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Association of Indian Forging Industry

Key Press Reports on Industry and Govt. Policies

(2nd Fortnight January 2025)

Press Reports on Economic Survey and Union Budget - 2025

Business Standard 1-02-2025

[IMPROVING EXPORT COMPETITIVENESS]

Need for 'new strategic trade road map' with focus on quality

SHREYA NANDI
New Delhi, 31 January

The Economic Survey 2025 on Friday called for a "new strategic trade road map" for India to boost exports, due to rising "protectionism" and heightened "uncertainty", amid a shift in global trade dynamics.

To deal with the challenges, the Survey suggested that India needs to remain competitive and enhance its participation in global supply chains, cut trade costs and improve facilitation to boost export competitiveness. On the brighter side, India can increase its share in overseas markets despite the trade tensions, if the government and the private sector focus on "quality and efficiency".

The Survey warned that while tariffs have declined globally, non-tariff policy measures have increased across countries, especially after the Covid-19 pandemic, and was further fuelled by the conflict between Russia and Ukraine. While non-tariff measures (NTMs) implemented by countries aim to protect public health and environment, they often increase compliance costs for exporters.

It flagged that going ahead, the imposition of climate-change-related NTMs initiated by the European Union (EU) is expected to hurt exporters in emerging economies such as China, India, and Turkey. It includes restrictive trade policies such as Carbon Border Adjustment Mechanism (CBAM) and EU Deforestation Regulation (EUDR).

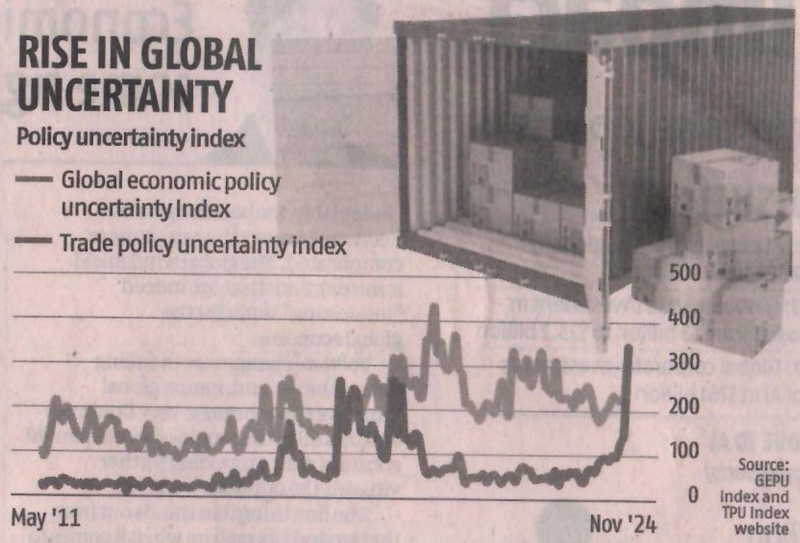
"In short, it is hard to shake off the conclusion that both CBAM and EUDR are trade protection measures garbed in the language of climate and environment. The game and the end goals are the same, but the tactics keep changing. Labour standards, gender, democracy, emissions and deforestation, the innovative list will keep evolving with time... Today's developed countries do not conform to the standards that they expect from developing countries at a similar stage of development," the Survey said.

These regulations are expected to kick-in less than a year and have the potential to restrict India's exports and widen the current account deficit.

This comes at a time when the net foreign direct investment (FDI) into the country is declining. It is mainly because of successful exits by foreign investors, incentives given by many governments for investments to stay onshore and higher interest rates in hard currencies, the Survey said.

Even as gross FDI inflows have shown a higher growth in the first eight months of The current fiscal to $55.6 billion, up 17.9 per cent on-year, a surge in repatriation has reined in the expansion in net FDI.

It also suggested that India should stop "wooing FDI" and making itself more attractive for foreign investors. "For example, most sectors in the country are open for foreign investors under the automatic route. The large amount of repatriations, as witnessed in the data, also suggests that it is easy to transfer the returns on investment made in India," the Survey said.



Dependence on China

The Survey also flagged China's dominance in the global manufacturing and energy transition ecosystems. For instance, several solar equipment manufacturers significantly depend on Chinese supply chains and related services. "The single-source concentration risk in several product areas exposes India to potential supply chain disruptions, price fluctuations and currency risks," it said.

Further, it also flagged China's significant share of critical mineral processing and production globally across key commodities such as nickel, cobalt, and lithium. China is responsible for processing 65 per cent, 68 per cent and 60 per cent of the global output, respectively. Similarly, in the case of rare earth minerals, China contributes to 63 per cent of global mining and 90 per cent of global processing output.

Tariff policies

The Survey further said that an increased emphasis on free trade and enhanced collaboration in international trade policies have resulted in reduced border tariffs among nations. For instance, between 2000 and 2024, the average tariff rates in India decreased from 48.9 per cent to 17.3 per cent.

"At a broader level, India's import tariff policy has evolved over time, balancing domestic policy goals with the need to integrate into the global economy. Tariffs vary by sector, with considerations like protecting sensitive sectors from foreign competition...Over time, several efforts have been made to rationalise tariffs further and address the inverted duty structures," it said.

Business Line 1-02-2025

De-regulation is key to boosting India's growth: Economic Survey

NEW DEAL. Advocates 'getting out of the way' principle to give private sector a free hand, even while pushing for a better deal for workers with flexible work hours and fair wages; warns of China's concentration risk

Shishir Sinha
New Delhi

In the backdrop of a shift from an era of hyper-globalisation to protectionism and strategic competitiveness among countries, the Economic Survey on Friday predicted India's economic growth to be between 6.3-6.8 per cent in 2025-26.

The Survey prescribed reform through de-regulation, augmentation of internal capacities, private sector participation and energy transition as the four pillars of the strategy to achieve higher growth in the new playing field.

The Survey was tabled by Finance Minister Nirmala Sitharaman in the Lok Sabha. Its growth projection for FY26 is lower than the ADB's forecast of 7 per cent but in line with the World Bank's (6.7 per cent), the IMF's (6.5 per cent) and Fitch Ratings (6.5 per cent). The Statistics Ministry expects the economy to grow at 6.4 per cent in 2024-25. While a broad *laissez faire* approach, characterised as a 'getting out of the way' principle guided the Survey's strong advocacy of "de-regulation" and reform, including labour with a flexibility of working hours being an important focus area, it simultaneously suggested an equipartition of profits by the private sector to ensure better wages for workers.

"Getting out of the way and allowing businesses to focus on their core mission is a significant contribution that governments around the country can make to foster innovation and enhance competitiveness... That means rolling back regulation significantly. That means vowing and acting to stop micromanaging economic activity and embracing risk-based regulations. That means changing the operating principle of regulations from 'guilty until proven innocent' to 'innocent until proven guilty'," Chief Economic Advisor V Anantha Nageswaran wrote in the preface to the Survey.

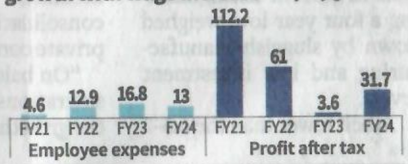
Economic Survey 2024-25 - A snapshot

What will get India to Viksit Bharat by 2047

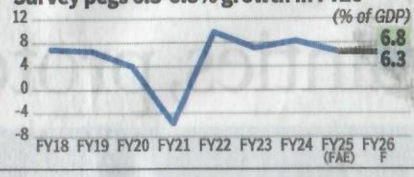
- De-regulation for growth
- Augmenting internal capacities for growth
- The role of private sector in nation building
- Energy transition – The Indian way

De-regulation works: Correlation between business reforms and industrial activity levels across States

Private sector must strive to align profit growth with wage increase *y-o-y growth %*



Survey pegs 6.3-6.8% growth in FY26 *(% of GDP)*



PROFIT-WAGE GAP

Simultaneously, the Survey pointed out that while corporate profits have climbed 22.3 per cent in FY24, employment grew by a mere 1.5 per cent. It highlighted the gap between wages for employees and profits of enterprises, noting that despite companies achieving a stable EBITDA margin of 22 per cent over the last four years, wage growth has moderated.

"This uneven growth trajectory raises critical concerns. Aligning profit growth with wage increases is essential for sustaining demand and supporting corporate revenue and profitability growth in the medium to long run," Nageswaran said at a press conference.

ON CHINA'S DOMINANCE

Talking about China's manufacturing prowess and strategic dominance, he highlighted the concentration risk of one country becoming the dominant source of supply. "China's share (of global output) will probably be higher than the combined share of the next 10 countries. That gives them a lot of strategic levers and advantages." On the emerging contradiction between AI and labour markets, the Survey said that AI should be able to help create rather than replace jobs. It said that some of the fears about AI being hugely disruptive to employment might be "misplaced".

More reports p2 to p8

Business Standard 2-02-2025

RUPEE COMES FROM

Amount (in paise)

- BORROWINGS & OTHER LIABILITIES 24
- INCOME TAX 22
- GOODS & SERVICES TAX & OTHER TAXES 18
- CORPORATION TAX 17
- NON-TAX RECEIPTS 9
- UNION EXCISE DUTIES 5
- CUSTOMS 4
- NON-DEBT CAPITAL RECEIPTS 1

RUPEE GOES TO

- 22 STATE SHARE OF TAXES & DUTIES
- 20 INTEREST PAYMENTS
- 16 CENTRAL SECTOR SCHEME (excluding Capital Outlay on Defence and Major Subsidies)
- 8 FINANCE COMMISSION & OTHER TRANSFERS
- 8 OTHER EXPENDITURE
- 8 CENTRALLY SPONSORED SCHEME
- 8 DEFENCE
- 6 MAJOR SUBSIDIES
- 4 PENSIONS

Note: Income tax includes Securities Transaction Tax. Total receipts are inclusive of States' share of taxes and duties.

Note: Total expenditure is inclusive of States' share of taxes and duties

Source: Budget Documents

BUDGET AT A GLANCE

(₹ crore)

		2023-2024 (Actuals)	2024-2025 (Budget Estimates)	2024-2025 (Revised Estimates)	2025-2026 (Budget Estimates)
1.	**Revenue Receipts**	**2,729,036**	**3,129,200**	**3,087,960**	**3,420,409**
2.	Tax Revenue (Net to Centre)	2,327,251	2,583,499	2,556,960	2,837,409
3.	Non-Tax Revenue	401,785	545,701	531,000	583,000
4.	**Capital Receipts**	**1,714,411**	**1,691,312**	**1,628,527**	**1,644,936**
5.	Recovery of Loans	26,646	28,000	26,000	29,000
6.	Other Receipts	33,122	50,000	33,000	47,000
7.	Borrowings and Other Liabilities	1,654,643	1,613,312	1,569,527	1,568,936
8.	**Total Receipts (1+4)**	**4,443,447**	**4,820,512**	**4,716,487**	**5,065,345**
9.	**Total Expenditure (10+13)**	**4,443,447**	**4,820,512**	**4,716,487**	**5,065,345**
10.	On Revenue Account	3,494,252	3,709,401	3,698,058	3,944,255
11.	Interest Payments	1,063,872	1,162,940	1,137,940	1,276,338
12.	Grants in Aid for creation of Capital Assets	303,916	390,778	299,891	427,192
13.	On Capital Account	949,195	1,111,111	1,018,429	1,121,090
14.	**Effective Capital Expenditure (12+13)**	**1,253,111**	**1,501,889**	**1,318,320**	**1,548,282**
15.	**Revenue Deficit (10-1)**	**765,216** (2.6)	**580,201** (1.8)	**610098** (1.9)	**523846** (1.5)
16.	**Effective Revenue Deficit (15-12)**	**461,300** (1.6)	**189,423** (0.6)	**310,207** (1.0)	**96,654** (0.3)
17.	**Fiscal Deficit [9-(1+5+6)]**	**1,654,643** (5.6)	**1,613,312** (4.9)	**1,569,527** (4.8)	**1,568,936** (4.4)
18.	**Primary Deficit (17-11)**	**590,771** (2.0)	**450,372** (1.4)	**431,587** (1.3)	**292,598** (0.8)

1. RE 2024-25 is reduced by ₹12,764 crore on account of net amount payable by Centre to the States for prior years. 2. Includes drawdown of Cash Balance.

Notes: (i) The GDP for FY 2025-26 is estimated at ₹356,97,923 crore, which is 10.1% over the Revised Estimates for FY 2024-25 of ₹324,11,406 crore released by NSO. (ii) Individual items in this document may not sum up to the totals due to rounding off. (iii) Figures in parentheses are as a percentage of GDP

Times of India 2-02-2025

GAINS & PAINS

FOR TAXPAYERS

GAINS | No tax on income up to ₹12L. With standard deduction, **salaried remain tax free up to ₹12.75L.** Rebate of ₹60k and tax slab rejig will result in savings up to ₹1.1 lakh

➤ **Updated returns can be filed up to 48 months** from end of assessment year

➤ No deemed rent for **2 self-occupied house properties**

➤ Threshold for TCS on **overseas remittances raised to ₹10L.** No TCS on remittances for education from loan

➤ **TDS on house rent** to apply only **beyond ₹6L** a year against earlier ₹2.4L

➤ For senior citizens, withdrawals from national small savings (NSS) accounts post Aug 29, 2024 to be tax exempt

PAIN | Rate of **addl I-T payable for updated return** filed after expiry of 24 months and up to 36 months — **60% of aggregate of tax** and interest payable; **70% and interest payable** after expiry of 36 months and up to 48 months

FOR INVESTORS

GAINS | Payment to **NPS Vatsalya** eligible for deduction of ₹50k, akin to NPS for the old regime

➤ **TDS for senior citizens on bank interest only above ₹1L.** For others, threshold increased to ₹50k. TDS on dividend income above ₹10k

FOR CONSUMERS

GAINS | No basic customs duty on **36 life-saving drugs for cancer and other rare diseases.** BCD exempted on 37 more medicines and 13 patient assistance programs, with specified drugs, provided they are given free to patients

➤ BCD reduced from 38.5% to **35% for dutiable articles** imported by passengers or crew member

➤ **BCD** on goods **imported for personal use** slashed from 38.5% to **20%**

➤ BCD reduced on import of **articles of jewellery and parts from 25% to 20%**

➤ Customs duty rate reduced on import of various types of **furniture, mattresses and articles of bedding** from 27.5% to 25%

FOR BUSINESSPEOPLE

GAINS | 10-year tax holiday for **startups incorporated before April 1, 2030. Fund of funds** for startups with ₹10k cr corpus

➤ **Only TDS on sale of goods at 0.1%** of sale value exceeding ₹50L, no TCS

➤ TCS payment default decriminalised

➤ Basic customs duty on open cell and other **components used to make LCD and LED panels reduced to 5%.** No BCD on 35 capital goods for EV batteries and 28 capital goods for mobile phone batteries.

➤ Scheme to support design capacity, component manufacturing, and machinery to **produce non-leather quality footwear, and leather products**

➤ **2-yr time limit** for finalisation of provisional assessments of **bills of entry,** which can be extended by a year

➤ Provision for importers and exporters to **voluntarily declare material facts and pay tax and interest without penalty** post clearance of goods

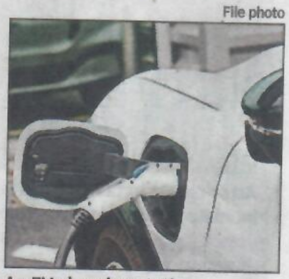
PAINS | Amalgamated co allowed to **carry forward loss only for 8 years**

➤ If entity appeals to appellate commissioner over penalty, 10% has to be deposited upfront

Times of India 2-02-2025

Exemption for EV sector to push sales of vehicles

Somit.Sen@timesofindia.com



File photo

An EV charging station

Mumbai/Pune: The exemption to Li-Ion batteries and other capital goods in the Union Budget is expected to further boost EV sales. It will significantly reduce battery costs and encourage investment in domestic battery manufacturing, experts noted on Saturday after the announcement by finance minister Nirmala Sitharaman.

"Given that batteries make up 30-40% of an EV's cost, this move will make EVs more affordable and accessible to consumers, driving mass adoption across two-wheelers, three-wheelers, and four-wheelers alike," said Dinesh Arjun, CEO of Raptee HV, a company manufacturing electric bikes and batteries for their own vehicles.

UNION BUDGET 2025

"These initiatives will further strengthen mobility industries' sustainability goals by enabling a smoother transition to electric mobility while leveraging solar-powered EV charging infrastructure, ensuring an eco-friendly and cost-effective transportation network," said Ashok Vashist, CEO of WTiCabs, which provides EV transportation in India.

Rajeev YSR, an electric vehicle expert and CEO of Thunderplus and group CEO of ETO Motors, said the National Manufacturing Mission will focus on clean tech manufacturing to support the domestic production of solar PV cells, EV batteries, motors and controllers, electrolyzers, wind turbines, and grid-scale batteries.

"The addition of 30 capital goods for EV battery manufacturing, and 28 additional capital goods for cellphone battery manufacturing is a boom to the EV industry. Govt has PLIs for advanced chemistry cells through which special incentives are given to organizations building battery cells and packs in India. Reducing import duties on cobalt and other components that get into manufacturing of lithium ion batteries reduces the cost of the battery pack. Since battery pack contributes to 40% of vehicle cost, EVs would get even cheaper," he added.

It will boost domestic manufacture of lithium-ion battery, both for mobile phones and electric vehicles, he said.

Across state, the total EV population is now approaching 5.5 lakh.

Kunal Arya, MD, ZELIO E Mobility Ltd, an EV manufacturer, said: "The absence of concrete measures to support long-term subsidies for EVs and a reduction in GST on spare parts remains a missed opportunity for accelerating mass adoption."

(With inputs from Joy Sengupta)

Business Line 1 -02-2025

Govt unveils ₹100-crore MSME Mutual Credit Guarantee Scheme

KR Srivats
New Delhi

The Centre has approved the introduction of the Mutual Credit Guarantee Scheme for MSMEs (MCGS-MSME), which provides 60 per cent guarantee coverage by the National Credit Guarantee Trustee Company Ltd (NCGTC) to member lending institutions (MLIs) for credit facilities up to ₹100 crore sanctioned to eligible MSMEs.

This facility is in line with the Budget announcement of 2024-25. MCGS-MSME is expected to facilitate the availability of credit for the purchase of plant and machinery/equipment by MSMEs.

MLIs include all scheduled commercial banks (SCBs), non-banking financial companies (NBFCs) and all India financial institutions (AIFIs) that register with the NCGTC under the scheme.

SALIENT FEATURES

The scheme covers MSME borrowers with a valid Udyam Registration Number. The loan amount guaranteed shall not exceed ₹100 crore, though the project costs could be higher. The minimum cost of equipment /machinery is 75 per cent of the project cost. Loans up to ₹50 crore under the scheme shall have a repayment period of up to 8 years with a 2-year moratorium on principal payment. For loans above ₹50 crore, a higher repayment schedule and moratorium on principal can be considered. An upfront contribution of 5 per cent of the loan amount shall be deposited at the time of application for guarantee coverage.

There is no annual guarantee fee on the loan during the year of sanction; 1.5 per cent a year during the next 3 years of loan outstanding as of March 31 of the previous year; and thereafter, 1 per cent of the loan outstanding.

Business Line 2-02-2025

Capital goods used in EV, phone batteries exempted from customs duty

LOCAL PRODUCTION. This will boost domestic manufacture of lithium-ion battery

S Ronendra Singh
New Delhi

To boost the electric vehicle (EVs) and mobile phone sectors, Budget has proposed to waive customs duty on 35 additional capital goods used in EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing. "This will boost domestic manufacture of lithium-ion battery, both for mobile phones and electric vehicles," Nirmala Sitharaman, Finance Minister, said on Saturday.

She also outlined other proposals like setting up of a National Manufacturing Mission for clean technology manufacturing and support to domestic EV battery manufacturing, and exemption on basic customs duty on critical minerals related to EV and mobile battery manufacturing.

E-INDIA. The proposed National Manufacturing Mission for clean technology aims to bolster the domestic EV ecosystem

Veterans in the auto industry said these will help create a strong EV ecosystem. "The duty exemption on capital goods for EV battery manufacturing is a strong step toward enabling India's transition to electric mobility," Shradha Suri Marwah, President, ACMA, said.

SIGNIFICANT LEAP

The automobile sector stands poised for a significant leap forward, with substantial investments in green energy and a clear policy framework to support energy storage solutions, Pawan Munjal, Executive Chairman, Hero MotoCorp, said. "These measures will accelerate India's transition to a clean mobility future, reinforcing its commitment to sustainability and technological innovation," he added.

Santosh Iyer, MD & CEO, Mercedes-Benz India, said, "We welcome the setting up of a high-level committee to evaluate regulatory reforms which will enhance ease of doing business in long term," Iyer said.

The focus on clean tech manufacturing, particularly in areas like solar PV cells, EV batteries, and wind turbines in this Budget, will help reduce India's dependence on imports and promote sustainable development, Ayush Lohia, CEO, Lohia Auto said, adding, this will also promote the domestic manufacturing and backward integration.

However, while this Budget aligns with India's broader vision for progress and positive steps on promoting clean technologies, there remains an urgent need to rationalise the GST disparity between EVs and batteries that the EV industry needs, said Chetan Maini, Co-Founder and Chairman, Sun Mobility.

(With inputs from Aroosa Ahmed)

Business Line 2-02-2025

Powering up MSME growth engine

MORE COVERAGE. Revised classification to include industries eligible for MSME benefits

G Balachandar
Chennai

In a significant move, the Budget has reinforced the vital role of micro, small and medium enterprises (MSMEs) as a cornerstone of economic growth. Recognising MSMEs as one of the four primary growth engines, the budget has unveiled a comprehensive set of measures aimed at strengthening this sector across various dimensions.

KEY MEASURES

Key measures include revised classification criteria, expanded credit availability with enhanced guarantee cover, credit cards for micro-enterprises, and policy support for export promotion. Finance Minister Nirmala Sitharaman emphasised that MSMEs, which number approximately 5.7 crore and account for 45 per cent of India's exports, serve as a powerful engine of development."To help them achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively.

This will give them the confidence to grow and generate employment for our youth," she said.

Revision in classification criteria for MSMEs (₹ in cr)

	Invesment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

MSME BENEFITS

The revised classification criteria will expand the number of industries eligible for MSME benefits.

Also, to improve access to credit, the credit guarantee cover will be enhanced. For Micro and Small Enterprises, from ₹5 crore to ₹10 crore, leading to an additional credit of ₹1.5 lakh crore in the next 5 years.

"This enhanced credit guarantee cover will help all MSMEs that are looking at expansion, export market and other immediate term loan improvements," said V K Girish Pandian, President, IEMA (Industrial Estate Manufacturer's Association), Guindy (Chennai).

For start-ups, from ₹10 crore to 20 crore, with the guarantee fee being moderated to 1 per cent for loans in 27 focus sectors important for Atmanirbhar Bharat and for well-run exporter MSMEs, for term loans up to ₹20 crore.

"The increase in the guarantee cover for MSME will foster entrepreneurship, create job opportunities and improve the business environment,. said Ajay Kumar Srivastava, Managing Director & CEO, Indian Overseas Bank.

To improve financial accessibility for micro-units, the government will introduce customised credit cards with a ₹5-lakh limit for businesses registered on the Udyam portal. In the first year alone, 10 lakh such cards will be issued.. Additionally, a new initiative will support first-time women, Scheduled Caste (SC), and Scheduled Tribe (ST) entrepreneurs with term loans of up to ₹2 crore over the next five years.

'MAKE IN INDIA'

Sitharaman also reiterated the government's commitment to establishing a National Manufacturing Mission that encompasses MSMEs as part of its 'Make in India' initiative.

Driven by demand, bus segment surges ahead, defying CV slowdown

KEY DRIVERS. Pent-up demand and a low base contributed to consistent year-on-year growth

G Balachandar
Chennai

The bus segment continues to defy trends in the commercial vehicle (CV) market, driven by robust demand across various categories. In recent months, the strong push for electrification and the growing preference for inter-city bus travel has further fuelled steady demand for buses.

In the current fiscal, buses have been the only CV category to maintain robust growth. Between April and December 2024, bus volumes (medium and heavy category) surged by 31 per cent, reaching 43,856 units compared to 33,422 units during the same period last year. In contrast, truck volumes declined 7 per cent. The light commercial vehicle (LCV) market fared slightly better with passenger carriers seeing flat volumes though goods vehicles declined 3 per cent. Overall, the CV market recorded a 2.3 per cent year-to-date decline, according to the Society of Indian Automobile Manufacturers (SIAM).

GREEN PUSH. Electrification is emerging as a transformative trend in the bus segment

The bus segment, one of the hardest-hit sectors during the pandemic, has seen substantial recovery over the past 2-3 years. Pent-up demand and a low base have contributed to consistent y-o-y growth. The full reopening of schools and offices in the post-Covid era sparked an initial surge in demand. Additionally, the revival of the travel and tourism industry, aided by broader economic recovery, has further boosted volumes.

FOR REPLACEMENT

"Mandatory scrapping of older government vehicles under the vehicle scrappage policy has also boosted replacement demand for buses," said Shamsher Dewan, Senior Vice-President and Group Head, Corporate Ratings, ICRA. He added that steady demand from offices and schools has been instrumental in supporting strong growth, with expectations of continued momentum in the near term.

Ashok Leyland and Tata Motors, leading players in the bus market, noted during their Q3 earnings calls that buses were experiencing strong utilisation across various categories, including school buses, intra-city, and inter-city services, driving significant demand in the segment.

INTER-CITY TRAVEL

Demand for inter-city bus travel is steadily increasing, fuelling growth in the bus segment. Once seen as a budget-friendly option, buses are now favoured for their connectivity, comfort and affordability, while also serving as essential last-mile connectors between metro cities, semi-urban hubs, and remote areas. Consequently, demand for medium and heavy-duty buses is on the rise. "Inter-city bus travel today is about more than just reaching the destination — it's about making the journey enjoyable," said Rohit Sharma, Chief Operating Officer, AbhiBus. "Features like air-conditioned sleeper coaches and value-added services have greatly improved the travel experience, making it both convenient and comfortable."

Electrification is emerging as a transformative trend in the bus segment. Government policies promoting electric vehicles, combined with subsidies and incentives for electric buses, have spurred demand in both intra-city and inter-city categories. Dewan noted, "The focus on electrification is shaping the future of the bus segment. It's supported by strong policy initiatives and growing demand for sustainable public transport."

The bus segment is set to remain a strong performer in the CV market, driven by the growing adoption of electrification and ongoing infrastructure improvements increasing its desirability.

Business Line 18 -01-2025

Eicher Trucks and Buses enters SCV market with Eicher Pro X Range

G Balachandar
New Delhi

TINY TITAN. Vinod Aggarwal, MD & CEO, VECV, at the launch of the company's electric-first range of small CVs G BALACHANDAR

Eicher Trucks and Buses, a division of VE Commercial Vehicles, has officially entered the electric small commercial vehicle (SCV) market with the launch of its pick-up vehicle, the Eicher Pro X Range, at Bharat Mobility Global Expo 2025.

The 2-3.5 GVW (gross vehicle weight) pick-up segment, which is currently dominated by Mahindra & Mahindra, Ashok Leyland and Tata Motors, is now set to witness increased competition with Eicher's new electric offerings.

The electric trucks will be available in two categories: sub-110 kg load and above 110 kg load, with the 1.7-tonne version targeting the higher end of the market. Eicher's decision to launch an electric vehicle rather than a diesel model is driven by the lower cost of ownership, as electric vehicles offer operating costs significantly lower than their diesel counterparts, Vinod Aggarwal, MD & CEO, VE Commercial Vehicles Ltd (VECV) told *businessline*.

SUSTAINABLE OPTION

With the electric vehicle market rapidly gaining traction, the company believes its decision aligns perfectly with both environmental sustainability and customer needs. "Even though the initial purchase price may be higher, the savings in running costs over 4-5 years will more than compensate for it," said Aggarwal. "This move is not only good for business but also contributes to reducing the carbon footprint of small commercial vehicles."

CHARGING INFRA

In response to potential concerns about charging infrastructure, Eicher has announced partnerships with charging service providers to ensure customers have reliable access to charging stations. Financial support will also play a key role in adoption, with financing options available through collaborations with financial institutions.

Aggarwal explained that the company's entry into the small commercial vehicle segment follows extensive planning and collaboration with potential customers to ensure the new vehicles meet their specific needs. The Eicher Pro X Series has been specifically developed to cater to the unique needs of industries such as e-commerce, FMCG, cold chain, and parcel and courier logistics.

Looking forward, the company plans to introduce diesel and CNG variants of the electric vehicle six months after the electric model's release, providing customers with a broader range of options.

While the company's presence in the light and medium commercial vehicle markets is well-established, it views its entry into the small commercial vehicle segment as a logical extension of its brand.

The company is focused on building a strong foundation in this new market, taking a measured approach to growth without focusing solely on volume.

Business Line 18 -01-2025

Ashok Leyland enters the mini-truck market with Saathi

G Balachandar
New Delhi

NEW KID ON THE BLOCK. Union Minister of Heavy Industries and Steel HD Kumaraswamy unveils Saathi in the presence of Shenu Agarwal, MD & CEO, Ashok Leyland

Ashok Leyland, a leading player in the truck and bus industry, made its debut in the mini-truck segment with the launch of Saathi, a premium entry-level light commercial vehicle priced at ₹6.5 lakh. The Hinduja Group flagship aims to disrupt the market and secure 20 per cent of the segment's market share within the next five years. Bookings for Saathi are open, with deliveries expected to begin in 3-4 weeks.

The introduction of Saathi bolsters Ashok Leyland's position in the small commercial vehicle (SCV) segment, specifically the sub-3.5 GVW (gross vehicle weight) category. This segment includes pick-ups with a GVW of 2–3.5 tonnes and mini-trucks with a GVW of up to 2 tonnes. While the company has been active in the pick-up space with its Dost and Bada Dost models, Saathi marks its foray into the mini-truck segment, which is dominated by Tata Ace.

Saathi fills critical gaps in the mini-truck market by offering a no-compromise performance, payload and comfort solution, the company said. It delivers superior power and torque, doubling the performance of segment leaders. The truck provides 25 per cent more loading capacity compared to competitors, enhancing its payload space. Saathi prioritises operator comfort with a spacious cabin design, an uncommon feature in this segment, Shenu Agarwal, MD & CEO of Ashok Leyland, told *businessline*.

FIXED PRICING

He explained that breaking away from traditional pricing practices, Ashok Leyland has adopted a fixed, non-negotiable pricing strategy, positioning Saathi in the ₹6.2–₹6.7 lakh range. To keep costs efficient, Saathi has been developed using existing production lines and vendor partnerships. Manufactured at the company's Hosur plant, it incorporates standardised components and tools, minimising incremental investments while maintaining quality. The mini-truck market, currently estimated at 2,00,000 units annually, offers significant growth potential. Despite possible fluctuations, Ashok Leyland remains confident in achieving its target. "Whether the market is 1,90,000 or 2,00,000, our focus is on securing a solid 20 per cent share," said Agarwal.

In the next 12–18 months, Ashok Leyland plans to launch CNG, EV and bi-fuel variants of Saathi. Ashok Leyland also showcased Garud 15, a multi-axle, front-engine, 15-meter premium bus with 42 sleeper berths, a spacious luggage compartment and the highest GVW in its category at 22,500 kg as also eTIRAN Electric Port Terminal Tractor. Designed for port operations, it features a customisable battery range of 180–350 km, an air-conditioned cabin with a 360-degree view and advanced safety features such as ADAS and hill-start assist.

The Economic Times 28-01-2025

Two-wheeler Cos Expect Sales to Reach Pre-Covid Highs in FY26

Rural demand, easing inflation in urban centres & weddings may help sales cross 21 m units

Sharmistha Mukherjee

New Delhi: Motorcycle and scooter sales in India, a proxy of entry-level demand, could grow by 8-10% next fiscal to a record high, driven by better-than-expected traction in rural markets, an easing of inflationary pressure in urban centres and record number of wedding dates in the coming year, top executives of three automakers suggested.

Senior executives at Hero MotoCorp, Honda Motorcycle & Scooter (HMSI) and TVS Motor, the country's top two-wheeler makers, said that with food prices moderating and rates cuts on the anvil, they expect two-wheeler sales to cross the peak of 21.18 million units in FY19, with more than a million of these being electric vehicles (EVs).

A higher number of wedding dates in the coming fiscal is expected to boost purchase of motorcycles, especially in rural areas, which account for about half of the country's two-wheeler sales.

The total number of auspicious days for Hindu weddings, which along with festivals is a key contributor to two-wheeler sales, is higher at 66 days in FY26 compared with 54 in FY25.

"Two-wheeler sales have been showing a strong uptick since January 2024, primarily on account of strong demand in rural markets. The general consensus in the industry is that in the upcoming financial year, too, this momentum will continue," a senior industry executive told ET, requesting not to be named. "If we touch the 20-million mark by the close of this fiscal year, we should be able to cross the pre-Covid peak in FY26."

In the first nine months of the ongoing fiscal, sales of motorcycles, scooters and mopeds in the domestic market climbed by 11.6% to 15.04 million units.

Two-wheeler sales had dropped by more than a third to 13.57 million units in FY22 from record levels seen in FY19, as rising medical costs due to the pandemic and high unemployment levels severely affected consumption among buyers at the entry level. Niranjan Gupta, CEO of Hero MotoCorp, the country's largest two-wheeler maker, said the government has been earmarking close to ₹10 lakh crore as capital expenditure in last 2 years. These have a longer gestation period in terms of reviving employment. "There's lot of informal, unstructured, unorganised employment that happens that's clearly coming back," Gupta said. "If you see, airlines are full, hotels are full. (And) Not just in metro cities. The crop has been decent. The monsoon has been decent. The MSPs of crops have been going up. That's why I would say that all the ingredients of rural consumption have moved in the right direction."

He said, "We have seen green shoots... (in) the next four to six or eight quarters, we could actually see rural bouncing-back in a big way."

High Hopes

Hero MotoCorp
There's lot of informal, unstructured, unorganised employment that happens...that's clearly coming back

TVS Motor
First 3 weeks of January are exciting...looking for double-digit industry growth

Honda Motorcycle & Scooter India
Lots of marriage dates are there, starting from Feb. Expecting even motorcycles will start growing henceforth

Sudarshan Venu, MD of TVS Motor, is confident the industry will grow in double-digits in coming months.

For full report, go to www.economictimes.com

Business Line 29-01-2025

Maruti, Hyundai to push for export growth amid geopolitical challenges

G Balachandar
Chennai

India's leading automakers Maruti Suzuki India and Hyundai Motor India Ltd (HMIL) are ramping up efforts to expand exports of India-built cars and SUVs, despite ongoing geopolitical disruptions.

Maruti Suzuki, which accounted for nearly one in every two cars exported from India in the December 2024 quarter, aims to sustain its momentum with plans to introduce its 'Made in India' electric car eVitara to global markets.

Hyundai Motor India, the second-largest carmaker in the country, is looking for a rebound in export growth this quarter after setbacks caused by the Red Sea crisis.

Maruti Suzuki and Hyundai contribute to nearly two-thirds of India's passenger vehicle (PV) exports. Maruti Suzuki recorded its highest-ever quarterly exports, shipping 99,200 units in the December 2024 quarter, marking a 38 per cent year-on-year growth.

VOLUME IMPACT. Maruti Suzuki and Hyundai contribute to nearly two-thirds of India's passenger vehicle exports

In FY24, the company held a 42 per cent market share in India's PV exports, increasing to 49 per cent in Q3FY25, retaining its position as India's top passenger vehicle exporter.

GLOBAL FOOTPRINT

Maruti Suzuki witnessed strong growth across multiple regions, with robust traction in Africa, Latin America and West Asia. Its Q3FY25 exports matched the company's total exports for an entire year just four years ago. In FY20, Maruti Suzuki exported a little over 1 lakh units for the full year whereas in Q3FY25 alone, it has already shipped nearly 1 lakh vehicles, reflecting the company's expanding global footprint and doubling export volumes on a monthly basis over the past year.

The management attributed this success to several key factors, including an extensive dealership network, customer-centric initiatives, financing options, effective complaint resolution systems and the launch of new models. In FY24, Maruti exported 2,81,000 units, and in the first nine months of FY25, it has already shipped 2,46,000 units.

Hyundai, which faced a decline in exports due to geopolitical disruptions, expects a recovery in Q4FY25. The company's exports dropped to 40,386 units in Q3FY25, from 43,650 units in the same period last year, mainly due to the Red Sea crisis affecting shipments to the Middle East, one of its key export markets.

EMERGING MARKETS

To mitigate risks, Hyundai has diversified its export strategy, shifting focus to other regions like Africa.

Despite short-term challenges, the company remains optimistic, expecting stability in the near term and stronger growth in the medium to long term. Hyundai's SUV lineup expansion, including models like the Exter and Alcazar facelift, helped strengthen its presence in emerging markets. A key growth driver in the coming months will be the Exter left-hand drive (LHD), which is expected to significantly boost export volumes.

Also, Hyundai is exploring EV exports, starting with the Creta Electric, in response to the growing global demand for electric vehicles. Its new Pune plant, set to become operational by the end of 2025, will be a crucial part of Hyundai's global export strategy, helping increase production capacity, scale exports and enter new international markets.

Business Line 31-01-2025

TVS Motor sets sights on E3W growth in domestic, export markets

G Balachandar
Chennai

TVS Motor Company, a leading two-wheeler manufacturer and emerging leader in the electric two-wheeler space, is turning its focus to the electric three-wheeler segment. With battery-powered vehicles in this category nearing 30 per cent penetration in the country this year, the company aims to strengthen its domestic presence while tapping into significant export opportunities.

Following the recent launch of its passenger electric three-wheeler, TVS is also evaluating prospects in the e-rickshaw segment.

"The EV 3-wheeler market is expanding rapidly. Currently, EV penetration stands at 21 per cent year-to-date and 26 per cent for the last quarter, approaching 30 per cent, which is a healthy figure. We are committed to securing a strong position in this category with the recently launched TVS King EV Max," said KN Radhakrishnan, Director & CEO, TVS Motor Company, during the company's Q3FY25 earnings call.

SOFT THROTTLE. The firm reported a slight increase in Q3 net profit at ₹618 crore from ₹593 crore a year ago BIJOY GHOSH

E-RICKSHAW MARKET

"We are closely monitoring the e-rickshaw category. With TVS's strong R&D and design capabilities, we can evaluate and adapt to market needs. However, our current focus is on establishing the TVS King EV Max as a prominent player in the electric three-wheeler category."

Last week, TVS launched the TVS King EV Max electric autorickshaw in New Delhi. With a range of 179 km on a single charge and fast charging capability (2 hours and 15 minutes for 0-80 per cent charge), the vehicle features several innovations.

"We believe the TVS King EV Max will be a game-changer. We see strong export potential for this vehicle," Radhakrishnan noted.

On Tuesday, TVS Motor announced the merger of Sundaram Auto Components Ltd (SACL), a wholly-owned subsidiary, with the parent company. SACL, a plastic components business, is in the process of being sold to Coimbatore-based Pricol.

The cash generated from the sale, along with 2,400 acres of land near TVS Motor's factory, will be merged into the parent company. "There won't be any business or revenue transfer to TVS from Sundaram Auto Components. Post-sale, it will remain a holding entity with cash and land assets," clarified RK Gopala Desikan, Chief Financial Officer, TVS.

For the quarter ended December 31, 2024, the firm reported a slight increase in net profit, rising to ₹618 crore from ₹593 crore in the same period last year. Operating revenue grew 10 per cent to ₹9,097 crore from ₹8,245 crore. Operating EBITDA grew by 17 per cent to ₹1,081 crore (₹924 crore), with the EBITDA margin reaching a record high of 11.9 per cent, up from 11.2 per cent. On Tuesday, TVS Motor's stock reflected market confidence, closing at ₹2,334.95 per share, up 4.85 per cent on the BSE.

The Economic Times 2-02-2025

Bosch Sees Economy Sluggish in 2025, Hints at Cost Cuts

Robert Bosch GmbH expects the current financial year to be challenging with global growth unlikely to pick up until 2026.

Bosch, among the world's biggest automotive suppliers and a manufacturer of a wide range of technology products, said that almost all its business areas underperformed in 2024, adding that Europe was particularly weak. The company's revenue fell slightly to $94.3 billion for the year, while its earnings margin dropped to 3.5%, below a target of 7%, according to preliminary earnings released Friday.

Bosch signaled it could make additional cost cuts after it announced job reductions last year. The company last year said it aims to eliminate 5,500 positions globally, including 3,800 posts in Germany.

"The global economy is not likely to pick up again until 2026," Bosch Chief Financial Officer Markus Forschner said. **Bloomberg**

ELECTRIC VEHICLES
Business Standard 20-01-2025

Tesla rival VinFast readies India drive for export hub

EV major plans first stop in Tamil Nadu

SHINE JACOB
New Delhi, 19 January

Vietnamese electric vehicle (EV) major and Tesla's global rival VinFast is set to make India a global export hub eyeing markets like West Asia and Africa, with the first phase of its $2 billion facility in Thoothukudi, Tamil Nadu, expected to be operational by mid-2025, a senior company executive has said.

The company will also focus on developing an entire EV eco-system, including battery manufacturing and setting up of charging stations across the country. V-Green, a group company, will be looking for co-investors in creating charging infrastructure.

On Saturday, the Vietnamese company showcased its first electric vehicles for the Indian market at the Bharat Mobility Global Expo 2025.

The Nasdaq-listed automaker unveiled two all-electric premium SUVs — VF 7 and VF 6 — that will be launched this year.

"We selected Thoothukudi since it is close to the seaport and airport, which will allow us to export. We have two factories in Vietnam — one is 50,000 and another around 100,000. We are looking at India for the domestic market, West Asia, and Africa," said Pham Sanh Chau, chief executive officer of VinFast Asia.

The initial phase of the unit will see an investment of $500 million.

Turn to Page 6

PHOTO: SHINE JACOB

VinFast Asia CEO Pham Sanh Chau *(left)* and Deputy CEO of Sales and Marketing Ashwin Ashok Patil unveil VF6 at Auto Expo 2025 in New Delhi

'Exports will be key driver, growing at 25% every quarter'

MRF, one of the largest tyre makers in India, is among the most expensive stocks in the country. Vice-Chairman and MD **ARUN MAMMEN** talks to Shine Jacob during the ongoing Bharat Mobility in New Delhi, about the firm's growth strategy, export road map among others.

2

AUTO EXPO DETAILED COVERAGE P2, P3

PAGE 12

India Inc top brass to attend Davos summit

India Inc's top brass, including RIL's Mukesh Ambani, JSW's Sajjan Jindal, Aditya Birla group's Kumar Mangalam Birla, and Tata's N Chandrasekaran will attend the World Economic Forum (WEF)'s annual summit in Davos, beginning today. **DEV CHATTERJEE** writes

INVESTOR PITCH FEST AS 6 STATES COMPETE FOR GLOBAL SPOTLIGHT IN DAVOS

Business Standard 23-01-2025

Maruti cushions EV leap with car lease services

Firm's EV owners could lease petrol/strong hybrids for long intercity drives

DEEPAK PATEL
New Delhi, 22 January

Maruti Suzuki India (MSIL), while expanding its charging infrastructure and service network ahead of the eVitara launch, will introduce a scheme allowing electric vehicle (EV) customers to lease petrol or strong hybrid cars for short periods to address concerns about using EVs on long intercity drives, Senior Executive Officer (Marketing and Sales) Partho Banerjee told Business Standard on Tuesday.

"We are conveying to the customer that there is nothing to worry about if you just have an EV at home. You need to buy just one EV and leave all your problems to us. This is what we want to convey," he said at the Bharat Mobility Global Expo 2025.

"Today, for most people, an EV is never the first vehicle at home. It is always the second or third vehicle. We want it to become the first vehicle. There are many fence-sitters. We would like them to jump to the EV side," he added.

MSIL unveiled its first electric car, the eVitara — a premium sport utility vehicle with a 2,700-millimetre wheelbase and over 500 kilometre (km) range — last Friday at the expo. Banerjee said that by the car's launch, the company will have prepared 1,500 existing service workshops across 1,000 cities to handle EVs and set up fast chargers every 5-10 km in the top 100 cities.

"People may or may not be buying EVs in the 1,000 cities, but we will be ready with our EV-ready service workshops. This is also being done to assure customers that the EV can be the primary car of the household," he noted.

He mentioned that the company would offer a "subscription service" if EV customers still had concerns.

"A customer anyway goes outside the city on long trips just a few times during a year. We are giving you a solution if you have a concern... If a customer residing in Delhi has to go to the hills for a vacation, they can take a petrol-run or strong hybrid car like the Ertiga from us using our leasing model. Your EV can stay at home in Delhi while you visit the hills using the leased vehicle," he said.

He clarified that EV customers will only pay for the days they use the petrol-run or strong hybrid car.

"We want to instil confidence that you do not need two vehicles in your home. Our EV itself is enough," he said.

MSIL currently has a subscription service allowing customers to lease its petrol-run and strong hybrid vehicles on a flexible, long-term basis without ownership commitments. For the new leasing service, the company will utilise the vehicle bank it developed for the current subscription service. More than 10,000 units are already deployed under the current subscription service.

For its EV customers, the company will also launch an 'e For Me' application (app) that will provide information about available chargers and allow customers to make payments directly through the app. The company also plans to assist its EV customers with the installation of home chargers, which will have a capacity of 7.2 kilowatt-hour.

By the eVitara's launch, MSIL will have its public charging infrastructure ready in the top 100 cities and EV-ready service workshops in 1,000 cities.

"The top 100 cities comprise 97 per cent of the current EV industry. In these 100 cities, we will have an EV charger every 5-10 km. We will work out the placement of these chargers. These chargers will not be limited to our dealerships," Banerjee noted.

On EV-ready service workshops, he said: "We have mapped the areas within a 250-km radius of spots where we sell most of our vehicles. We are ensuring that 1,500 service workshops in 1,000 cities are EV-ready. These workshops will also have charging facilities for emergency usage."

Partho Banerjee, senior executive officer (marketing & sales), MSIL, at the unveiling of Maruti's first electric car e-Vitara

DRIVING CONFIDENCE

- EV customers will only pay for the days they use the petrol-run or strong hybrid car
- Automaker will offer a subscription service if EV customers still have concerns
- MSIL will install fast chargers every 5-10 km in the top 100 cities, covering 97% of the current EV market
- 'e for me' app to assist customers with charger locations, payments, and home charger installation

The Economic Times 24-01-2025

18 OF 28 LAUNCHES TO BE OF EVs

EVs to Get a Bigger Launchpad in 2025, Plan Takeoff in Style

Share of electric in total car sales is expected to double to 4% by year end

Sharmistha Mukherjee

New Delhi: In a first, electric vehicle launches in the country in 2025 will outpace those of petrol and diesel cars. Of the 28 launches scheduled this calendar year, as many as 18 are EVs.

The number of EVs set to be launched this year is around four times of 4-5 EV models introduced the past two years, and even higher than total launches of 11 and 15 new vehicles (EV and ICE) seen in 2023 and 2024.

Industry stakeholders expect growth to be driven by these zero emission vehicles, which are estimated to account for over 50% of incremental sales of 200,000 units in the passenger vehicle segment in the ongoing year. With this, the share of electric in total car sales is expected to double to 4% by the close of the year.

Hardeep Singh Brar, senior vice-president and head (sales and marketing) at Kia India, said: "Till now people didn't have the option to buy EVs from their favourite car brand. With many companies planning EV launches, consumers will come back. It EV penetration) should double from here from 2% to 4%."

Hisashi Takeuchi, managing director at the country's largest carmaker Maruti Suzuki, confirmed, "Every manufacturer is thinking how to expand and bring up the electric vehicle market in India. I think EV sales will really grow because so many new products (are getting) introduced in the market."

Electric Car Sales

(Penetration in PVs, in %)

2021	15,000	0.2%
2022	48,000	1.2%
2023	91,000	2.2%
2024	107,000	2.5%
2030	932,000	17%*

*Expected

Source : SIAM/Industry

RAW MATERIAL

Business Standard 28-01-2025

JSW forays into copper mining with ₹2,600 crore investment

AMRITHA PILLAY
Mumbai, 27 January

Sajjan Jindal's JSW group on Monday announced its entry into the copper business, with the winning of a mine operator and developer (MDO) contract for two mining blocks in Jharkhand. The group said it would invest ₹2,600 crore in the business.

"This strategic move marks the JSW group's entry into the mining of non-ferrous metal sector in keeping with its vision to diversify and meet the increasing demand for essential metals across high-growth sectors," JSW said in a statement.

Won through a competitive bidding process, the project involves operationalising the two mines and setting up of a copper concentrator plant. "On full-scale ramp-up, the mines will have an ore capacity of 3 million tonnes per annum (mtpa). The mines are expected to become operational in the second half of financial year 2026-27 (H2FY27)," the company statement said.

The MDO contract is for 20 years and further extendable for the next 10 years. The copper mines belong to Hindustan Copper, and under the terms of the agreement, JSW will be responsible for the development of mines through capital expenditure and operational management, including installation of a concentrator plant of the same capacity. In return, Hindustan Copper will provide technical support and receive a percentage of the revenue generated.

The business is to be housed under a separate company as part of the group, and under none of its existing listed entities.

JSW group scion Parth Jindal said: "Venturing into non-ferrous metals, particularly copper, is a strategic move for the group. The increasing demand for copper in sectors such as electric vehicles (EVs), renewable energy infrastructure, construction, electronics, telecommunications, and healthcare presents a significant opportunity."

JSW is the latest entrant in India's copper industry, with Adani's Kutch Copper and Aditya Birla group's Hindalco Industries as the two main rivals. However, the JSW group so far has not shared any plans for producing copper as a final product. Until then, with just copper concentrates, JSW will emerge more as a raw material supplier than competitor for the other two Indian conglomerates. Copper concentrate is the raw material that companies such as Hindalco and Kutch Copper use and often import, to make their final products. Anil Agarwal-promoted Vedanta's share in India's current copper production has dwindled with the shutdown of its Tuticorin unit in Tamil Nadu in 2018.

The JSW statement added: "India is currently a major importer of copper concentrate; therefore, by developing domestic copper resources, we aim to support the country's industrial growth and reduce dependency on imports."

NEW BUILDING BLOCK

- The mine operator and developer contract is for 20 years and extendable for next 10 years
- JSW will be responsible for the development of both the blocks
- Hindustan Copper to provide technical support and receive a percentage of the revenue generated
- Business to be housed under a separate firm as part of the group

UltraTech in talks to buy Heidelberg's India unit

UltraTech Cement, the country's top cement producer by capacity, is in advanced talks with German firm Heidelberg to acquire its India unit, *Moneycontrol* reported on Monday, citing sources familiar with the matter.

Executives from the Aditya Birla group, UltraTech's parent, met Heidelberg management to discuss the acquisition of HeidelbergCement India, the report said, without specifying the value of the deal. The German parent's 69 per cent stake in its local arm was valued at around ₹3,381 crore as of Friday's close. The talks come months after *Economic Times* reported that UltraTech's rival Adani group was in talks to buy the German parent's stake. It was not immediately clear if the talks with Adani fell through. *Moneycontrol's* report did not specify the status of Adani group's talks.

Besides the two majors, Heidelberg had also drawn interest from IPO-bound JSW Cement, multiple media outlets reported last year. REUTERS

GOVERNMENT POLICY
Business Standard 17-01-2025

Commerce dept seeks to extend 2 export schemes

ILLUSTRATION: AJAYA MOHANTY

SHREYA NANDI
New Delhi, 16 January

Ahead of the Union Budget, the commerce department is talking to the finance ministry on continuing two major export-boosting schemes — Remission of Duties and Taxes on Exported Products (Rodtep) for export-oriented units and special economic zones (SEZs), and the Interest Equalisation Scheme (IES).

Both expired on December 31.

In the case of Rodtep for SEZs, export-oriented units (EoUs), and Advance Authorisation (AA), the scheme has been extended till January 29 after an intervention from the Prime Minister's Office (PMO) last week. On the other hand, the IES has not been renewed although the commerce department is seeking a slightly modified version of the scheme to cover at least micro, small, and medium enterprises (MSMEs), a senior government official told *Business Standard*.

Turn to Page 6

EYEING EXTENSION

- Rodtep for SEZs and EOUs extended till Jan 29 after PMO intervention
- IES expired on Dec 31; renewal under discussion
- Commerce dept proposes additional allocation of ₹1,600–1,700 cr for Rodtep to extend till March 31
- Also seeks renewal of IES for 5 yrs, focusing primarily on MSMEs
- Both schemes may feature in the Budget if approved by the finance ministry

Business Standard 17-01-2025

Commerce dept seeks ₹1,700 cr more for Rodtep

The commerce department is now seeking an additional allocation of ₹1,600-1,700 crore, which will allow the government to drag the Rodtep scheme till March 31.

"Rodtep has a system in which there is a 10 per cent increase (in allocation). With a 10 per cent increase, we will be able to manage next year," the official said.

The amount allocated for Rodtep in the Union Budget for FY25 was ₹16,575 crore.

The Rodtep scheme refunds the embedded non-creditable central, state and local levies paid on inputs to exporters to boost India's exports.

The scheme came into effect in 2021, but was extended to additional export sectors — SEZs, EoUs and AA holders — only from March 11, 2024 to "help the exporting community in handling the international headwinds". Currently, the Rodtep scheme for exports from the domestic tariff area (DTA) or the domestic market is in place till September 30.

The commerce department is hoping for approval for both schemes and an announcement on them as early as possible. If the finance ministry agrees, it could spill over and find mention in the Budget documents.

An extension for both schemes is being sought at a time when exporters are grappling with global economic uncertainties, with export growth slowing. During the pre-Budget meeting with the finance minister in North Block last month, exporters too wanted the IES to continue. The department has asked for running the scheme for five years. "The finance ministry was seeking justification for continuing the IES. We have given different options to the finance ministry. Our first preference is to continue the existing scheme. If not, we have suggested keeping non-MSMEs out of this for now," the official cited above said.

The IES is an interest-subvention scheme under which benefits in interest rates charged by banks are given to exporters on their pre- and post-shipment rupee export credits. Lenders are, thereafter, compensated by the government. It was launched in 2015 for five years to reduce stress among them, especially in labour-intensive sectors and MSMEs. Thereafter, the scheme has been extended periodically.

However, over the past one year, benefits under the IES have been diminishing. Earlier, the scheme was in place for 416 identified tariff lines and MSME manufacturer-exporters for all export lines. However, in June, the government extended the IES till September 30 — for MSME exporters — while other exporters, covering 410 tariff lines, were excluded.

The scheme, thereafter, was extended for three more months but fiscal benefits were slashed.

This is because the finance ministry's perception regarding the IES has been that it is not adding to competitiveness but to the profitability of the exporter.

As a result, the government was looking at the effectiveness of the scheme, keeping in mind the overall cost of finance of exporters, utilisation of the available funds and its effectiveness, correlation between export realisation and the subvention that is being provided, among other things.

Business Line 1-02-2025

EU's proposed ban on scrap exports may prove a headwind for India's steel industry

Abhishek Law
New Delhi

India's steel sector could see likely headwinds with the EU proposing to ban steel scrap exports, a key raw material in making the metal through the electric arc furnace route.

The Economic Survey notes that the proposed scrap ban "will significantly hinder developing countries' capacities to produce more carbon-efficient steel".

In fact, it is said that steel produced through electric arc furnace is less carbon emitting, compared to the traditional blast furnace route, which uses coal and iron ore as the key raw materials.

Sustained increase in steel production and consumption

Source: Ministry of Steel, Joint Plant Committee, Ministry of Steel

CARBON EMISSION

Per market data, a tonne of steel produced through EAFs has a carbon emission intensity of 0.4-0.8 tonnes of carbon dioxide

In comparison, a tonne of steel produced through the blast furnace route has a carbon emission intensity of around 2 tonnes of carbon dioxide.

The average carbon emission intensity across Indian steel mills is around 2.5 tonnes of carbon dioxide per tonne of steel produced.

India continues to be a major importer of steel scrap.

Per industry sources, stainless steel scrap import was around 1.33 million tonnes, while mild steel scrap import was 9-10 million tonnes last year.

Most imports were from Thailand, Europe, Indonesia, the US and Middle East, among others.

EU'S NEW RULES

"Moreover, the proposed ban on steel scrap exports from the EU, a key input for steel production, will significantly hinder developing countries' capacities to produce more efficient steel.

This measure can be perceived as the EU attempting to enjoy the benefits of both sides while imposing trade restrictions," the Survey noted. The Waste Shipment Management policy had mentioned that exports of "green-listed" waste are prohibited.

Such exports may, however, still be allowed for non-OECD countries, if certain conditions are fulfilled.

The non-OECD countries still willing to receive waste imports from the EU must notify the European Commission about their willingness and demonstrate their ability to treat this waste in an environmentally sustainable manner.

Business Line 1-02-2025

'CBAM, deforestation rules are EU's protectionist measures'

Amiti Sen
New Delhi

The EU's Carbon Border Adjustment Mechanism and EU-Deforestation Regulation (EUDR) are non-tariff barriers in the garb of climate protection measures and can potentially hit an estimated $9.5 billion of Indian exports to the bloc, the Economic Survey has said.

"..it is hard to shake off the conclusion that both CBAM and EUDR are trade protection measures garbed in the language of climate and environment. The game and the end goals are the same but the tactics keep changing. Labour standards, gender, democracy, emissions and deforestation, the innovative list will keep evolving with time," the Eco Survey noted.

CARBON TAX

The CBAM seeks to impose a tax on six carbon intensive products, including iron and steel, aluminium, fertilizers and cement, exported to the bloc based on carbon emitted during its production. While the reporting requirement under the mechanism began last year, the carbon taxes are to be levied from January 1 2026.

India's exposure to CBAM exports

(in $ million)	2014	2023
Iron & steel	2,962.6	5,557.1
Aluminium	151.4	1801
Cement	4.2	8.3
Fertilizers	0.7	2

Source: UNCOMTRADE database (2024)

"The CBAM does not take into account the fact that countries like India are at a different level of development. We see it is a protectionist mean to protect the European industry. It serves more than just the stated goal of reducing carbon emissions," said Chandni Raina, Advisor, Department of Economic Affairs.

Raina cited studies, including an UNCTAD report, which have said that the CBAM would have a negligible impact on global emissions reduction.

The implementation of the EUDR, which seeks to regulate the consumption of products derived from deforested land, will additionally hurt export of several agro-based products from India.

IMPACT ON INDIA

"The CBAM and EUDR are expected to affect $9.5 billion of India's exports to the EU, which amounts to 9 per cent of India's exports to the world or 12.9 per cent of India's exports to the EU," the survey said quoting a report from research body GTRI.

The share of CBAM exports in total Indian exports to the EU has increased substantially from 6.3 per cent in 2014 to 10.5 per cent in 2023," the survey pointed out.

Quoting from UNCOMTRADE database (2024), the survey said that in 2023, India's exports to the EU of iron and steel was at $5.55 billion, aluminium was at $1.8 billion, cement was at $8.3 million and fertilisers was at $2 million.