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

AUTOMOTIVE INDUSTRY

Business Line, 19 December 2025

India remains both a growth driver & strategic hub: Nissan AMIEO head

Our Bureau
New Delhi

Japanese automaker Nissan Motor on Thursday said it is looking for expansion in India with the introduction of three models over the next 14-16 months, starting with a launch in January.

For its network, the company is looking at 250 sales outlets by end of FY27 from 155 right now, senior officials informed while unveiling the name of its upcoming seven-seater multi-purpose vehicle (MPV), 'Gravite'.

PIVOTAL ROLE

"India continues to be a strong contributor to AMIEO's performance, and Nissan Motor India plays a pivotal role in our strategy. Over FY25, we have strengthened our business operations, expanded our portfolio, and delivered on every promise made under our 2024 product offensive," Massimiliano Messina, Chairperson, Nissan Africa, Middle East, India, Europe & Oceania (AMIEO), told reporters.

Massimiliano Messina, Chairperson, Africa, Middle East, India, Europe and Oceania, Nissan REUTERS

With new models developed in and for India, and exports to several international markets, India remains both a growth driver and a strategic hub for Nissan Alliance, he added. Apart from Gravite, the company's product roadmap includes a mid-sized SUV Tekton in mid-2026 and a seven-seater SUV in early 2027. Nissan revealed the Tekton in October this year, which will be a premium SUV.

The company sells Magnite through contract manufacturing with Renault in Tamil Nadu, and the sub-four metre SUV is a successful 'Made in India' model now exported to 65 markets across South Asia, West Asia, Africa, and Latin America.

On Gravite, Saurabh Vatsa, Managing Directer, Nissan Motor India, said the all-new vehicle is a testament to the company's renewed focus on the evolving Indian market.

"Deeply rooted in the fabric of the country, it is designed to be the perfect companion for the diverse needs of our customers," he said.

Business Standard, 20 December 2025

2W wholesales may grow 6-9% in FY26: Icra

ANJALI SINGH
Mumbai, 19 December

Domestic two-wheeler wholesale despatches are likely to clock 6-9 per cent year-on-year (Y-o-Y) growth in FY26, on the back of stronger replacement demand, post goods and services tax (GST) cuts, pickup in urban consumption and healthy rural incomes supported by a normal monsoon, according to rating agency Icra.

Wholesale volumes rose sharply by 19 per cent year-on-year (Y-o-Y) to 1.8 million units in November 2025. It was supported by dealer inventory replenishments after sustained showroom footfall during and after the festival season.

Icra stated that the recent GST rate reductions and promotional offers by original equipment manufacturers (OEMs), encouraged dealers to stock up even as retail demand moderated.

In contrast, retail sales declined 3.1 per cent Y-o-Y during the month, reflecting the impact of an early festival season this financial year and a high base after record sales in October.

TWO-WHEELER WHOLESALE VOLUMES ROSE BY A SHARP 19% Y-O-Y TO 1.8 MN UNITS IN NOV

Dealer enquiries, however, remained steady, aided by positive sentiment around GST reductions and demand from the ongoing wedding season.

According to the Federation of Automobile Dealers Association (Fada), the 42-day festival period between Dussehra and Diwali saw two-wheeler retail sales growing by 22 per cent Y-o-Y. This was supported by improved rural sentiment, better liquidity conditions and affordability boost from GST rationalisation.

Dealers described the season as among the best in recent years. They cited strong demand for commuter motorcycles and scooters, alongside rising consumer interest in electric two-wheelers.

Fada said the convergence of festival demand with policy support created a rare demand upcycle for the segment.

According to Fada data, electric two-wheeler retail sales dipped marginally by 2.5 per cent Y-o-Y in November, with volumes falling to 116,982 units from 143,887 units.

Exports continued to be a bright spot, with two-wheeler shipments rising 27.9 per cent Y-o-Y in November.

Cumulative export volumes grew 23.6 per cent during April-November FY26, supported by a low base in the corresponding period last year.

Business Standard, 20 December 2025

Premium bike sales defy GST hike, register 4% growth

ANJALI SINGH
Mumbai, 19 December

Sales of premium motorcycles in India, those with more than 350 cubic capacity (cc) engine capacities, have demonstrated notable resilience, registering 4 per cent year-on-year (Y-o-Y) growth in October-November 2025, despite a sharp hike in the goods and services tax (GST) rate, indicating stable demand in this niche segment.

Effective September 22, 2025, motorcycles exceeding 350 cc attract a 40 per cent GST, a significant jump from the earlier 31 per cent. This hike immediately translated into higher prices for larger and more aspirational models.

However, the segment appears to have largely absorbed the shock.

Sales volumes surged 7.2 per cent Y-o-Y in October 2025 to 19,555 units, before moderating by 1.4 per cent in November to 10,396 units.

Cumulatively, the two-month period saw a respectable 4 per cent increase in volumes, totalling 29,951 units.

The October upswing was primarily fuelled by the 350-500 cc sub-segment, which houses popular models like the Bajaj Dominar, Royal Enfield Guerrilla 450, Kawasaki Eliminator, and Honda Mavrick 440.

The moderation in November was largely attributed to a decline in the 500-800 cc category, which includes models such as the Piaggio Aprilia RS660, Honda CBR 650F, and Kawasaki Ninja 650. Higher-capacity bands (800-1,600 cc) posted incremental gains, albeit on a small base. "Motorcycles above 350 cc account for only about 1 per cent of total motorcycle sales," noted Anurag Singh, advisor, Primus Partners.

"While the higher GST has weighed on November volumes, demand has not seen a sharp drop as buyers in this segment are relatively less price-sensitive."

Singh, however, cautioned that the growing price disparity between 350 cc and 450 cc models is becoming harder to justify without significant product differentiation, potentially affecting bikes in the Bajaj 400cc, Triumph, and Royal Enfield 450cc families.

In stark contrast to the premium segment's tax hike, motorcycles below 350 cc benefited from a lower GST rate of 18 per cent. This segment continued to support overall industry volumes, recording a healthy 5 per cent growth over the two months.

Strong traction was observed in the 150-200 cc category (Hero Xpulse 200, Yamaha MT 15, TVS Apache) and the 250-350 cc category (Royal-Enfield Bullet 350, Honda CB 350), underscoring a sustained consumer preference for higher-powered, yet more affordable motorcycles. Analysts at Icra noted that the broader two-wheeler market experienced a sharp rebound following the 'GST 2.0' changes, with retail sales soaring 22 per cent Y-o-Y during the festive period. This surge was underpinned by festival demand, stable rural consumption, and GST rate reductions in select categories.

"Post GST 2.0, GST rate cuts and the decline in vehicle prices have unlocked deferred demand, notably among first-time buyers and those in Tier-II and Tier-III cities," said Srikumar Krishnamurthy, senior vice president & co-group head, Corporate Ratings, Icra Limited. Icra's channel checks indicate that original equipment manufacturers (OEMs) largely passed on the GST benefits in the sub-350 cc segments, which, combined with promotional schemes, boosted footfalls.

Sales tag

Motorcycle segment performance post GST 2.0

Motorcycle over 350 cc to 1600 cc

	2025	% change
October	19,555	7.20
November	10,396	-1.40
Overall	29,951	4

Motorcycle over 75 cc to 350 cc

	2025	% change
October	13,15,913	-4
November	11,53,353	18
Overall	24,69,266	5

Source: Siam

Business Line, 24 December 2025

Passenger car exports grew 20% in April-Nov on strong demand

T E Raja Simhan
Chennai

Export of passenger cars (up to five seats), including utility vehicles (UVs), reported a 20 per cent growth during April-November 2025 over the same period last year, driven by strong demand. Maruti Suzuki led the pack, and a strong growth was reported by others, according to SIAM data.

The total exports of passenger cars, including UVs, between April and November were 5,99,268 units against 4,98,763 in the same period last year. Of this, export of total passenger carriers was 3,04,095 (2,70,884) and total UVs were 2,88,242 (2,22,350). The maximum increase in exports was seen in the compact segment (five-seater; between 3,600 and 4,000 mm).

Maruti Suzuki led the pack in this segment (mainly Baleno), followed by Hyundai (Aura, Grand i10, i20) and Tata Motors (Altroz, Tiago and Tigor), data show.

However, the mid-size segment (4,250 mm to 4,500 mm) saw a dip in exports. Hyundai (Verna) saw an increase in exports, but other brands, including Volkswagen (Virtus), Nissan (Sunny) and Honda (City), saw a decline.

Racing ahead

Company	April-Nov (in units)		% change	Market share (%) April-Nov	
	2024	2025		2025	2024
Maruti	2,08,411	2,82,749	35.67	47.18	41.79
Hyundai	1,12,416	1,32,142	17.55	22.05	22.54
Nissan	42,216	51,656	22.36	8.62	8.46
Volkswagen	36,464	31,207	-14.42	5.21	7.31
Toyota Kirloskar	16,135	25,182	56.07	4.2	3.24
Total	**4,98,763**	**5,99,268**			

Source: SIAM

The UVC segment — less than 4,000 mm and priced less than ₹20 lakh— saw the maximum volume with 1,79,201 units (1,12,341 units), data said.

MARKET SHARE

In terms of market share, among the top five, Maruti Suzuki increased substantially, while for the rest it was flat.

However, this growth could be hit with Mexico, one of the major markets for Indian cars, imposing tariff hike from January.

Total exports of passenger cars, including UVs, between April and November were 5,99,268 units against 4,98,763 in the year-ago period

Poonam Upadhyay, Director, Crisil Ratings, said India exports passenger vehicle to over 100 countries, even as volumes remain concentrated in a few large markets.

During April-November 2025, passenger vehicle exports rose, driven by strong demand and steady execution in overseas markets, she said.

On the impact of Mexico tariff increase, she said that Mexico was the third-largest export destination for Indian passenger vehicles, after South Africa and Saudi Arabia. "It accounts for around 13 per cent of total exports by volume." While overall passenger vehicle exports grew during April-November 2025, exports to Mexico increased at a relatively lower rate around 15 per cent.

In response, OEMs are likely to focus on other markets in Africa, West Asia and Latin America. They will also need to adjust pricing and allocations to manage the impact and protect margins.

"In FY24-25, India exported 1.94 lakh passenger vehicles worth ₹15,800 crore to Mexico. This single market accounts for nearly one-fourth of India's total car exports," said Saharsh Damani, CEO, FADA, in a social media post.

The Times of India, 24 December 2025

SUVs set to overtake cars in exports

G.Balachandar
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Chennai: As India experiences a utility vehicle (UV) boom, with more buyers—including first-time owners—choosing SUVs, MPVs and MUVs, the shift is increasingly visible in exports as well. The country is moving beyond its long-standing small-car identity to emerge as a manufacturing base for higher-value vehicles such as SUVs, with UV exports set to outpace passenger car volumes. In a key inflection point, utility vehicle exports surpassed passenger car shipments in Nov, a gap that is expected to widen as momentum builds in the coming months.

Cars traditionally dominated India's automobile export basket until a couple of years ago. In FY24, total car exports stood at 4.3 lakh units, while UV exports were significantly lower at 2.3 lakh units.

UV EXPORTS

(in lakh units)	Cars	Utility Veh.
FY26*	3.04	2.88
FY25	3.99	3.62
FY24	4.3	2.35
FY23	4.14	2.47
FY22	3.75	2.01

(*Apr-Nov 2025)

However, Nov marked a turning point, with India-built UVs surpassing shipments of made-in-India cars (across all segments). Total UV exports stood at 42,993 units, compared with passenger car exports of 40,519 units—marking the first-ever instance of exports tilting in favour of utility vehicles.

For the Apr–Nov 2025 period, total car exports stood at 3.04 lakh units, up from 2.71 lakh units in the year-ago period, while UV exports rose sharply to 2.88 lakh units from 2.22 lakh units a year earlier.

Given the current momentum, total UV exports are likely to surpass car exports in the coming months, with FY26 expected to become the first fiscal year to formally witness this shift.

Maruti Suzuki contributes over 47% of all passenger vehicles exported from India, including cars, UVs and vans. Currently, Maruti Suzuki and Hyundai dominate passenger car exports, together accounting for about 81% of total car shipments in the current fiscal. In the UV segment, Maruti Suzuki is well ahead of competitors, with Nissan, Toyota and Hyundai emerging as other key players. In fact, Maruti's total UV export volumes are almost equal to the combined UV exports of all other manufacturers.

A Maruti Suzuki spokesperson said compactness continues to be a defining trait across body styles—whether hatchbacks, sedans or SUVs—as compact vehicles are inherently more fuel-efficient and emit lower levels of CO_2.

While India-built EV exports are also rising, sub-4-metre SUVs accounted for about 62% of total UV exports. Additionally, eight of the top 10 passenger vehicles exported from India are small or compact models measuring under four metres in length, the spokesperson added.

Business Line, 25 December 2025

2W exports remain buoyant in Apr-Nov with 24% growth

T E Raja Simhan
Chennai

Export of two-wheelers from India grew by 24 per cent year-on-year in April-November 2025 due to a strong demand from global markets like Latin America and Africa.

India exported 42,43,330 units as against 33,93,441 units in the same period last year, as per SIAM data.

Motorcycles contributed 87 per cent of the two-wheeler exports while scooters contributed nearly 13 per cent.

SIGNIFICANT SURGE

Export of mopeds was negligible.

While export of motorcycles grew by 27 per cent, scooter exports' growth was about 8 per cent, the data showed.

Among the top five OEMs, Bajaj Auto (models like Boxer, Discover and Pulsar) led the pack with a 35 per cent market share in April to November 2025.

However, this was slightly down from 38 per cent in the same period last year.

TVS Motor (Radeon, Sport), which was in the second position, improved its market share to 27 per cent from 25 per cent.

HeroMoto Corp witnessed a strong increase in the first eight months of the fiscal year.

The strong demand for the Hunk 125R, Hunk 160R and Eco Series — particularly in Latin America and Hunter Series in Africa — continued to drive international sales volumes.

The company continued to expand its market share in Latin America, Asia and Africa while making inroads into the European markets with Euro5+ compliant models, said the company.

Two-wheeler exports reflected improved traction across global markets.

Two-wheeler exports surge

Company	Apr-Nov 2025	Apr-Nov 2024	Growth (%)	Market share Apr-Nov 2025 (%)	Market share Apr-Nov 2024 (%)
Bajaj Auto	11,70,673	10,28,319	13.84	35	38
TVS Motor	9,06,337	6,69,592	35.36	27	25
Hondo Motorcycles	4,20,652	3,53,394	19.03	13	13
Hero MotoCorp	2,32,855	1,56,182	49.09	7	6
Yamaha Motor India	2,25,189	1,80,890	24.49	7	7

Source: SIAM

Business Line, 26 December 2025

Engineering exports cross $11 b in November

Our Bureau
New Delhi

Engineering exports from India crossed the $11 billion mark in November for the first time this fiscal, posting an increase of 23.76 per cent (year-on-year) despite the US tariffs.

The rebound in engineering exports, after a sharp decline in October, was due to growth in exports to markets such as the EU and the US, as well as a low-base effect, per an analysis by exporters' body Engineering Export Promotion Council of India.

Exporters, however, need to remain cautious given the rising volatility in global trade, the report cautioned.

POSITIVE TREND

"Engineering exports crossed the $11-billion mark in November 2025... This is a testament to the relentless effort of the exporting community, which quickly recovered from the 17 per cent year-on-year decline in engineering exports in October 2025," said Pankaj Chadha, Chairman, EEPC India.

Exports to India's top two major destinations, the US and the EU, jumped significantly in November 2025. Shipments to the US increased 11.4 per cent during the month (year-on-year) after witnessing a decline of 9.4 per cent and 14.5 per cent (year-on-year) in September and October 2025, respectively. Exports to the EU also witnessed a 39 per cent increase in November after declining in the previous two months, the study highlighted.

"We sincerely hope that the upcoming FTAs with the EU and the BTA with the US will also be instrumental for us. Overall, both global and domestic trade indicate positive trends, which is good for the exporters; however, they should remain cautious given the rising volatility in global trade," Chadha said.

Country-wise, the US remained the top destination, followed by the UAE and Germany, but exports to the UAE declined year-on-year in November 2025, the analysis noted. Exports to Saudi Arabia also declined.

In April-November 2025, engineering exports were 4.25 per cent higher at $79.74 billion. Share of engineering in total merchandise exports rose to 28.9 per cent in November, while in the April-November, it was 27.3 per cent.

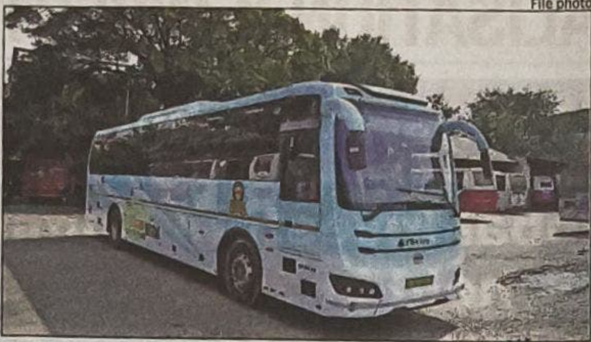
The Times of India, 26 December 2025

MSRTC to focus on 8k diesel buses next year

EV Fleet Promotion Plan Suffers Setback

Joy.Sengupta@timesofindia.com

File photo



MSRTC has received only 600 of 5,150 e-buses so far

Pune: Govt's initiative to promote e-buses is expected to face a setback as the Maharashtra State Road Transport Corporation hopes to expand its fleet with an additional 8,000 diesel buses next year.

Senior officials said the state transport body has received only 600 of 5,150 e-buses so far, and they do not know when these vehicles will join the fleet next year. The MSRTC's plan to convert its diesel buses to CNG is also progressing slowly, with only 1,000 buses converted so far.

"This year, the transport body received 2,475 ordinary diesel buses, and next year 8,000 more such buses will join the fleet. With this, the total fleet strength will significantly improve, resulting in more stops, destinations, and trips. Work is underway," MSRTC's public relations officer Abhijit Bhosle told **TOI**.

In June 2022, the MSRTC had received its first electric bus. At that time, plans to get 5,000 e-buses within two to three years were announced. "At present, MSRTC is not procuring its own e-buses, and a private contractor has been hired. With 600 e-buses currently operational, we do not know how many more e-buses will join the fleet next year," the official said.

MSRTC's has a total of 14,887 buses in its fleet. In Nov 2023, MSRTC awarded the contract to supply and operate 5,150 e-buses to Evey Trans Private Limited over a period of two years, which would run on lease by the transport body. The company, as per the terms, was to supply 1,935 buses by Jan this year, and the rest by June 2026.

As the company failed to meet the terms, state transport minister Pratap Sarnaik announced the cancellation of the contract, only to reverse the decision in May. He stated that the buses were needed, and a revised schedule had been set. Earlier this year, state announced its EV policy to make Maharashtra an EV hub with 30% electric vehicles' penetration.

"Progress on EV front and the conversion of diesel buses into CNG is moving at a snail's pace. The delays in acquiring the e-buses have forced MSRTC to focus on diesel buses, as the fleet size is weak and needs to be between 23,000 to 24,000 without further delays. The transport body will get the e-buses, but a time frame cannot be set at this point," another official said, requesting anonymity.

"Many of the buses are old and in a dilapidated condition. Breakdowns have become common, and the thin fleet has also led to buses not following the schedule. These things need to change, and the focus needs to be on procuring more buses, no matter the make. Commuters cannot be hassled time and again," said Sachin Patil, a businessman who often travels between Pune and Kolhapur.

Business Standard, 29 December 2025

Rolls-Royce plans to make India its 3rd 'home market'

British aero-engine maker Rolls-Royce on Sunday said it is looking at making India its third "home market" outside of the UK in line with a plan to unlock the full potential of opportunities across an array of domains including jet engine, naval propulsion, land systems and advanced engineering.

In an interview to *PTI*, Sashi Mukundan, the executive vice-president of Rolls-Royce India, elaborating on the move, said the company is planning for a "big investment" in the country and listed developing a next-generation aero engine in India as a priority to power the combat jets that New Delhi will produce under the Advanced Medium Combat Aircraft (AMCA) programme.

Besides the UK, Rolls Royce considers the US and Germany as its "home markets" as the company has considerable presence including manufacturing facilities in these two countries.

Mukundan highlighted how Rolls Royce can contribute to address the requirement for electric propulsion capability for boosting the Indian Navy's combat prowess.

He suggested that the development of the jet engine for the AMCA involving Rolls Royce could also help India manufacture engines for naval propulsion as it is among very few engine makers globally to have the capability to "marinize the aero engine".

Mukundan, said Rolls Royce was eyeing to make significant investment to expand its footprint in India, noting that the country has "scale, policy clarity, and a strong push" towards a defence and industrial ecosystem that is expanding rapidly. PTI

Business Standard, 31 December 2025

Auto PLI favours large OEMs, Ather tells PMO

Flags risks of market monopolisation and creation of systemic vulnerability in EV sector

DEEPAK PATEL
New Delhi, 30 December

Ather Energy has told the Prime Minister's Office (PMO) that the current design and implementation of the production-linked incentive (PLI) scheme for the automobile sector has disproportionately benefited large, incumbent automakers and created bottlenecks for startups.

According to Ather, the current scheme also has high eligibility thresholds and rigid requirements.

The electric two-wheeler maker, which is not a beneficiary under the scheme but now wants to participate, sent its representation to the PMO earlier this month via industry group Startup Policy Forum.

Business Standard has reviewed the document.

In its representation, Ather stated: "Trends indicate that incentives under the PLI scheme have largely flowed to big players like Tata Motors, Mahindra & Mahindra, Bajaj Auto, Hyundai, Hero MotoCorp and TVS Motor... Startups and new-age companies, despite their role in indigenous R&D, remain sidelined, dependent on larger firms as Tier-II or III suppliers. This not only risks market monopolisation and weakens domestic value-chain diversity but can also create systemic vulnerability within the electric vehicle (EV) sector."

The PLI framework, Ather said, has the national ambition to boost local manufacturing, reduce import dependence, and solidify India as a global hub for EVs and allied technologies.

"However, the scheme's high eligibility thresholds, rigid requirements, and incentive structures have concentrated benefits among large corporations. Despite the intent to foster innovation, actual PLI benefits have accrued almost exclusively to established players, indicating a pronounced bottleneck for startups and new-age deep-tech companies. It risks undermining the goal of fostering indigenous innovation, diversified supply chains, and a globally competitive EV ecosystem," it added.

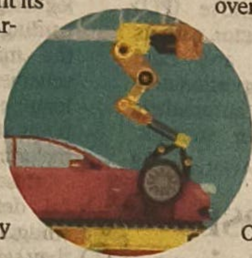
None of the companies, as well as the PMO, responded to queries sent by *Business Standard*.

An industry source, however, claimed Hyundai has not availed any incentives under the PLI scheme so far.

Ather has asked the PMO to introduce a "multi-window" framework under the auto PLI scheme, allowing applications to be opened in multiple rounds instead of being restricted to a single window that closed in March 2021.

It said the auto PLI scheme should follow the model of the Advanced Chemistry Cell (ACC) PLI scheme, where capacity lost due to non-performance is reallocated through fresh bidding. This mechanism does not currently exist under auto PLI.

The PLI scheme for the automobile and auto components sector was approved by the Union Cabinet on September 15, 2021, with a total outlay of ₹25,938 crore to run over five years.



What Ather says

- Urges disqualification of firms failing annual sales targets, freeing incentives for others
- Objects to high revenue and asset thresholds, excluding asset-light EV startups
- Proposes tiered eligibility and innovation-linked incentives beyond pure sales metrics

Under the scheme, 115 companies applied and 82 have been approved — including original equipment makers (OEMs) or vehicle makers as well as auto component makers.

Under the scheme, an OEM must sell at least ₹125 crore worth of eligible vehicles in the first year to qualify for incentives.

They must increase these sales by at least 10 per cent each year to continue receiving them.

"In practice, many entities are unable to consistently maintain the required sales performance year-on-year. This inadvertently creates a situation where such entities retain scheme eligibility despite not meeting annual criteria, thereby limiting efficient use of scarce incentive resources," Ather stated.

Ather asked the PMO to ensure disqualification of entities that fail to meet prescribed annual sales thresholds, which would create opportunities for players with sustained sales.

Ather said that ensuring "stricter adherence" would give more deserving companies — including startups and new-age deep-tech firms — a chance to qualify and contribute to the scheme.

Ather stated: "As of December 2024, only 12 out of 82 approved applicants (less than 15 per cent) met the mandated 50 per cent domestic value addition (DVA) target — including six OEMs and six component makers. Another 12 entities (one OEM and 11 component makers) also failed to meet the initial two-year investment requirement."

Under the scheme, the "DVA target mandates that companies source at least 50 per cent of a product's value from India to qualify for PLI incentives.

More on business-standard.com

Business Line, 31 December 2025

Hyundai enters dedicated taxi segment, starting at ₹6 lakh

Our Bureau
New Delhi

BOOKING OPENS. Customers can book the Hyundai Prime Taxi range by paying a booking amount of ₹5,000 at any Hyundai showroom across India

Hyundai Motor India Ltd (HMIL) on Tuesday said it has entered into the commercial mobility segment with the launch of its dedicated taxi offerings — Prime HB (hatchback) and Prime SD (sedan), with starting prices of ₹5,99,900 for Prime HB and ₹6,89,900 for Prime SD.

Customers can book the Hyundai Prime Taxi range by paying a booking amount of ₹5,000 at any Hyundai showroom across India.

KEY FEATURES

"With the introduction of Prime HB and Prime SD, HMIL is proud to enter the commercial mobility space with products that are engineered for trust, reliability and good earning potential. Fleet operators and taxi drivers look for vehicles that deliver maximum uptime, predictable maintenance and low operating costs, and the Hyundai Prime range has been developed precisely with these priorities in mind," Tarun Garg, Managing Director and Chief Executive Officer designate, HMIL, said. Backed by Hyundai's extensive service network, attractive warranty, maintenance packages, low cost of ownership and flexible finance solutions, Prime HB and Prime SD will enable HMIL's commercial customers to enhance earnings while offering safe and comfortable mobility to passengers, he added.

Business Standard, 17 December 2025

Ford to take $19.5 bn hit due to EV overhaul

KEITH NAUGHTON & GABRIELLE COPPOLA
16 December

Ford Motor will take $19.5 billion in charges tied to a sweeping overhaul of its electric vehicle business after struggling for years to make it profitable.

The majority of the charges will come in the fourth quarter, Ford said Monday in a statement. As part of the strategic shift, the automaker is canceling a planned electric F-Series truck, shifting production toward gas and hybrid vehicles and repurposing an EV battery plant.

Ford will also convert its signature electric F-150 Lightning pickup into an extended-range hybrid vehicle.

The magnitude of asset impairments and writedowns is a testament both to the degree of difficulty Ford has had trying to profitably build and sell EVs, and the extent to which US President Donald Trump's policy changes will only exacerbate those challenges.

In taking the charges, Ford is acknowledging it built far too much battery production capacity and was going down a dead-end with large EVs that were destined to lose more money.

The moves will make Ford's EV operations profitable by 2029, Andrew Frick, head of the unit, told reporters in a briefing. The division lost $5.1 billion last year and the company expects losses could be worse this year.

"It didn't make sense to keep plowing billions into products that we knew would not make money," Jim Farley, Ford's chief executive officer, said in an interview on *Bloomberg TV*. "We had to make this choice."

The automaker boosted its 2025 guidance to $7 billion before interest and taxes, up from a prior estimate of $6 billion to $6.5 billion. Farley attributed the increase to the progress Ford has made in lowering costs and its move "to more profitable vehicles."

Ford shares rose 1 per cent in extended New York trading at 6:18 pm. The stock had risen 38 per cent so far this year.

After many pivots and false starts, Ford now has a plan that pares back its exposure to EVs, while capitalizing on growth in hybrids, said Sam Abuelsamid, vice president for market research at Telemetry, a Detroit-based consultant.

"This is probably the plan that will see them through to the end of the decade, with lots of focus on hybrids and" extended range electric vehicles, Abuelsamid said in an interview. BLOOMBERG

EV writedown: Things to know

What's in it?

$8.5 bn Tied to costs associated with killing several future EVs

$6 bn Writing down from a JV battery operation with South Korea

$5 bn as additional program-related expenses

$5.5 bn To impact cash, which would be incurred next year

EV models scrapped

- Scrapping all of its next-generation electric vehicles
- Tennessee plant to now build gas-powered trucks

Cutting losses

- Reducing its exposure to money-losing EVs

Hybrid in focus

- Ford said hybrid cars will drive growth in coming years
- The company expects its global mix of hybrids, extended-range EVs and pure EVs to reach 50% of vehicle sales by 2030, from 17% today

The Times of India, 24 December 2025

'Foreign EV cos must create jobs'

TIMES NEWS NETWORK

New Delhi: Tata Motors, the country's biggest EV carmaker, on Tuesday said multinational companies looking at India's electric market, including those from China, need to ensure that they not only harness business opportunities in the country but also invest in building capabilities, creating jobs, and building localisation.

Asked whether the Indian car industry is ready to take on Chinese players, who so far have faced challenges in freely investing in the country, Tata Motors passenger vehicles MD & CEO Shailesh Chandra said the govt is taking decisions in the best interests of the country.

"That is something which the govt has to really think about, and it will take into consideration many aspects. They will look at inviting technologies and (new) players, but at the same time, ensure that there's full commitment to building capabilities, investing into local value addition. With that kind of commitment, the govt will take a conscious call."

> ... you have to ensure that it is not only demand in country which is leveraged and acted upon by any player, but... anybody who wants to exploit that demand (needs) to invest in localisation, invest in employment creation
>
> 
>
> **Shailesh Chandra**
> | MD & CEO, TATA MOTORS PASSENGER VEHICLES

He said that it is important that companies not just gain in volumes from the Indian market, but also commit locally. "... you have to ensure that it is not only demand in the country which is leveraged and acted upon by any player, but... anybody who wants to exploit that demand (needs) to invest into localisation, invest into employment creation, and so on. So, I think, govt takes into consideration all these aspects holistically and then takes a call on what is right for the nation."

Chandra also said that Tata Motors will roll out five new electric vehicle models, including the premium product range Avinya, and invest up to Rs 18,000 crore by 2029-30, as it looks to retain a dominant market share of 45-50% in the expanding electric vehicle segment.

"As EV adoption accelerates, our commitment remains clear: To mainstream electric mobility by making it accessible across segments, strengthening the ecosystem, and investing in India-first technology and localisation. This is how we will continue to lead India's growing EV market."

Chandra said the company will introduce Sierra.ev and a new version of Punch.ev next year. "By 2026-end, we will launch premium range of EVs —Avinya. By FY30, we'll bring five new EV nameplates, including Sierra and Avinya, along with multiple updates and refreshes for existing models."

Business Standard, 26 December 2025

Ola Electric secures ₹367 cr incentive under PLI-auto scheme for FY25

PEERZADA ABRAR
Bengaluru, 25 December

Ola Electric said that it has received a sanction order from the Ministry of Heavy Industries for the release of incentives amounting to ₹366.78 crore under the Production Linked Incentive Scheme for Automobile and Auto Components (PLI-Auto Scheme) for claims pertaining to 2024-25 (FY25).

The sanction pertains to the Demand Incentive for the Determined Sales Value for FY25, and authorises a payment of ₹366.78 crore to be released through IFCI Limited, the designated financial institution for disbursement under the scheme. The incentive has been sanctioned in accordance with the applicable terms and conditions of the PLI-Auto Scheme, as amended from time to time.

The firm said this milestone reinforces Ola Electric's role as a key contributor to India's advanced automotive manufacturing ecosystem. The company also said it reflects its strong execution across scale, localisation, and technology-led vertically integrated manufacturing.

"The sanction of ₹366.78 crore under the PLI-Auto Scheme is a strong endorsement of Ola Electric's manufacturing capabilities and our commitment to building world-class EV technology in India," said an Ola Electric spokesperson. "This incentive recognises our sustained efforts in scaling domestic production, deepening localisation, and driving innovation across the electric mobility value chain. We remain committed to supporting the Government of India's vision of making India a global hub for advanced automotive manufacturing and clean mobility."

The PLI-Auto Scheme is a flagship initiative of the government of India aimed at strengthening domestic manufacturing, encouraging advanced automotive technologies, and enhancing India's global competitiveness in the auto and auto components sector.

Business Line, 31 December 2025

TN extends 100% road tax exemption for EVs

Our Bureau
Chennai

In a boost to electric vehicles' (EVs) adoption, the Tamil Nadu government has extended by two years — from January 1, 2026 to December 31, 2027 — the 100 per cent tax exemption granted for all battery-operated vehicles (EVs) covered in all transport and non-transport vehicles.

This has been a strong request from EV manufacturers and other industry stakeholders to the State government.

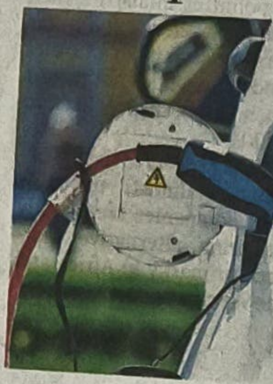
The government, after careful examination, has decided to grant 100 per cent tax exemption for all EVs for two years starting January 1, 2026, says a government order (GO) issued on December 29.

EV ADOPTION

"Certain vehicle manufacturers have represented to the State government stating that EV adoption is gaining momentum, reaching approximately 7.8 per cent in 2025, representing a significant improvement in Tamil Nadu. They requested extension of the road tax exemption further for all categories of electric vehicles," the GO said.

Further, the Transport Commissioner also requested the government to consider and issue orders by extending 100 per cent tax exemption for all EVs for a further period of two years from January 1, 2026 to December 31, 2027 by complying with the Tamil Nadu Electric Vehicle Policy, 2023, the GO added.

The Transport Commissioner is also directed to submit a detailed analysis on the potential impact of imposing tax on EVs, in alignment with the practices of other States in India, the order said.



EV industry experts earlier told *businessline* that tax exemptions, along with other incentives, have significantly bolstered EV adoption in TN, and a further extension is critical for the continued development of the State's ecosystem.

WELCOME MOVE

"This decision makes EVs more affordable for people across the state and sends a strong signal of Tamil Nadu's commitment to clean and sustainable mobility. We encourage citizens to make the most of this opportunity and consider switching to electric vehicles," Karthikeyan Palanisamy, Managing Director & Co-Founder, Zeon Electric Pvt Ltd, and Director, Indian Charge Point Operators' Association, said.

The road tax is a considerable portion, and this is expected to make EVs affordable for the State's buyers, he added.

Thiru Srinivasan, Senior Advisor, EV sector, FaMe TN, said the extended road tax waiver is welcome, but the bigger focus should be on supply side initiatives to ensure local supply of critical components and materials.

"Encouragement should be given to motor, cells, batteries, power electronics and controllers development and manufacturing, that too by the states and union," he said.

The Times of India, 31 December 2025

Target hit, govt ends subsidy for electric three-wheelers

Saksham Mehta & Sidhartha | TNN

New Delhi: The Centre has decided to end the subsidy for electric three-wheelers after it met the target of 2.9 vehicles under PM e-Drive on Friday.

In the three-wheeler segment, EV penetration is estimated at around 32%, which is in line with the target the Centre had set for itself, and is now leaving it to the states to provide encouragement. "The idea was to take the number to 20-30% and that has been achieved, even the industry is okay with it," said an official.

In case of two-wheelers, however, the penetration is pegged at 7.5% and support for electric two-wheelers may, however, stretch into the next financial year and a call on further support will be taken at the start of the new year.

Currently, against a target of nearly 25 lakh units, 18.3 lakh EV two-wheelers have been sold with the number likely to be around 23 lakh by the end of the current fiscal year, resulting in a spillover into the new financial year.

While this segment may need further boost, the Centre is now seen to be passing the baton to the states, several of which are contemplating schemes and incentives. Delhi, which has to tackle smog and poor air quality annually, is among those that are expected to announce a package next month. There are several states, which offer registration and other benefits to vehicles with penetration remaining low in the four-wheeler category.

When it comes to electric buses and trucks, the PM e-Drive scheme has not seen any demand yet as vehicles are still being tested. In its calculations, govt has provided for support to 14,000 electric buses and 5,643 trucks under PM e-Drive.

Auto industry executives said that charging infrastructure is an area where there is need for attention, where a set of service providers will have to step in.

PERFORMANCE CARD

PM e-Drive	Target	Sales
e-3W*	2,88,809	2,88,701
e-2W	24,79,120	18,37,313
e-buses	14,028	0
e-trucks	5,643	0

* L5 electric three wheelers; All data as on Dec 29

TRACTOR

Business Line, 27 December 2025

ICRA revises tractor industry growth forecast upwards to 15-17% for FY26

Our Bureau
Chennai

Rating agency ICRA revised its wholesale volume growth outlook for the tractor industry upwards to 15-17 per cent for FY26, a substantial increase from its earlier estimate of 8-10 per cent. The projected growth of 15-17 per cent also represents a significant acceleration from the 7 per cent growth witnessed in FY25.

This revision is based on the industry's robust performance in recent months, including a notable 30 per cent year-on-year (y-o-y) growth in wholesale volumes for November 2025 and a cumulative growth of 19 per cent for the first eight months of FY26.

STRONG FUNDAMENTALS. ICRA attributes the improved outlook to supportive economic and regulatory factors

POSITIVE SENTIMENT

ICRA attributes the improved outlook to a combination of supportive economic and regulatory factors that have strengthened demand fundamentals. A primary driver has been the reduction of the GST on tractors to 5 per cent.

This reduction has translated into a decrease in tractor prices, with savings ranging from approximately ₹40,000 to ₹1,00,000 across different horsepower segments, making new tractors more accessible, said ICRA.

Agricultural conditions have further supported this demand. The 2025 South-West monsoon concluded with rainfall at 108 per cent of the long-period average, providing a generally favourable base for the farm economy.

While the distribution of rainfall was uneven, the overall adequate precipitation has supported crop sowing and yield expectations, contributing to healthier farm cash flows and positive rural sentiment.

TREM V NORMS

A factor expected to influence sales in the coming quarters is the impending transition to stricter TREM V emission norms. With the new norms proposed to take effect from April 1, ICRA anticipates a phase of pre-buying activity as customers and dealers look to acquire tractors under the current, familiar emission standards. This regulatory change is likely to provide a temporary boost to sales volumes.

ICRA also noted that the credit profiles of major tractor manufacturers remain robust. This strength is underpinned by the anticipated volume growth, historically low debt levels across the industry, and the maintenance of adequate cash and liquid investments by these companies.

RAW MATERIAL

The Economic Times, 26 December 2025

ROBUST PROSPECTS

Copper Poised for its Best Year Since 2009 After December Surge

Bloomberg

Copper extended a powerful December rally that's carried prices for the industrial metal to unprecedented highs above $12,000 a tonne on fears over a tighter global market in 2026.

A series of major mine outages this year have combined with the threat of US import tariffs, leading traders to pour metal into the country to front-run potential levies. As a result, copper has has gained almost 40% this year and is on track for its biggest annual jump since 2009.

On Wednesday, prices on the London Metal Exchange rose as much as 1.8% to an all-time high of $12,282 a tonne. The commodity was up 0.8% to settle at $12,162.50.

"Factors including supply disruptions, global liquidity expectations, and relatively stable macroeconomic growth, have accelerated the year-end surge in copper prices," said Xiao Jing, chief non-ferrous metals analyst at SDIC Futures Co.

On Wednesday, copper prices on London Metal Exchange rose as much as 1.8% to an all-time high of $12,282 a tonne. It was up 0.8% to settle at $12,162.50

Supply risks, long feared by the market, came to fruition this year. A deadly accident at the world's second-largest copper mine in Indonesia, an underground flood in the Democratic Republic of Congo and a fatal rock blast at a mine in Chile all crimped global production.

Meanwhile, tariff fears have led traders to ramp up shipments to the US, tightening supplies elsewhere.

At the same time, demand prospects remain robust, with massive quantities of copper required to build out power grids, new energy infrastructure and manufacturing. Investors are also betting copper consumption will surge further to feed the growing power needs of the artificial intelligence industry.

All six base metals on the LME are headed for annual gains in a year that's seen an array of supply-side pressures. Rallies have sustained even as industrial demand shows signs of wavering.

Aluminium is up 16% in 2025 as slowing production growth in China and soaring energy costs in the rest of the world crimp supplies. Zinc has gained almost 4% after key mine outages, while tin jumped 47% after major producer Indonesia cracked down on illegal mining.

Business Line, 27 December 2025

Global steel production down 4.6 per cent in November

Sneha Joseph
Chennai

Global crude steel production decreased by 4.6 per cent in November 2025 to 140.1 million tonnes (mt) compared with November 2024.

According to the World Steel Association, the output of China, the largest steel producer, was down 10.9 per cent y-o-y at 69.9 mt.

However, India's steel production went up to 13.7 mt, an increase of 10.8 per cent.

The US reported a surge of 8.5 per cent in production at 6.8 mt. Meanwhile, Japan's output went south by 1.6 per cent to 6.8 mt.

MIXED BAG

Russia suffered a similar fate with the production dipping 6.6 per cent to 5.2 mt of steel when compared to the year ago period.

South Korea saw its output plummet by 4.8 per cent at 5 mt, while Türkiye saw a 10 per cent increase in production at 3.3 mt.

Brazil produced 2.8 mt of steel, up 0.7 per cent, and Iran produced 3.4 mt, up 9.2 per cent. Germany's output went down by 2.6 per cent at 2.8 mt of steel.

Region-wise, Africa's steel production soared 7.4 per cent to 2 mt in November, while the output in Asia and Oceania nosedived 7.1 per cent to 99.9 mt.

EU OUTPUT DOWN

The EU's production was down 3.5 per cent at 10.2 mt and Europe (Other)'s steel production went up by 9.8 per cent to 3.7 mt.

The Middle East saw its figures go up by 8.2 per cent to 5.5 mt compared to November 2024.

North America produced 9 mt of steel, an increase of 5.4 per cent.

Russia & other CIS nations, along with Ukraine, saw theirs numbers go down by 3.9 per cent at 6.3 mt.

In the period under consideration, South America's steel production boomed by 2.4 per cent at 3.5 mt.

Business Line, 31 December 2025

EU's CBAM to dent margins of steel and aluminium exporters

Suresh P Iyengar
Mumbai

The rollout of the Carbon Border Adjustment Mechanism (CBAM) by the European Union from Thursday will have a major impact on the margins of steel and aluminium exporters. This comes at a time when Indian metal companies are reeling under the hefty 50 per cent duty on exports to the US. India is the second-largest exporter of steel and aluminium to the EU after China.

Under the EU's new rules, steel and aluminium imports will be taxed based on the volume of emissions associated with production. Though CBAM covers other polluting industries such as cement, electricity, fertilizers and a number of other goods, India does not export much of these products to the EU.

Steel companies are exploring alternative markets, primarily in Africa and the West Asia, with exports to the EU becoming almost unviable.

HIGH ON EMISSIONS

Most of the steel produced in India is through blast furnaces, which generate more carbon dioxide emissions.

"We are still studying the impact as it is not yet clear whether CBAM will be company-specific or country-related," said an executive with a steel company.

In fact, the government is also seeking an exemption from CBAM under the new free trade agreement being negotiated.

Ajay Garg, Director & CEO, SMC Global Securities, said under the CBAM, EU importers will be required to pay a carbon cost equivalent to what European producers bear under the EU's emissions trading system, making high-emission imports more expensive.

"This could compress the margins for Indian exporters or reduce their price competitiveness, unless producers improve energy efficiency or shift towards cleaner production technologies," he said.

Over time, the scope of CBAM may expand to include more sectors and downstream products, increasing compliance and reporting requirements for exporters, he added.

Overall, CBAM is likely to accelerate decarbonisation efforts among Indian manufacturers targeting the European market, said Garg.

Naveen Mathur, Director – Commodities and Currencies, Anand Rathi Shares and Stock Brokers, said steel and aluminium exporters to Europe will incur extra costs based on the carbon emission, which will raise landed costs, lower margins and improve the competitiveness of low-carbon producers in the EU market.

"In the first phase, CBAM also includes cement, fertilizers, electricity and hydrogen. The scope will likely grow to cover downstream products over time," he said.

Overall, the CBAM raises costs for carbon-intensive exports to Europe, and will gradually change trade patterns in favour of cleaner production, he added.

Business Line, 19 December 2025

EPFO urges employers to use EES-2025 to enroll employees

Our Bureau
New Delhi

The Employees' Provident Fund Organisation (EPFO) has launched the Employees' Enrolment Scheme (EES)–2025, a one-time facilitation initiative aimed at expanding Employees' Provident Fund (EPF) coverage and enabling employers to regularise past non-compliance in a simplified and employer-friendly manner.

Under the scheme, a special compliance window of six months is available from November 2025, allowing employers to voluntarily enrol eligible employees left out of EPF coverage between July 1, 2017, and October 31, 2025, the Ministry of Labour and Employment said in a statement. Establishments not yet covered under the EPF Act may also apply for coverage during this period, and subsequently declare and enrol eligible employees.

AWARENESS CAMPAIGN

The Ministry of Labour and Employment said a nationwide awareness campaign had been launched to inform employers about the provisions and benefits of the scheme. The matter has also been taken up with various government authorities to ensure the enrolment of contractual and casual employees under the EPF framework.

As per the scheme's provisions, where employees' contributions were not deducted earlier, employers will be required to deposit only their share of contributions along with applicable interest under Section 7Q, administrative charges and penal damages capped at a lump sum of ₹100. This will be treated as full compliance under all three EPFO-administered schemes.

Establishments facing assessment inquiries are also eligible to avail themselves of benefits under EES–2025. In addition, enrolments under the scheme may qualify for benefits under the Pradhan Mantri Viksit Bharat Rojgar Yojana, subject to its terms and conditions.

The organisation will reach out to identified defaulting employers through SMS and email to encourage them to regularise their defaults under the one-time relaxation offered by EES–2025.

Business Line, 23 December 2025

Auto dealers knock at SC door on compensation cess

S Ronendra Singh
New Delhi

After knocking on the doors of the Finance Ministry and the Prime Minister's Office over the Compensation Cess on GST, auto retailers have approached the Supreme Court, praying for refund of the accumulated levy of ₹2,500 crore.

The Supreme Court has issued notices to the Centre on a writ petition filed by the Federation of Automobile Dealers Associations (FADA), which is challenging the government notifications on the transition or refund of accumulated GST compensation cess credit, estimated by the industry at around ₹2,500 crore.

FADA also prayed for a writ order or a direction declaring that the notification (Number 2/2025), issued by the Finance Ministry on September 17, 2025, be declared "arbitrary and unconstitutional" to the extent that it fails to provide for utilisation or refund of accumulated compensation cess credit.

The petition further prayed that the court quash or read down two notifications (Numbers 2/2025 and 9/2025) as they result in the extinguishment of accumulated compensation cess credit without any transitional mechanism.

NOTICE TO CENTRE

A Division Bench of the top court, comprising Justice Arvind Kumar and Justice NV Anjaria, issued notices to the respondent Union of India on December 15, and told it to respond on March 25, 2026.

"The court's decision to issue notice is a significant procedural milestone. It ensures that the serious working capital and constitutional issues faced by auto retail and micro, small and medium enterprises (MSMEs) will now be examined at the highest judicial level. The auto retail industry is hopeful of a fair, balanced and legally-sound resolution," one of the dealers told *businessline* on the condition of anonymity.

Since the announcement of GST 2.0 and proposals for rate rationalisation and the new tax structure of the GST Council on September 3, auto retailers have been requesting the government to hold significant, validly-availed compensation cess balances in their electronic credit ledgers even before the new GST regime kicked off on September 22. However, the government has not taken any step yet and, therefore, FADA had to take it up to the Supreme Court, said another retailer, adding that the dealers had prayed for refund of such credit under Section 54 of the CGST Act or any other suitable provision.

AVOIDABLE STRAIN

"This is not a revenue giveaway, but it is about preserving legitimate, tax-paid credits and preventing avoidable strain on both MSME dealers and the financial system," FADA, in its letter dated September 5, had said.

The auto dealers argued that the GST framework is designed for seamless flow of credit, and lapsing of cess balances would contradict this foundational principle.

Business Line, 25 December 2025

China issues rare earth licences to a few more Indian companies

WAITING GAME. Largescale clearances are not happening with a majority of applicants still awaiting nod

Amiti Sen
New Delhi

China is continuing its trickle of rare earth export licences for Indian companies, more than eight months after imposing strict export restrictions, but a majority of applicants are still left out in the cold.

According to official sources, a handful of entities — including dealers for M&M and Maruti Suzuki, Honda scooter suppliers, and Bosch — were recently granted approvals.

BIG BACKLOG. At least 50 applications are pending with the Chinese Commerce Ministry

EARLIER LICENCES

These follow earlier licences for rare earth magnets (REMs) issued in October to Jay Ushin Ltd, De Diamond Electric India, and the Indian subsidiaries of Continental AG and Hitachi Astemo.

India is largely dependent on China for its REMs which are used mostly by the automobile industry, especially EV manufacturers, the electronics and semiconductor industry as well as producers of sophisticated defence equipment.

RARE EARTH

"China has not been very prolific in clearing licence applications for rare earth magnet imports for Indian companies. After temporarily stopping issuance of licences in April this year, it resumed in October-end by clearing around four-five cases. Since then the pace has not picked up. New licences continue to be issued albeit sluggishly," an official tracking the matter told *businessline*.

AWAITING CLEARANCE

At least 50 applications have been pending with the Chinese Commerce Ministry, which were piled up with applications from other countries awaiting clearance. "Indian Embassy officials have been told by Chinese officials that the delay is due to the pile up, and clearances will happen on a case-to-case basis," the source said.

The April restrictions made exports of rare earth contingent upon the issuance of export licences.

For this, exporters have to secure an end-user certificate from the importer establishing that the imported materials will not be used for weapons of mass destruction or their delivery systems.

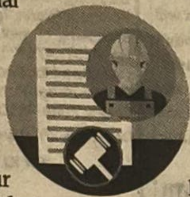
The Indian industry has been complaining that even after Indian importers met all the conditions and gave the end-user certificates, export licences were being delayed. However, with improvement in diplomatic relations between the two countries over the past few months, things may be improving, the source added.

Business Standard, 29 December 2025

ICAI clarifies accounting norms under new labour codes

RUCHIKA CHITRAVANSHI
New Delhi, 28 December

Companies would have to recognise the increase in gratuity liability arising from new labour codes in their interim financial statements and results for the period ending December 31, the Institute of Chartered Accountants of India (ICAI) has said in its FAQs on the new labour codes. The institute said that any change in leave obligation arising from the New Labour Codes should also be stated as an expense in the Statement of Profit and Loss immediately.



Earlier, gratuity was payable to an employee only if the person had completed five years of continuous service. Under the new Labour Codes, fixed-term employees, which include contract employees, will be entitled to gratuity on completing one year of service.

"Under AS 15/ Ind AS 19, the changes to gratuity benefit resulting from the New Labour Codes are plan amendments and they are required to be treated as past service costs," ICAI has clarified.

"These FAQs certainly bring in clarity in terms of accounting treatment-related aspects for various provisions linked to gratuity and leave obligations. But the larger uncertainty regarding the effective period of calculation of gratuity, inclusions of terms like ESOP (Employee Stock Ownership Plan), variable pay, etc are still left unanswered," Anshul Jain, National Leader, Regulatory, PwC India.

On November 21, the government announced the implementation of the four Labour Codes — the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020.

ICAI stated that the increase in gratuity liability is a past service cost as this results in changes to the benefits payable under the plan. This has to be immediately recognised as an expense in the Statement of Profit and Loss as per accounting standards Ind AS, Ind AS 19.

The Economic Times, 29 December 2025

REDEFINING WAGES AND RELAXING ELIGIBILITY CRITERIA

Higher Gratuity Liability Due to Labour Codes Must be Treated as Expense: ICAI

Liability needs to be recognised in interim financial statements for December quarter

Banikinkar Pattanayak

New Delhi; Most companies need to treat any increase in the gratuity liability due to their adoption of new labour codes as "a past service cost" and recognise it as an expense in their profit and loss statements immediately, the Institute of Chartered Accountants of India (ICAI) has said. This could weigh on the near-term profitability of companies.

The gratuity liability is expected to rise, as the new labour codes have redefined wages and eased the eligibility for such a benefit for fixed-term workers, including the contractual ones.

This liability, the ICAI said, needs to be recognised in interim financial statements/results of companies for the December quarter, in sync with relevant accounting requirements.

These clarifications are part of a set of frequently asked questions (FAQs) issued by the Accounting Standards Board of the ICAI to sensitise stakeholders about key accounting implications of the new labour codes.

Cost Count

RULES THAT COULD RAISE GRATUITY LIABILITY

Wages to be at least 50% of total remuneration

Gratuity to be calculated on last drawn wages

Fixed-term employees entitled to gratuity after 1 year at a co

PERMANENT EMPLOYEES ELIGIBLE AFTER 5 YEARS

Earlier, only those completing five years were eligible

ACCOUNTING IMPLICATIONS

Most cos have to treat extra gratuity liability as "past service cost"

Need to recognise it as an expense in interim results for Dec quarter

The government last month consolidated 29 existing labour laws into a unified framework comprising four codes and made these effective from November 21, although supporting rules are yet to be notified.

NEW GRATUITY RULES

As per the new codes that have subsumed the Payment of Gratuity Act, 1972, gratuity payments to employees have to be calculated on the basis of last-drawn wages, which should be at least a half of total remunerations.

Moreover, fixed-term employees--including the contractual ones--will be entitled to gratuity on completing only one year of service. The requirement of five years of continuous service, however, remains for permanent employees.

Earlier, gratuity was payable to only those employees who have completed five years of continuous service in a company.

The wages, as per the new codes, comprise three components--basic pay, dearness allowance and retaining allowance.

The FAQ also clarifies that any extra liability arising out of the leave encashment rule under the new codes be recognised as an expense immediately.

ACCOUNTING PRACTICES

The Indian Accounting Standard (Ind AS) 19 and Ind AS 15 govern rules on employee benefits and how companies need to report and recognise them in their financial statements.

The Ind AS 19, which is aligned with the global standards, requires the "past service cost" of companies to be immediately recognised as an expense in the profit and loss statement. This standard is adopted by listed companies, unlisted entities beyond a certain size, banks, large shadow lenders and insurers.

Under the Ind AS 15, adopted mainly by smaller entities, this cost is recognised immediately for vested benefits and amortised for unvested ones.

The Times of India, 29 December 2025

Labour codes: Industry seeks clarifications

Sidhartha@timesofindia.com

New Delhi: With India Inc staring at higher liability due to the labour codes, industry bodies have sought clarifications from govt on various issues, while the Institute of Chartered Accountants of India (ICAI) has suggested that companies provide for increased gratuity and some of the other payments in the accounts for the Dec quarter itself.

One of the key issues is when the new rules, such as wages accounting for 50% of an employee's remuneration kick in. Lobby group CII has asked the labour ministry to ensure that it is not retrospective. "Clarity on whether for ESI coverage and calculation, wages as defined under labour codes is to be considered effective Nov 21,2025? There are conflicting circulars issued by ESI office on this after Nov 21, 2025," it said, while listing over a dozen issues on which clarity is required. Similarly, when it comes to gratuity and leave encashment, it said, "retrospective implementation will have significant cost implications for employer organisations".

Ponting out leave encashment for workers on Dec 31, 2025 is needed under the Occupational Safety, Health and Working Conditions Code, the industry body has demanded a clarity on the transition time for implementation, apart from uniformity in the rules drafted by the Centre and the states.

> Most of the organisations are waiting for clarity on the manner in which social security contributions like gratuity etc would be calculated and what happens to gratuity pertaining to period prior to Nov 21, inclusions of terms like ESOP, variable pay, etc... In absence of rules under central labour codes or state rules, many operational aspects are still left unanswered
>
> —ANSHUL JAIN | NATIONAL LEADER FOR REGULATORY AFFAIRS AT PWC INDIA

In a set of FAQs for auditors, ICAI has concluded that change in gratuity increase is required to be recognised as an expense by the company in the profit and loss account and it needs to be done from the current quarter itself, since the labour codes were notified effective Nov 1, although the rules are yet to be notified. The Centre is expected to notify the draft rules in the coming weeks. It has also clarified on the tax treatment by companies.

"These (ICAI) FAQs certainly bring in clarity in terms of accounting treatment related aspects for various provisions related to gratuity and leave obligations. But most of the organisations are waiting for clarity on the manner in which social security contributions like gratuity etc would be calculated and what happens to gratuity pertaining to period prior to Nov 21, inclusions of terms like ESOP, variable pay, etc. Also, in the absence of rules under central labour codes or state rules, many operational aspects are still left unanswered," said Anshul Jain, national leader for regulatory affairs at consulting firm PwC India.

In its communication with govt, CII has called for clarity on the definition of wages. One, it said, whether performance bonus and share-based income will be covered under total remuneration for calculation of wages; two, where basic salary plus dearness allowance is 50% of gross remuneration, whether allowances like special allowance will need to be added for calculation of wages.

There is also ambiguity on which law will prevail. For instance, for non-manufacturing sector, whether it will be state-specific Shops and Establishment Act or the labour codes read with state rules should be followed by entities for compliance with requirements related to working hours, overtime, leave and benefits for night shift for women employees.

Similarly, it is unclear which category of employees will be covered under "worker" definition and if the manufacturing sector can continue to engage contract labour for manufacturing process, which constitutes core activity. CII has also sought clarity on who is covered under working hours and overtime provisions under the Code on Wages.

Business Line, 30 December 2025

Defence forces get ₹79,000-cr boost to sharpen firepower

FUTURE READY. DAC approvals to upgrade drone warfare, missiles, surveillance systems

Dalip Singh
New Delhi

Proposals worth nearly ₹79,000 crore aimed at significantly enhancing the combat capabilities of the Army, the Navy and the Air Force were cleared by the Defence Acquisition Council (DAC) at its final meeting of 2025 on Monday.

Chaired by Defence Minister Rajnath Singh, the approvals are intended to strengthen the services' fighting capabilities across land, air and maritime domains.

KEY ARMY BUYS

The meeting, originally scheduled for December 26 but postponed to Monday, accorded approval to a range of key acquisitions for the Army.

These include the procurement of 850 loiter munition systems for artillery regiments, low-level lightweight radars, long-range guided rocket ammunition for the Pinaka multiple launch rocket system (MLRS) and the integrated drone detection and interdiction system (IDDIS) Mk-II, according to a Defence Ministry statement.

Loiter munitions will enable precision strikes against tactical targets, while the lightweight radars are designed to detect and track small, low-flying unmanned aerial systems, the statement said.

The long-range guided rockets will enhance the range and accuracy of the Pinaka MLRS, which was among the key weapon systems deployed during Operation Sindoor, enabling effective engagement of high-value targets.

The integrated drone detection and interdiction system Mk-II, with enhanced range, will provide protection to vital Army assets in both tactical battle areas and the hinterland.

Calling the approvals significant, Maj Gen Ashok Kumar (retd), Director-General of the Centre for Joint Warfare Studies (CENJOWS), said the cleared proposals reflect the operational priorities of the armed forces.

For the Navy, acceptance of necessity (AoN) was granted for Bollard Pull tugs, high frequency software defined radios (HF SDR) Manpack, and leasing of two MQ-9B Sea Guardian HALE drones from the US for about three years.

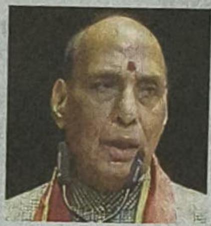
The Navy already operates two MQ-9Bs on lease, and this proposal is separate from the earlier deal to acquire 31 MQ-9B drones, deliveries for which begin in 2028.

SEA, AIR UPGRADES

The HF SDRs will boost long-range secure communications during boarding and landing operations, while the HALE RPAS will provide continuous ISR, strengthening maritime domain awareness across the Indian Ocean Region.

For the Air Force, AoN was approved for the automatic take-off and landing recording system, Astra Mk-II air-to-air missiles, a full mission simulator for Tejas, and SPICE-1000 precision guidance kits from Israel. The recording system will plug gaps in aerospace safety with high-definition, all-weather capture of critical flight phases.

UPGRADING CAPABILITIES



- Army sharpens drone warfare and precision strikes with new loiter munitions, counter-UAS systems and upgraded Pinaka rockets
- Navy boosts maritime surveillance and secure communications with MQ-9B drones, HF SDR radios and new harbour tugs
- IAF enhances standoff strike, flight safety and training with Astra Mk-II missiles, SPICE-1000 kits, recording systems and Tejas simulators