up a dedicated line for manufacturing EVs at the company's sprawling car manufacturing complex at Hansalpur, located about 90 km from Ahmedabad.

The new dedicated line for EVs, with a capacity of 2.5 lakh cars per annum, will increase the cumulative car production capacity of Suzuki Motor Gujarat Private Ltd (SMG) — a 100 per cent subsidiary of Suzuki Motor Corporation — at Hansalpur to 10 lakh units per annum. This new production line will also make the Gujarat facility a global production hub for the e-Vitara model. Prime Minister Narendra Modi on Tuesday flagged off the newly produced Battery Electric Vehicle (BEV) from the Suzuki facility, which currently produces Baleno, Fronx and Swift cars on three existing production lines.

"This Gujarat facility, serving customers across India and global markets will shortly become one of the world's largest automobile manufacturing hubs, with a planned capacity of one million units. Further, we chose this facility to manufacture the e-Vitara, our first BEV and make it a global production hub for this model. We will export this "Made-in-India BEV" to over 100 countries, including Japan and Europe," said Toshihiro Suzuki, Representative Director & President, Suzuki Motor Corporation, while speaking at an event held at the company's facility at Hansalpur.

E-VITARA EXPORTS

The e-Vitara, flagged off by PM Modi, was manufactured on the third production line at the plant, officials said. "We have so far invested ₹21,000 crore in our car plant (at Hansalpur) and we are planning to invest an additional ₹3,200 crore in setting up the fourth line," Rahul Bharti, Senior Executive Officer, Maruti Suzuki, later told mediapersons.

The first production line at the manufacturing facility was inaugurated in 2017, while the second and third lines were inaugurated in 2019 and 2021, respectively.

"We have a business plan to export to more than 100 countries. We will provide as per the demand in these countries. The new line — the fourth line of the plant — has a capacity to manufacture 2.5 lakh cars annually," he said, adding that the e-Vitara will be launched in the Indian market during the current financial year.

Maruti Suzuki began exporting vehicles from India in 1986.

The first large consignment of 500 cars was shipped to Hungary in September 1987.

EXPORT MILESTONE

The company reached the one millionth milestone in vehicle exports in FY13, followed by the next million in less than 9 years, in FY21. Company officials stated that investments worth ₹35,000 crore have flowed into the region in Gujarat through Suzuki Motors' car production ecosystem. This includes 100 component manufacturers.

PLANT EXPANSION

A second project featured at the event on Tuesday was the ₹4,200 crore Lithium-ion battery and cell manufacturing project, TDSG, located in proximity to the Maruti Suzuki plant.

Talking about the joint-venture project, Toshihiro Suzuki said during the event, "Our second major milestone is the start of production of India's first Lithium-ion battery and cell with electrode-level localisation, used in our hybrid vehicles. These are being manufactured at the Toshiba-Denso-Suzuki plant here. With only raw material and some semi-conductor parts coming from Japan, this is a big salute to *Atmanirbhar Bharat*. We will use a multi-powertrain strategy, including electric, strong hybrid, ethanol flex fuel, and compressed biogas, to achieve carbon neutrality and climate goals. Suzuki will invest over ₹70,000 crore in India, over the next 5 to 6 years."

Speaking at the event, Prime Minister Modi said companies like Maruti Suzuki have become brand ambassadors of Make in India. For the past four consecutive years, Maruti has been Bharat's largest car exporter. From today, EV exports will also begin on the same scale.

ELECTRIC VEHICLES

Business Line, 22 August 2025

TVS Motor enters goods movement segment, launches 'King Kargo HD EV' priced at ₹3.85 lakh

S Ronendra Singh
New Delhi

TVS Motor Company has entered the electric three-wheeler cargo vehicles market and plans to double its production of by this year-end to 1,000 units per month.

With this launch, the electric three-wheeler cargo, which comes under the L5 category, will also be part of the Prime Minister's Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) scheme, thereby resulting in customers enjoying ₹25,000 per vehicle off the on-road price.

"It will be applicable (under the scheme) with a cap of ₹25,000. The scheme is applicable till March 2026...we took time to understand customers better. The market will automatically adapt to this category," Rajat Gupta, Head - Commercial Mobility Business, TVS Motor Company, told *businessline* on the sidelines of the launch here.

E3W DEMAND

The company launched TVS King Kargo HD EV priced at ₹3.85 lakh (ex-showroom) and has a range of 156 km on full charge.

Gupta said that electric three-wheelers (e3W) are witnessing robust acceptance and the segment is likely to account for 60 per cent of the overall three-wheeler market by 2030.

The e3W market sold around 20,000 units last year, which is around 31 per cent of the overall 60,000-unit three-wheeler market.

"As far as the cargo segment is concerned, around 1.20 lakh units per annum, with diesel accounting for 50 per cent and EV and CNG accounting for 25 per cent each. This segment is the fastest growing segment with a CAGR of 7-8 per cent. This year, so far it is 12 per cent growth already," he said.

The TVS King Kargo HD EV will be available across key markets including Delhi, NCR (Faridabad, Noida, Gurugram, Ghaziabad), Rajasthan and Bengaluru right now.

The company plans to expand the market in the coming months. TVS Motor will also export the new e3W to SAARC countries, Gupta added.

Business Line, 23 August 2025

Bajaj Auto restarts production of Chetak e-scooters on stable rare minerals supply

Aroosa Ahmed
Mumbai

Bajaj Auto has resumed the production and delivery of electric two-wheelers to dealers across India with the supply of rare earth magnets stabilising.

The Pune-based two- and three-wheeler maker had moderated deliveries due to component constraints, resulting in supply restrictions for Chetak. The company stated that production and shipments recommenced on August 20 after it had secured sufficient supply of rare earth magnets and other key materials to ensure availability during the festival season.

"Demand for Chetak remains robust, supplies have normalised, and deliveries against bookings have commenced. We are scaling up production to meet rising demand while staying true to

our standards of quality," said Eric Vas, President, Urbanite Business Unit, Bajaj Auto.

Bajaj's electric Chetak has the largest market share in the electric two-wheeler segment. In Q1 FY26, over a fifth of the company's domestic revenues came from its Electric Vehicle portfolio, including electric three- and two-wheelers.

The company earlier said that it has moved to light rare-earth magnet and is exploring a component system free of rare-earth magnets. It said it would take six to nine months for the electric two-wheeler supply chain to stabilise. Further, Bajaj Auto stated that sentiments in the two-wheeler market were impacted due to the early arrival of the monsoon.

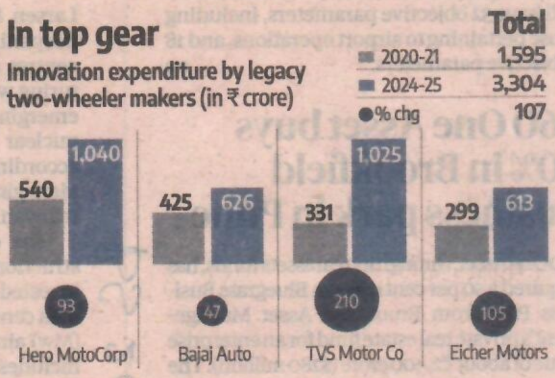
"The advanced monsoon dampened the consumer demand in June, as we do not expect heavy rainfall in the month. This is why the industry growth was flattish. However, it will pick up during the festival season and, overall, there will be a growth of up to 6 per cent," said Rakesh Sharma, Executive Director, Bajaj Auto.

DEMAND CONSISTENT

The company said the demand from mid-towns and rural areas has been consistent. However, demand in metro cities continues to be impacted. "Large towns are still reeling from inflation. Rental inflation has reduced the disposable income and dampened demand in large cities," added Sharma.

Business Standard, 26 August 2025

EV spark fires up R&D spending by legacy 2W majors



Source: Capitaline

SHINE JACOB
Chennai, 25 August

Fuelled by the electric vehicle (EV) revolution, a sharper technology focus, and an appetite for global reach, Indian legacy two-wheeler giants — Hero MotoCorp, TVS Motor Company, Eicher Motors, and Bajaj Auto — have thrown open the throttle on research and development (R&D) spending. In five years, their outlays have soared, mirroring the turbulence of a market shaken by newer names like Ola Electric, Ather Energy, and Greaves Electric.

Market leader Hero MotoCorp and TVS Motor, which has been making waves this year with its iQube EV, have both breached the ₹1,000 crore mark in innovation expenditure.

Together, the four companies spent ₹3,304 crore on R&D in 2024-25 — a 107 per cent rise from ₹1,595 crore in 2020-21.

Their innovation now extends well beyond engines and chassis, stretching into improving customer experience through digitisation and sustainability.

Turn to Page 6 ▶

Business Standard, 26 August 2025

EV spark drives up R&D spend by 2W titans

Chennai-based TVS Motor especially stands out: Between FY21 and FY25, its R&D bill jumped 210 per cent, from ₹331 crore to ₹1,025 crore. "Our focus on R&D drives our ambition and growth. In 2024-25, we invested over ₹1,000 crore in research and innovation. This is the first time we have crossed such a landmark. There are over 2,000 engineers working on many industry-first and segment-first interventions. Our ambitious teams will continue to shape future mobility, delivering intelligent technology at every customer touchpoint," said Ralf Speth in his final speech to shareholders as chairman last Friday. Taking the baton on Monday, Sudarshan Venu, a major advocate of TVS Motor's EV innovations, formally stepped in as chairman and managing director.

For perspective, the company's innovation budget was just ₹99 crore in 2009-10.

TVS is exploring augmented reality (AR) as the next-generation interface for riders. Its latest annual report details conceptual work on AR-enabled head-up displays (HUDs) built into windscreens, capable of throwing up real-time navigation overlays, blind spot alerts, range estimates, and even live charging station availability.

"Our legacy two-wheeler players are churning up new models and innovations regularly. They are making products for not just India, but for international markets too. As the future is in EVs, a major part of their expense is in developing new technologies and models in this space," said Anurag Singh, advisor, Primus Partners.

Hero MotoCorp, meanwhile, revved up its R&D expenditure by 93 per cent to ₹1,040 crore during the period under review. The leap looks even starker against its FY10 spend of just ₹30 crore — a 33-fold surge. "Going forward, we are using technology for the development of our products in R&D, and addressing all quality issues at 360 degrees -- whether it's the quality of customer experience, quality of manufacturing, or quality of design. All areas we are strengthening ourselves very well," said Vikram Kasbekar, Hero's chief executive officer, in an address to shareholders earlier this year. It clocked ₹1,036 crore in FY16, and dipped after that before touching record numbers in FY25. In FY25 alone, the company filed more than 170 patents, many powered by AI-driven design optimisation and simulation. Hero is also overhauling product lifecycle management (PLM) to centralise bills of materials, project timelines, and supplier collaboration. Its innovation hubs span the Centre for Innovation and Technology (CIT) in Jaipur to the Hero Tech Centre Germany (HTCG) in Munich.

Bajaj Auto saw its R&D spend climb 47 per cent to ₹626 crore in FY25. The company is investing in its own powertrains, controllers, human-machine interface systems, connectivity, and layered value-added features, with the aim of making them affordable and scalable. It was the only Indian two-wheeler OEM already running a three-digit R&D budget in FY10, at ₹135 crore.

Royal Enfield-maker Eicher Motors is plotting its own bold leap. Ahead of the much-anticipated launch of its first EV — the Royal Enfield Flying Flea C6 in 2026 — it has doubled its R&D budget. The figure was ₹299 crore in FY21; it rose to ₹613 crore in FY25. In contrast, the allocation was ₹11 crore in calendar year 2010.

This R&D surge by legacy titans is unfolding against a backdrop of new-age players flexing their war chests. Ola Electric has set aside ₹1,600 crore for innovation between FY25 and FY27.

The Economic Times, 29 August 2025

Europe Car Sales Gain Most in 15 Months as Buyers Warm to EVs

CHARGE AND VROOM

Registrations up 5.9% in July, with plug-in hybrids making biggest jump of 52%

Bloomberg

Europe's new-car market rose the most in 15 months in July, as consumers shrugged off concerns over the global economy to splash out on fully electric and hybrid models.

Registrations climbed 5.9% last month from a year earlier—the steepest gain since April 2024—to 1.09 million units, the European Automobile Manufacturers' Association said Thursday.

Plug-in hybrids made the biggest jump in July of 52%, as buyers increasingly opt for models that combine electric driving with a backup combustion engine. Sales of fully electric vehicles rose by more than a third, the best result since January.

The data is a boost for the region's beleaguered industry following a sharp drop in June. European automakers continue to face headwinds as US President Donald Trump's tariffs disrupt supply chains and Chinese brands led by BYD Co. gain ground with affordable EVs. In Europe, the electric transition remains uneven, with the next big test coming at the IAA Mobility show in Munich next month, where BMW AG, Volkswagen AG and Mercedes-Benz Group AG will seek to boost their EV credentials.

It comes as the European Union continues to push to get the US to lower tariffs on imports. The bloc will seek to fast-track legislation to remove all tariffs on US industrial goods, Bloomberg News reported this week. That's a key demand from Trump, who has tied the step to a promised reduction in duties on EU cars from the current 27.5% level.

European brands are increasingly pushing toward EVs, but they've also warned that the EU's ban on combustion engines isn't realistic and is weakening an already fragile industry. The European Commission has

somewhat eased the pressure on carmakers by granting them a three-year window to hit stricter carbon dioxide emissions targets that had been due to take effect this year.

While demand for EVs and plug-in hybrids was strong, hybrid-electric models—those without a plug-in charger—continued to capture the largest slice of the European market, accounting for more than a third of new registrations. Robust demand in Germany and Spain lifted the overall numbers, even as declines in France and the UK weighed on the total.

Some countries are trying to jump-start EV demand by bringing back or extending subsidies. This includes the UK, which has reintroduced grants of as much as £3,750 ($5,100) to support EV purchases, three years after the previous government ended subsidies for private buyers. Consumers in the country held off on buying EVs last month as they waited to find out which models would qualify for the incentive.

As for the manufacturers, Tesla Inc. continued to suffer. Sales of the Elon Musk-led brand slumped 40% last month, giving it a market share of just 0.8%. Volkswagen, Ford Motor Co. and BMW had double-digit gains, while BYD's deliveries more than tripled.

TRACTOR

Business Standard, 19 August 2025

Escorts Kubota to set up ₹4,500 crore tractor manufacturing plant on Yamuna Expressway

PRESS TRUST OF INDIA
Noida/Lucknow, 18 August

The Yamuna Expressway Industrial Development Authority (YEIDA) has allotted around 200-acre land to Escorts Kubota Limited for setting up a ₹4,500 crore tractor manufacturing unit.

The company had signed an MoU with the Uttar Pradesh government on August 17, 2024 for the tractor manufacturing facility. It has been allotted land in Sector-10 of YEIDA, an official statement said on Monday.

Under the project, Escorts Kubota will invest ₹4,500 crore and create employment for 4,000 people in a phased manner.

"In the first phase, with an investment of ₹2,000 crore, the company will develop a tractor plant, a commercial equipment plant, and allied facilities. The second phase will be scaled up depending on market demand and the capacity utilisation of the first phase," it said.

Through this plant, Escorts Kubota will not only cater to domestic needs but also serve global markets. Additionally, the company plans to establish shared services for Kubota's global research and development (R&D) operations from India, it added.

Formed in 2019 as a partnership between India's Escorts and Japan's Kubota, the company is launching the project to produce tractors, engines, farm machinery, and construction equipment, positioning India as a global manufacturing hub.

RAW MATERIAL

Business Standard, 19 August 2025

JSW Steel, Posco sign pact for steel plant in India

ISHITA AYAN DUTT
Kolkata, 18 August

JSW Steel and South Korea's Posco have signed a pact to explore setting up a 6 million tonnes per annum (MTPA) integrated steel plant in India, with Odisha among the top locations being considered for the project.

Both the steel makers signed non-binding heads of agreement (HoA) in Mumbai, according to a joint statement issued by the companies on Monday.

Lee Ju-tae, representative director and president, Posco Holdings, and Jayant Acharya, joint managing director and chief executive officer, JSW Steel were present during the signing of the agreement. The HoA outlines the broad framework for the proposed 50:50 joint venture — which was announced in October 2024.

As the next step in the proposed venture, JSW and Posco will carry out a detailed feasibility study to determine the plant's location, investment structure, resource requirements and other critical factors.

Odisha is among the key locations being considered for the project given its natural resource base and logistical advantages.

The agreement

- Steel majors to undertake feasibility study to finalise location, investment terms, resource availability
- Final terms subject to feasibility and approvals
- Odisha being considered as a potential site

"JSW and Posco are looking at various sites which will make sense in terms of proximity to mines, logistics, port etc. Odisha remains one of our potential sites," Acharya said.

This partnership brings together JSW's proven execution capabilities and strong domestic footprint with Posco's technological leadership in steelmaking, he said.

"The proposed venture aligns with India's vision of Atmanirbhar Bharat and will help create a globally competitive manufacturing hub to serve both domestic and export markets," Acharya added.

Lee Ju-tae said in a statement that India was central to the future of global steel demand. "Our collaboration with JSW is based on mutual trust and a shared long-term vision. This initiative represents our commitment to supporting India's industrial growth while creating long-term value for both organisations."

For Posco, setting up upstream capacity in India has been a journey riddled with challenges. Its last attempt to establish a steel plant in India was with the Adani Group in 2022. Previous efforts included plans for a $12 billion greenfield facility in Odisha, MoUs with the Miglani family-controlled Shree Uttam Steel and Power, state-run Steel Authority of India and Rashtriya Ispat Nigam.

Business Line, 22 August 2025

'Aluminium demand to double to 16 mtpa in 10 yrs'

Our Bureau
Mumbai

Hindalco Industries, an Aditya Birla Group company, expects aluminium consumption to double to 16 million tonnes per annum in the next 10 years on strong domestic demand.

The company had initiated its highest-ever capex of ₹18,000 crore last fiscal to tap the growing opportunities. Kumar Mangalam Birla, Chairman, Hindalco Industries, told shareholders at the company's annual general meeting that the momentum across transport, railways, energy and construction is fuelling demand for customised metal solutions. For Hindalco, he said this is the blueprint of nation-building in real time, where aluminium and copper form the backbone of infrastructure, mobility and clean energy.

India's aluminium consumption, already at 5.5 million tonnes in FY25, is poised to double over the next decade, signalling unprecedented growth opportunities ahead. Copper demand is growing at an accelerated pace, powered by urbanisation, digitalisation, clean energy adoption and electric vehicles, he added.

Hindalco is expanding its aluminium smelter at Aditya by 0.18 million tonnes per annum and further expanding to 0.36 million 3.6 lakh tonnes at Mahan. In addition, the company is setting up a greenfield 0.85 million tonne alumina refinery.

Besides, the company's resource security has been further strengthened with the allocation of the 12-million-tonne Meenakshi coal mine.

In copper, a 0.3 million tonne smelter expansion is underway at Dahej which, once completed, will make it the largest copper smelting complex in the world, outside China.

Business Line, 26 August 2025

Steel trade deficit narrows to ₹1,195 cr in July; exports pip imports after 14 months

STEEL BOOM. For April to July period, export of finished steel stood at 1.70 mt up 8% y-o-y, and was valued at ₹13,996 crore

Abhishek Law
New Delhi

India's steel trade gap narrowed sharply, witnessing a 28 per cent contraction in just one month.

The deficit came down from ₹4,240 crore in April-June (Q1FY26) to ₹3,045 crore for April-July (4MFY26), implying a ₹1,195-crore turnaround in July alone, data accessed by *businessline* from the Steel Ministry showed.

The change was driven primarily by a jump in exports in July and continuous decline in imports since April, driven by safeguard and quality control orders.

NET EXPORTER

India was a net exporter of the metal though by 0.03 million tonnes (mt). For April-July, export of finished steel stood at 1.70 mt up 8 per cent y-o-y, and was valued at ₹13,996 crore.

Import of the metal stood at ₹17,041 crore for 1.67 mt, down 40 per cent.

In the year-ago period, 4MFY25, the trade deficit was at ₹11,592 crore. Imports in April-July period were at ₹24,941 crore and exports at ₹13,349 crore.

Steel Secretary, Sandeep Poundrik, in a post on X, earlier this month, said: "India again becomes a net exporter of steel after a gap of 14 months in June 2025, though the gap between exports and imports is small." In June, exports stood at 446,000 tonnes versus imports which were at 440,000 tonnes, while in July, shipments moving out were at 485,000 tonnes as against inbound shipments which stood at 282,000 tonnes.

PRICE MOVEMENT

The Ministry report said steel prices showed a mixed trend in July, both on a y-o-y and a m-o-m basis, in major markets with some seeing an uptick in prices and some witnessing a decline. "Rebar and HRC (hot rolled coils) prices came down in India," it said. In China and the US, prices saw an upward trend while EU showed a mixed trend.

Imports were substantially down. Korea — the largest import market — saw a 23 per cent y-o-y decline to 0.6 mt, while Japan took the highest hit as shipments from the nation slid 69 per cent to 0.23 mt.

Chinese shipments saw a 50 per cent decline y-o-y to 0.4 mt. Vietnam and Russia were other major countries from where shipments of the alloy came in.

Steel Ministry numbers show Europe was among the major export destinations. Belgium, Italy and Spain were the top three buyers. Shipments to Belgium saw a 66 per cent y-o-y increase to 0.32 mt, Spain was up 46 per cent to 0.16 mt while Italy saw a decline of 18 per cent to 0.26 mt.

Nepal and UAE were the other major markets with exports at 0.15 mt, up 29 per cent y-o-y and imports at 94,000 tonnes, down 10 per cent y-o-y for the first four months of this fiscal.

The Economic Times, 28 August 2025

Tata Steel, JSW Steel reported strong earnings while SAIL underperformed

Ferrous Metals See Strong Profit Growth, Non-ferrous Players Lag

Sachin Kumar

ET Intelligence Group: Trend in raw material and product prices shaped the performance of metal companies in the June 2025 quarter. Ferrous producers recorded strong profit growth supported by higher domestic prices and softer coking coal costs. In contrast, non-ferrous players delivered muted results as weaker aluminium and zinc prices lowered realisations and squeezed profitability.

"Steel producers handled sequentially lower volumes comfortably, aided by firm prices and falling coking coal costs," said Yes Securities in a note.

Steelmakers' operating margins before depreciation and amortization (EBITDA margin) benefited from a $10–15 per tonne fall in imported coking coal, easing pressure on costs. Tata Steel and JSW Steel reported strong earnings, while SAIL underperformed as inventory drawdowns hurt margins.

"Steel companies reported aggregate EBITDA of Rs21,000 crore, beating market expectations," noted Emkay Global Financial Services in a report.

Steel producers also gained from policy measures as in April the government had imposed a 12% safeguard duty for 200 days on select flat steel products to curb rising cheap imports. Consequently, finished steel imports dropped nearly 29% year-on-year to 1.4 million metric tonnes in June quarter.

For non-ferrous firms, covering aluminium, zinc, copper, and lead, weaker prices weighed on revenues. Average LME aluminium price slipped 3% year-on-year and 7% sequentially to $2,444 per tonne in the June quarter. Likewise, average alumina prices fell to $359 per tonne, down 16% and 31% by the same yardstick.

"The non-ferrous segment posted a soft quarter, as lower aluminium and zinc prices led to a 15.2% sequential EBITDA fall to Rs20,900 crore in total," said Emkay Global Financial Services.

Emkay added zinc and alumina prices rose in the June quarter, which should support sequentially better September quarter earnings for non-ferrous companies.

For steel, demand is likely to stay weak in the current quarter due to monsoon-linked disruption of construction activity. Still, a price hike in August and expected lower input costs may partly offset weaker demand effects. Domestic steel majors have lifted hot-rolled and cold-rolled coil prices by Rs1,000-2,000 per tonne for August, according to Motilal Oswal Financial Services.

Steel Shines, Base Metals Strain

June'25 quarter performance of metal companies

	Revenue (₹crore)	YoY % Change	Net Profit (₹crore)	YoY % Change
Tata Steel	53,178	-3	2,007	100
JSW Steel	43,147	0.5	2,209	155
SAIL	25,921	8	7,44.6	811
Hindalco	64,232	13	4,004	30
Vedanta	37,434	6	3,185	12

Source: Company data

GOVERNMENT POLICY

Business Standard, 18 August 2025

Siam makes a case for N1 commercial vehicles' inclusion in PM E-DRIVE

DEEPAK PATEL
New Delhi, 17 August

The Society of Indian Automobile Manufacturers (Siam) has urged the Ministry of Heavy Industries (MHI) to bring N1 category commercial vehicles (CVs) — those that weigh less than 3.5 tonnes — under the PM E-DRIVE scheme for electric trucks.

Their inclusion is crucial for reducing carbon emissions, strengthening energy security, improving operational cost efficiency, and supporting small businesses, it said.

Siam had written to the MHI on April 17, 2025, in this regard, *Business Standard* has learnt.

Siam wrote, "We are writing to request for the inclusion of N1 category vehicles under the ambit of the PM E-DRIVE scheme." It stressed that this category "constitutes 60 per cent of the CV industry volume" and plays a critical role in "urban India, including last-mile connectivity".

SIAM SAID THE MOVE IS CRUCIAL FOR REDUCING CARBON EMISSIONS, STRENGTHENING ENERGY SECURITY, AND IMPROVING OPERATIONAL COST EFFICIENCY

The body said most of these vehicles travel 60-120 km daily, with some stretching up to 150-200 km, making them suitable for electrification. "These vehicles are integral to urban logistics and last-mile delivery. Their high daily usage amplifies both the environmental and economic benefits of electrification," Siam stated.

The letter drew attention to the fact that N1 electric vehicles had earlier been supported.

"These categories of vehicles have been part of the Shoonya Campaign by NITI Aayog since its inception. In addition, N1 vehicles were also covered under the FAME-II scheme under the e-4w umbrella. However, as PM E-DRIVE doesn't cover e-4w, this crucial segment doesn't find a mention in the scheme document and operational guidelines," it said.

FAME-II, launched in 2019, was the MHI's flagship EV scheme offering incentives for buses, two-wheelers, three-wheelers and four-wheelers. It also covered N1 category CV under its e-4W umbrella.

This enabled small cargo carriers under 3.5 tonnes to access subsidies, vital for last-mile delivery. The scheme ended in March 2024, a few months before PM E-DRIVE's launch.

Siam, in its April letter, underlined four major factors in support of its request. First, it said, electrifying N1 category CVs would "reduce carbon emissions" given their high daily utilisation and prevalence in cities. Second, it would strengthen "energy security" by cutting dependence on fossil fuels.

Third, Siam highlighted "significant cost advantages" for fleet operators, noting that savings on fuel and maintenance would directly improve economics.

Finally, it said the move would benefit small operators and farmers.

"These savings are crucial for individuals at the bottom of the pyramid, such as farmers, small and medium enterprises (SMEs), and others," the letter said. It added that electrification of N1 would "enable greater environmental impact per vehicle compared to personal-use vehicles." The letter was written by Siam before the MHI issued the regulations under the PM E-DRIVE scheme for e-trucks on July 10.

Siam and MHI did not respond to *Business Standard*'s queries regarding this letter.

The PM E-DRIVE scheme for e-trucks — which has an outlay of ₹500 crore — has also faced criticism for design flaws. The scheme, intended to support 5,643 N2 (3.5–12 tonne) and N3 (above 12 tonne) e-trucks until March 2026, excludes N1 vehicles altogether.

Industry executives say a key hurdle is the scarcity of scrappage certificates, which are mandatory to claim incentives — as of late July, only two were available for N2 trucks and none for N3 on the government's Digielv web portal.

Another barrier is the price cap of ₹1.25 crore on eligible e-trucks, which has the effect of excluding several N2 tippers and N3 long-range models.

More on business-standard.com

Business Standard, 18 August 2025

Govt seeks to revamp entire tax system with GST reform, I-T Bill

ASIT RANJAN MISHRA & MONIKA YADAV
New Delhi, 17 August

In the offing

- Centre doesn't expect any significant political resistance from states
- GoM on rate rationalisation to meet on August 20-21 to review and approve the proposal
- Govt will adhere to its fiscal deficit target of 4.4% of GDP for FY26
- Input tax credit system to be simplified; GST tribunals to be strengthened
- Cement and automobiles likely to move from 28% to 18% GST

■ AC, TV makers upbeat about sales 2 ▸ EDIT: REFORMS FOR GROWTH 9 ▸

The central government's proposal for a structural overhaul of the goods and services tax (GST), along with the Income-Tax Bill recently passed by Parliament, will lead to a complete revamp of both the direct and indirect tax system in the country, said a senior government official.

"This is a complete revamp of the direct and indirect tax system. It will take the GST Council at least two meetings to go through all the item-wise changes in slabs. The inclusion of petrol and diesel under GST has been deferred for the time being in view of the prevailing energy sector uncertainties. It may be taken up in the next round of GST reforms," the official said, requesting anonymity.

The Centre has proposed a two-tier GST with 5 per cent and 18 per cent slabs, along with a 40 per cent slab for a few items in the sin goods category. The removal of the compensation cess will coincide with the rationalised and reduced rates. Further simplification of the input tax credit system will be undertaken as part of this round of GST reform. Capacity building by way of strengthening GST tribunals is also in the works.

If endorsed by all states, the proposal — being examined by the Group of Ministers (GoM) for rate rationalisation headed by Bihar Deputy Chief Minister Samrat Choudhary — will lead to the abolition of the existing 12 per cent and 28 per cent slabs in the GST. Turn to Page 6 ▸

Govt seeks to revamp entire tax system

While inaugurating two major national highway projects worth ₹11,000 crore on Sunday, Prime Minister Narendra Modi said the Centre had circulated the draft of the next-generation GST reforms among states and sought their cooperation to implement the proposal before Diwali. "For us, reform means the expansion of good governance," Modi said, adding that several major reforms would be introduced in the coming days to make both life and business easier. The proposed GST reforms are being perceived within the government as a move to reduce the burden on the common man, and as such the states will also gain from their people benefiting from a duty cut and rationalisation. Government sources were not expecting to encounter any significant political resistance from the states.

The central government reviewed each and every item under GST in the past eight months before finalising its recommendations to the GoM on rate rationalisation. In the meantime, five revenue secretaries changed hands at the finance ministry.

As part of its submission, the finance ministry has proposed to slash GST rates for cement and most automobiles and auto parts from 28 per cent to 18 per cent, which may significantly contribute to the anticipated revenue loss in the short run but boost consumption demand. "We are using the opportunity of the proposed revamp of GST to reduce rates on cement and automobiles, which have been long overdue and considered many times by the GST Council. The GoM on rate rationalisation will meet on August 20-21. We are hoping that the GoM and later the GST Council will endorse this proposal," a second official said.

After the 31st meeting of the GST Council, held in December 2018, then finance minister Arun Jaitley had said GST on cement generated a revenue of around ₹13,000 crore and auto parts around ₹20,000 crore. "So if we bring down these items from 28 per cent to 18 per cent, there will be an impact of ₹33,000 crore. The Council felt that this was too steep at the moment.... That obviously will be our next target as and when the affordability improves," he had said.

When asked whether the government is concerned about the potential revenue loss from this decision, the second official added that there might be a temporary decline in collections for a couple of weeks only, as the plan is to implement the changes at the earliest, latest by the first week of October.

The first official said the central government would adhere to its fiscal deficit target of 4.4 per cent of GDP for FY26, even if revenues fall marginally in this financial year.

Experts said there had been a long-awaited demand to reduce the GST rate on cement. The lower tax on cement will ease construction costs, improve real estate affordability, and provide a catalytic push to the government's housing and infrastructure targets. "In the case of cement, since input tax credit of GST paid on cement is generally not available, the benefit would not only be to end customers but would also be available for industrial, infrastructure and commercial projects," said Abhishek Jain, partner with KPMG.

At present, automobiles such as small petrol cars, sedans, and SUVs attract 28 per cent GST along with a compensation cess of 1-22 per cent, pushing the effective tax burden from 29 per cent on small cars to nearly 50 per cent on SUVs. Under the Centre's proposed rate rejig, the base rate for automobiles is expected to come down to 18 per cent for most cars. However, ultra-luxury cars may still face a higher incidence of indirect taxes. Auto parts that could see a rate cut include gearboxes and transmission components, drive axles, suspension systems, radiators, silencers, clutches and related parts, all of which currently attract 28 per cent GST.

"These parts are widely used across passenger vehicles, two-wheelers, commercial trucks and buses, and the replacement market, meaning the rate cut could lower both manufacturing costs and after-sales repair expenses. This should in turn result in better affordability for consumers if price benefit is passed on," said Krishan Arora, partner and leader, India Investment Advisory with Grant Thornton Bharat LLP.

According to Shivam Mehta, executive partner at Lakshmikumaran & Sridharan Attorneys, noted that although the rate rationalisation is an attempt to benefit the end customers, how far the same will be passed on to the consumer with the anti-profiteering provisions being put to rest will have to be seen.

Business Line, 18 August 2025

'Fresh round of PLI for speciality steel on cards'

Abhishek Law
New Delhi

India is preparing a new set of interventions for its flagship production-linked incentive (PLI) scheme for speciality steel.

The proposed relaxations would see a base year shift to FY25 from FY20, protect private investments in the sector and prioritise brownfield capacity expansion.

Likely to be dubbed as PLI 1.2 or PLI 2.0, the scheme will ease capex norms and widen coverage to include at least 25 more speciality steel and high-end offerings, Union Minister for Steel, HD Kumaraswamy, told *businessline*.

The earlier two rounds of the scheme — PLI 1.0 and the PLI 1.1 (the latter launched in January) have already attracted ₹44,000 crore in committed investments. However, the government is now looking to broaden participation by removing specific rigidities that the industry flagged as barriers, Kumaraswamy said. Industry suggestions for tweaks have been considered to ensure schemes are MSME-friendly, and there is a greater push for self-reliance.

The Steel Ministry expects at least ₹4,000 crore in in-

HD Kumaraswamy, Union Minister of Steel and Heavy Industries

the next five years under the current framework. The exact outlay for the upcoming scheme is still under discussion.

The steel PLI had an allotment of ₹6,500 crore, as per initial announcements, with around ₹2,500 crore already utilised in in the first two rounds.

MAJOR RESET PROPOSED

Now, under the planned PLI 1.2, brownfield capacity expansions will have easier entry, as mandatory fresh capacity additions are relaxed. Producers will no longer need to maintain a strict annual incremental production rate.

Incentive claims will be permitted even if output targets fall short of MoU commitments, primarily considering the cyclical nature of the metal markets.

Business Line, 20 August 2025

China assures India of rare earth, fertilizer supplies

BIG THAW. India Inc relieved; Chinese Foreign Minister hands over SCO summit invite to PM

Amiti Sen
New Delhi

In a major relief for India Inc, China has promised to address its key concerns relating to supply of fertilizers, rare earth minerals and tunnel boring machines, according to government sources.

"Chinese Foreign Minister Wang Yi has assured External Affairs Minister S Jaishankar that China is addressing India's needs of fertilizers, rare earths and tunnel boring machines," a government official told *businessline*.

The important assurances, delivered during a meeting between Wang and Jaishankar on Monday, come at a time when both countries are facing challenges from the US on the trade and tariffs front.

MODI INVITED

Wang met Prime Minister Narendra Modi on Tuesday and handed over an invitation from President Xi Jinping for the SCO Summit in Tianjin, according to an MEA statement.

BOLSTERING TIES. Prime Minister Narendra Modi with Chinese Foreign Minister Wang Yi in New Delhi PTI

India has been lobbying hard with China for easing of restrictions on export of rare earth elements and magnets as its EV manufacturers have been badly hit due to their shortage. Rare earth elements are crucial for magnets that power EV motors.

"India's requests for supplies of rare earth minerals made to China were buried in the huge pile of applications that the Chinese Commerce Ministry had collected after imposing restrictions. Requests for appointments with Chinese government officials made by our auto industry were being ignored. Now, hopefully, things will change," another official said.

China is the largest producer of rare earth elements in the world. On April 4, Beijing imposed restrictions on export of seven rare earth elements and magnets. Apart from EVs, these are also extensively used in the defence, energy and automotive sectors. The restrictions were imposed as a response to increased US tariffs on Chinese products but it hit other countries also, including India.

"India's EV manufacturers, especially those making two-wheelers, were badly hit," the source said. Now, the government and industry hope that early action will be taken by China in clearing applications for supplies to India.

China's assurance on supply of fertilizers is also crucial as India has been facing shortages after Beijing stopped exports earlier this year. India imports a large quantity of speciality fertilizers used for high-value crops like fruits and vegetables from China.

Both countries also agreed to resume flight services at the earliest.

Delhi: No change in position on Taiwan

India on Tuesday focused on critical issues of cross-border terrorism and mega dam construction by the Chinese in the lower reaches of the Brahmaputra. The Indian side also reaffirmed its position on Taiwan, contradicting the Chinese Foreign Ministry's claim, issued from Beijing, that India had acknowledged that "Taiwan is part of China". p12

Business Line, 23 August 2025

I-T Bill gets Presidential assent, new Act to be effective from April 1

Shishir Sinha
New Delhi

President Droupadi Murmu has given her assent to the new Income Tax Bill, Finance Ministry announced on Friday.

"The Income-Tax Act, 2025 has received the President's assent on August 21. A landmark reform replacing the 1961 Act, it ushers in a simpler, transparent & compliance-friendly direct tax regime," a social media post by the Ministry said. The Income Tax Act, 2025, will come into effect from the next financial year, beginning April 1, 2026.

Earlier this month, the Bill was approved by the Lok Sabha without any debate, while Rajya Sabha returned the Bill after a brief discussion followed by a reply by Finance Minister Nirmala Sitharaman.

Based on recommendations by the the Select Committee, the new Act prescribes the deduction under 80M of I-T Act, 1961 also available to companies who have opted for the new regime. The deductions for commuted pension and gratuity for family members are provided. The provisions of MAT (Minimum Alternate Tax) and AMT (Alternate Minimum Tax) are separated as two sub-sections. The provisions of AMT are applicable only to those non-corporates who have claimed deductions. LLPs who have only capital gains income are not liable for AMT if there is no claim for deduction.

President Droupadi Murmu

Flexibility has been provided for allowing refund claims in cases where the return is not filed in due time. The provisions related to carry forward and set off of losses have been re-drafted for better presentation but with the same intent.

Provisions relating to taxation of anonymous donation have been aligned with the existing provisions of the Income-Tax Act, 1961 and exemption has been made available to mixed object registered non-profits organisation also.

Business Standard, 26 August 2025

India-UK FTA to boost aluminium exports

SAKET KUMAR
New Delhi, 25 August

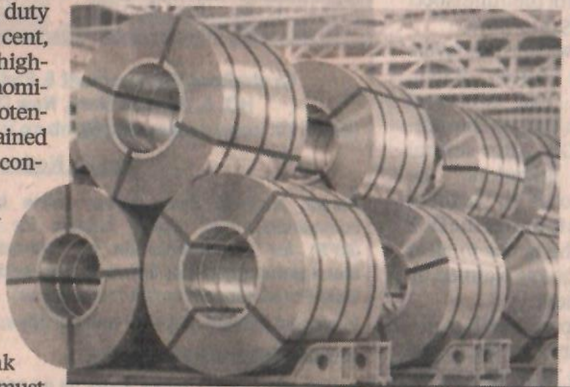
The recently signed India-United Kingdom (UK) free-trade agreement (FTA) could treble Indian aluminium export to the other signatory nation by 2030, even as the UK's Carbon Border Adjustment Mechanism (CBAM), effective January 2027, threatens to nullify these gains, according to experts and industry leaders.

India's aluminium sector is poised for a boost under the FTA, which eliminates the UK's import duties previously ranging from 2 per cent to 10 per cent. "With the FTA now in place, the aluminium industry aims to treble its export to the UK by 2030 from the current 21 kilotonnes per annum (KTPA), worth $93 million, to approximately 65 KTPA, valued at around $220 million," said Rajiv Kumar, chief executive officer, Vedanta Aluminium.

However, the CBAM could nullify these gains. "It could impose a carbon-related duty burden exceeding 50 per cent, making export from high-emission producers economically unviable. It has the potential to offset the benefits gained through the FTA's tariff concessions," he said.

Analysts say the CBAM could impose tariffs of 14-35 per cent, translating into roughly $150 per ton of carbon dioxide. "The FTA failed to get a carbon-tax exemption, so I think that is one challenge that must be addressed," said Rajib Maitra, partner, Deloitte.

Kumar also said duty-free access under the FTA made aluminium products more attractive in some sectors. "Given the UK's portfolio of diverse aluminium consumption, Indian producers are well positioned to tap into several high-potential segments such as construction, automotive components, food-and-beverage packaging, and renewable-energy infrastructure, particularly power transmission," he said.



The trade data shows India primarily imports scrap aluminium from the UK. In 2024-25, India imported aluminium worth ₹3,244 crore, of which 86 per cent comprised the value of scrap aluminium, while it exported aluminium worth ₹794 crore, comprising mostly value-added products.

The FTA also opens up avenues for research & development collaboration, particularly in utilising aluminium byproducts. "Red mud, a byproduct of alumina processing, contains critical minerals such as gallium, titanium, and vanadium. India produces about 9 million tonnes of red mud annually. Aluminium dross also offers potential for recycling and extraction of critical minerals," said Maitra.

Experts say policy intervention is crucial in ensuring the FTA's benefits are realised. "Aluminium could be granted core-sector status, a domestic carbon pricing and trading mechanism could be implemented to align with CBAM compliance, and financial incentives, along with technology upgrade, could be extended to micro, medium, and small enterprises in downstream aluminium," Maitra said.

He said the framework for certifying green aluminium, similar to standards on green steel, should be developed to define, promote, and certify low-carbon aluminium production, complemented by export-incentive schemes to boost India's competitiveness in global markets.

The Times of India, 28 August 2025

Govt to demand concessions on carbon tax in EU trade deal

Plan In Line With US Deal | Talks To Narrow Gaps For FTA

TIMES NEWS NETWORK

New Delhi: Govt is going to push for bridging the gaps on several contentious issues in trade talks with the European Union next month, while also demanding that the trading bloc offer concessions on carbon tax on the lines of the deal with the US, an official said Wednesday.

"We are in the last mile, quite a few things are narrowing down. There are a handful of major issues and we are trying to narrow the gaps and then leave it to the leaders to take a political call," the official said ahead of the next round of talks scheduled for Sept 8-12. EU commissioner for trade and economic security Maroš Šefcovicis also expected to travel to the Capital after the official level meeting to hold consultations with commerce and industry minister Piyush Goyal.

How Govt Looks To Boost Exports

- Export promotion via incentives, interest subsidy
- Export diversification using FTAs, focus market strategies
- Boost domestic demand through steps like GST cuts
- Help reduce costs through reforms, easier rules

Both sides have set an year-end deadline to finalise the agreement and India is keen that it fills the missing link in Europe, having signed agreements with the UK and the four nation European Free Trade Association, comprising Switzerland, Norway, Iceland and Liechtenstein.

The deals are part of efforts to push for a diversified trade basket that provides Indian exporters access to crucial markets. India already has trade pacts, from Australia to Asean, the UAE and Mercosur countries, and is seeking more deals.

Sources suggested that govt will help exporters diversify, with the focus expanded from 20 countries to 50, while also coming out with export promotion measures to overcome the challenge of US tariffs. Intensive consultations are lined up with exporters in the coming days.

Govt officials said based on the feedback, strategies to offset the impact of the US tariffs, including support from the Centre, will be devised.

Outreach in countries, including the UK, Japan, and South Korea, to push textiles exports are also planned, with similar initiatives planned for other sectors. In case of textiles for instance, 40 potential markets have been identified and in each case a targeted approach is proposed, positioning Indian companies as reliable suppliers of quality, sustainable, and innovative textile products. Official said that export promotion councils (EPCs) will be the mainstay of the diversification strategy.

Business Line, 31 August 2025

No impact on vehicles due to E20 fuel, say oil companies, automakers, ARAI

S Ronendra Singh
New Delhi

Oil marketing companies (OMCs), automakers and the Automotive Research Association of India (ARAI) on Saturday said the negative information about E20 fuel among vehicle users is all misinformation, misunderstanding and hearsay as there is no impact on any vehicle due to ethanol blended fuel.

The Society of Indian Automobile Manufacturers (SIAM), representing the automakers, also said that there will be "no change in warranty" of their vehicles and will completely take ownership if any damage happens to vehicles because of E20 blended fuel.

The Federation of Indian Petroleum Industry (FIPI), representing the oil companies like Indian Oil, Bharat Petroleum and Hindustan Petroleum, also said that India's measured and phased strategy ensure minimal impact on consumers, allowing for adaptation and seamless integration of ethanol blended fuel. "Future decisions beyond E20 (like E27 or E30) will involve a calibrated, phased approach, guided by extensive stakeholders consultations to ensure a smooth transition," said PS Ravi, Advisor, FIPI.

ALLAYING FEARS

"There have been no report of any vehicle breaking down due to usage of E20 fuel. There is no adverse effect on vehicle engines. All OEMs (original equipment manufacturers) will honour warranties even of older vehicles in case there is an issue. Whatever warranty has been promised by an OEM will be delivered and there will be no compromise on that whether the vehicle is E10 or E20," Prashant K Banerjee, Executive Director, SIAM, told reporters.

Vikram Gulati, Executive Vice-President, Toyota Kirloskar Motor, said the concerns on E20 affecting fuel efficiency drastically or impacting adversely vehicle engines "are largely unfounded and not supported by scientific evidence or expert analysis".

However, the three industries bodies added that thousands of passenger vehicles and two-wheelers were part of these studies and they had run more than one lakh km on E20 during these test runs.

GREENER PUSH

"Standardised studies, experimental validations are the way forward. Hearsay will keep on happening, so we have to hold on to what we have established, otherwise we will never be able to go ahead," said Reji Mathai, ARAI Director.

Referring to the environmental benefits, he said ethanol is increasingly being produced from not only sugarcane but also from surplus rice, maize, damaged foodgrains and agricultural residues.