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AUTOMOTIVE INDUSTRY

Business Line, 16 June 2026

Automobile market gears up for 23 launches as EVs outpace ICE models

Amit Vijay Mohile
Mumbai

The next push in the automobile sector has begun nearly four months before Diwali, and this time the industry is offering something for almost every buyer.

Over the next nine months, automakers are expected to introduce 23 new passenger-vehicle models, including 16 electrified offerings — 10 battery-electric vehicles, four plug-in hybrids and two hybrid-assisted models — alongside seven all-new ICE vehicles. The lineup spans everything from sub-₹10 lakh city cars to ₹2-crore luxury sedans.

Setting the tone for the cycle, Mercedes-Benz India on Monday launched the S450e, its first plug-in hybrid S-Class in the country, priced at ₹2.20 crore (ex-showroom). Offering up to 115 km of electric-only range, the model reflects growing interest in alternative electrification pathways.

"Customers increasingly want options, and adoption grows when more products and powertrain choices become available," Mercedes-Benz India MD and CEO Santosh Iyer told *businessline*.

The June to March launch cycle will involve nearly



A CLASS APART. Mercedes-Benz India on Monday launched the S450e, its first plug-in hybrid S-Class in the country, priced ₹2.20 crore (ex-showroom)

every major manufacturer, including Toyota, Tata Motors, BYD, MG Motor, Honda, Hyundai, Kia, BMW, Mahindra and Maruti Suzuki.

Among the early launches are Toyota's Urban Cruiser Ebella EV and Tata Motors' Sierra EV, which will be followed by a steady stream of electric, hybrid and plug-in hybrid models through the rest of the financial year.

CLEAR TREND

The numbers point to a clear trend. For every new internal-combustion vehicle entering the market, more than two electrified products are lining up as automakers respond to rising fuel costs, tighter efficiency norms and changing consumer preferences.

More importantly, electrification is no longer confined

to a niche corner of the market.

It is moving simultaneously into entry-level hatchbacks, family SUVs, premium crossovers and luxury vehicles.

At the entry end, BYD's Seagull, Hyundai's Instar EV and Maruti Suzuki's Fronx EV are expected to test whether electric mobility can finally move into India's largest volume segments.

In the ₹12 lakh-₹25 lakh sweet spot, Tata Motors' Sierra EV, Honda's Elevate EV, Toyota's Urban Cruiser Ebella, Kia's Syros EV and MG's Starlight plug-in hybrid will compete for family buyers increasingly conscious of running costs.

At the premium end, products such as BYD's Seal U plug-in hybrid, Mercedes-Benz's S450e, the upcoming GLC EV, BMW's iX3 and

MG's IM6 suggest electrification is steadily moving from a niche proposition to a mainstream technology choice.

THREE ROUTES

The opening months of the cycle also showcase three distinct strategies. Mercedes-Benz is betting on plug-in hybrids, Tata Motors is pushing dedicated EV platforms through the Sierra EV and its acti.ev+ architecture, while Toyota continues to back hybrids as a transition technology.

Together, these approaches highlight an industry that is no longer converging around a single solution but pursuing multiple pathways to electrification.

June opens with the Mercedes-Benz S450e, Toyota's Urban Cruiser Ebella and Tata Motors' Sierra EV. Kia's Syros EV and Honda's Elevate EV follow in the months ahead, while the festival season is expected to bring launches such as BYD's Seagull, MG's IM6, MG's Starlight plug-in hybrid and BMW's iX3.

Further launches, including Hyundai's Instar EV, Maruti Suzuki's Fronx EV, BYD's Seal U plug-in hybrid and Tata Motors' Avinya, are expected before the end of FY27.

MM Forgings to install new hot forging press

T E Raja Simhan
Chennai

Chennai-based automotive component manufacturer MM Forgings Ltd is investing in capacity addition and is installing a new forging press, targeting revenue of nearly ₹2,000 crore in FY27.

"We are installing the world's largest 16,500 tonne hot forging press in an investment of ₹230 crore to enhance its ability to manufacture heavy forged components for global commercial vehicle manufacturers," MM Forgings CMD Vidyashankar Krishnan told *businessline*. "The largest forging press currently operating in the world is a 16,000 tonne unit at Bharat Forge. Our new press will be larger," he said.



Vidyashankar Krishnan, CMD,
MM Forgings Ltd BIJOY GHOSH

The new forging press, manufactured in Russia and scheduled for commissioning by the end of the year, will enable MM Forgings to manufacture heavier front axle beams used in large commercial vehicles, as also crankshafts up to 300 kg in weight. Current facilities can forge components weighing up to about 120 kg, while the new press will be capable of hand-

ling axle beams weighing 170+ kg, opening opportunities in global heavy-truck markets, he said.

CAPACITY EXPANSION

MM Forgings currently has an overall installed capacity of 1.2 lakh tonnes, which will rise to more than 1.5 lakh tonnes after the expansion, he said. For FY27, the company targets one lakh tonnes of sales, supported by improved domestic demand and an expected recovery in the US commercial vehicle market. It expects to cross 90,000 tonnes in FY27, he said. Domestic business contributed about 65 per cent of FY26 revenue, while exports accounted for the balance.

"We expect revenue to rise to ₹1,800-₹1,900 crore this fiscal and could touch ₹2,000 crore if market conditions

remain favourable," he said.

Alongside capacity expansion, MM Forgings is accelerating factory automation to address labour shortages.

The company plans to deploy more than 150 industrial robots in a couple of years and eventually increase the number to 600-800 robots across its manufacturing operations over the next three to four years, Krishnan said.

SIAM data show auto market has shifted from premiumisation to optimisation

Amit Vijay Mohile
Mumbai

For an industry that spent much of the last decade riding a wave of premiumisation, the latest numbers suggest the next phase could be defined by optimisation.

Passenger cars are growing faster than utility vehicles, scooters are outpacing motorcycles, cargo three-wheelers are expanding faster than passenger carriers and exports are rising faster than domestic sales.

Taken together, the trends indicate that consumers and manufacturers are increasingly prioritising value, efficiency and earning potential. Buyers are doing the math before making a purchase, while automakers are looking beyond India for incremental growth, potentially marking a shift from premiumisation to optimisation.

VALUE IS BACK

A few trends illustrate the shift more clearly than the passenger vehicle market. For years, utility vehicles steadily gained share at the expense of hatchbacks and sedans, becoming the dom-



ROOM FOR ROOM. Total vehicle exports rose 34.1 per cent in April-May, ahead of the 22.1 per cent growth in domestic sales

inant force in India's passenger vehicle industry.

Yet, SIAM's April-May data show passenger car sales rising 30.7 per cent year-on-year, ahead of the 23.5 per cent growth recorded by utility vehicles. SUVs continue to dominate overall volumes, but the faster growth in passenger cars suggests affordability is beginning to re-enter the purchasing equation.

The change comes after several years of sharp vehicle price increases, rising insurance premiums and higher ownership costs. As acquisition and operating expenses have climbed, consumers appear increasingly focused on extracting greater value from every purchase.

The industry's traditional growth narrative is centred on trading up, but the latest

data suggest value-conscious buying may be making a comeback.

2-WHEELER MARKET

The same pattern is visible in the two-wheeler market. Scooter sales grew 27 per cent during April-May, compared with 17.9 per cent growth for motorcycles. Unlike motorcycles, which increasingly span premium and lifestyle categories, scooters remain closely associated with practical urban transportation, family mobility and delivery services.

The strongest signal, however, is emerging from the three-wheeler market. Domestic three-wheeler sales expanded 31.9 per cent in April-May, making it the fastest-growing major vehicle category in the industry.

Within the segment,

goods carriers surged 40.1 per cent while passenger carriers rose 30.5 per cent.

That distinction is important. A cargo three-wheeler is typically purchased to generate income rather than fulfil an aspirational need. Its growth is often tied to logistics activity, e-commerce deliveries, urban freight movement and small-business expansion. In other words, some of the strongest growth in the automobile market comes from vehicles that function as economic tools.

VEHICLE EXPORTS UP

The optimisation trend is visible not only among consumers, but also among manufacturers.

According to SIAM data, total vehicle exports rose 34.1 per cent in April-May, significantly ahead of the 22.1 per cent growth recorded in domestic sales. Three-wheeler exports jumped 69.2 per cent while two-wheeler exports climbed 34.7 per cent.

The numbers underscore how Indian manufacturers are increasingly using overseas markets to drive incremental growth and improve capacity utilisation.

Automakers step in as supply chain talent crunch bites

Amit Vijay Mohile
Mumbai

It is nearly 5 pm outside the factory gates of one of India's largest EV manufacturing hubs in Chakan near Pune. As one shift ends and another begins, employee buses, trucks and thousands of motorcycles converge on the roads, creating the daily gridlock locals jokingly call the "evening parking lot".

Amid the chaos, electric scooters carrying urgently needed components weave through traffic and narrow bylanes. Their cargo may fit inside a backpack — a wiring harness, sensor or electronics module — but is valuable enough to keep an assembly line running.

The scene reflects a growing challenge confronting India's automotive industry. Mahindra & Mahindra's recent disclosure that labour

shortages at suppliers forced production cuts of up to 15 per cent highlighted a problem many executives say has been building for years: a missing worker at a supplier can be as disruptive as a missing machine on an assembly line.

THE WEAK LINK

The issue extends beyond Mahindra. Bajaj Auto's expanding electric two-wheeler business depends on suppliers producing wiring harnesses, aluminium die-castings and electronics within the same talent-constrained ecosystem. Tata Motors, meanwhile, is asking suppliers to support both traditional internal-combustion programmes and increasingly sophisticated EV architectures.

Whether an automaker builds scooters, passenger vehicles or commercial vehicles, executives say the



transition cannot move faster than the capability of the smallest supplier in the chain.

"The EV transition is not waiting for the workforce to catch up. The workforce has to catch up with the EV transition," said Vinkesh Gulati, Chairman of the Automotive Skills Development Council (ASDC). "The industry is not short of people. It is short of people with the right skills, in the right place, at the right time," he said.

The challenge goes beyond training. "Young engineers today are evaluating jobs very differently from

previous generations," said Munira Loliwala, HR strategist and talent expert. Compensation still matters, she said, but so do career progression, learning opportunities and location.

Large automakers benefit from strong employer brands and structured career paths, while many component manufacturers struggle to attract talent despite working on advanced technologies.

PRODUCTION CLUSTERS

The problem is visible in manufacturing clusters such as Chakan, where long commutes and infrastructure bottlenecks make recruitment and retention difficult.

At the same time, engineers skilled in electronics, battery systems and automation are increasingly being courted by technology firms and engineering services companies. "Manufacturing

is now competing for talent with sectors that barely featured in the hiring equation a decade ago," said Loliwala.

For Chandrakant Alunkar, an industrial relations expert who has tracked the Pune-Chakan manufacturing ecosystem for decades, the consequences no longer stop at the supplier's factory gate. "The supplier ecosystem is being asked to manufacture 2030-era components with a workforce largely trained for a different era," he said.

"The OEM can automate a plant. It cannot automate an ecosystem." That reality is forcing automakers to move beyond traditional supplier audits. Industry executives say manufacturers are increasingly helping suppliers recruit and train workers, strengthening apprenticeship programmes and monitoring critical vendors closely.

Tata Motors joins Ashok Leyland, Switch Mobility in ₹9,585-crore Delhi-NCR fleet renewal scheme

Amit Vijay Mohile
Mumbai

Tata Motors joined Ashok Leyland and Switch Mobility in the Government of India's ₹9,585-crore Delhi-NCR fleet renewal programme, expanding industry participation in a scheme designed to replace older, polluting trucks and buses with cleaner BS-VI and electric vehicles.

Under the programme, participating manufacturers offer an 8 per cent discount on eligible vehicles, supplemented by interest subsidies, fuel vouchers and state-level tax concessions.

The memorandum of understanding (MoU) signed between Tata Motors and the Ministry of Road Transport and Highways (MoRTH)

makes the company the latest commercial vehicle manufacturer to participate in the initiative. Ashok Leyland and its electric mobility arm Switch Mobility had signed similar agreements earlier this week.

HOW IT WORKS?

Together, the participating manufacturers account for around 50 per cent of India's truck and bus market, giving the scheme significant reach among fleet operators in the National Capital Region.

The fleet renewal programme is aimed at accelerating the replacement of older commercial vehicles operating in Delhi-NCR, where ageing truck and bus fleets remain a major source of vehicular emissions.

Under the scheme, participating OEMs provide an 8

per cent discount on the ex-showroom price of eligible new trucks and buses purchased against the replacement of older vehicles.

The incentive applies to both internal combustion engine and electric commercial vehicles. However, for electric vehicles, the discount is capped at the total discount value applicable to an equivalent ICE vehicle in the same Gross Vehicle Weight (GVW) category.

TARGETED VEHICLES

The programme targets trucks and buses complying with Bharat Stage-IV (BS-IV) or earlier emission standards.

Fleet operators seeking to avail themselves of benefits must replace these vehicles with cleaner BS-VI-compliant or electric models.

The objective is to accelerate fleet modernisation while reducing emissions from commercial transport operations across the NCR.

The scheme imposes stricter requirements for vehicles registered within Delhi for the ongoing efforts to accelerate the adoption of cleaner public transport technologies.

The OEM discount is only one part of the incentive package. The Central Government will provide a 5 per cent interest subvention on vehicle financing and fixed monthly fuel vouchers for five years.

Participating state governments will offer up to 100 per cent concession on motor vehicle tax for 10 years and waive registration fees for eligible vehicles purchased under the scheme.

TaMo Plans ₹40k-cr Investment to Double PV Volumes by FY31

Auto co is aiming for 1.2 m annual sales and a 20% share of India's passenger vehicle market

Our Bureau

Mumbai: Tata Motors Passenger Vehicles (TMPV) plans to invest ₹37,500-40,000 crore over FY27-FY31 as it targets a 20% share of India's passenger vehicle market and aims to nearly double annual volumes to over 1.2 million units by FY31, the company said in an investor presentation on Tuesday.

The second-largest car-maker by sales plans to add six new nameplates, taking its portfolio to 15 models, while expanding manufacturing capacity from 9 lakh units to 1.3 million units annually within the next two to three years.

Managing director and CEO Shalish Chandra said the domestic passenger vehicle industry is expected to grow from 4.7 million units in FY26 to 6.4 million units by FY31, driven by rising incomes, faster replacement cycles and growing demand for premium vehicles.

The median industry selling price is projected to rise to around ₹15 lakh by FY31 from ₹11-12 lakh in FY26. TMPV is targeting over 1.2 million units in annual sales by FY31, compared to 6.4 lakh units in FY26, with much of the incremental growth expected to come from electric vehicles (EVs) and CNG models.

The company expects to achieve more than 30% EV penetration in its own portfolio by FY31 and plans to expand its EV line-up to 10 nameplates from six currently.

The electric car market leader sold more than 92,000 EVs in FY26 and has crossed cumulative sales

Growth Map

Tata Motors to invest up to **₹40,000 cr** by FY31

To double PV sales to over **1.2 million units** and reach **20%** market share

Targets **30% EV** penetration with **10 EV models** by FY31

Will add six new nameplates & expand capacity to **1.3 million units**

Targets **1.4 lakh cr** revenue and **10% EBITDA** margin by FY31



of 300,000 EVs since its inception. Tata Motors estimates the domestic EV market will exceed 1 million units annually by FY31, translating into 15-20% industry penetration. The company believes nearly half of the industry's incremental growth over the next five years will come from EVs.

To strengthen its EV leadership, Tata Motors plans new launches, including Sierra.ev and Avinya-based products, while continuing to improve battery technology, charging speeds and driving range. Its roadmap includes battery packs of more than 75 kWh, up to three times faster charging, 20-23% higher energy density and integrated powertrain technologies.

The company also expects to address key adoption barriers such as price premium, charging infrastructure, ownership confidence and real-world range.

Chandra said the future of the Indian auto market will be increasingly multi-powertrain.

Domestic CV sales to see moderate growth of 4-6% in FY27: ICRA

Our Bureau
New Delhi

The domestic commercial vehicles (CVs) industry is expected to register a moderate year-on-year (y-o-y) growth of 4-6 per cent in wholesale volumes in FY27 with the broadened base of last fiscal likely to have some bearing on the growth momentum of this year, ICRA said in a report on Friday.

According to the report, while medium and heavy commercial vehicles (trucks) and light commercial vehicles (trucks) segments are expected to witness a y-o-y volume growth of 1-3 per cent and 6-8 per

cent, respectively, the buses segment is likely to see 7-9 per cent y-o-y growth over the fiscal.

"ICRA expects the domestic CV industry to register a moderate y-o-y growth of 4-6 per cent in wholesale (dispatches to dealers) volumes in FY27," it said adding that the broadened base of FY26 is likely to have some bearing on the growth momentum in FY27.

The report noted that continued infrastructure spending, improved freight movement and replacement demand are expected to support volumes, although rising fuel costs and financing challenges remain key



headwinds. In May this year, the Indian CV wholesale volumes reported a healthy 13.5 per cent y-o-y growth while witnessing a sequen-

tial decline of 1.1 per cent, ICRA said. In terms of retail sales, there was a moderate 5.3 per cent y-o-y growth in during the month, while recording a sequential decline of 18.3 per cent.

In terms of geographical spread, CV retail volumes showed higher y-o-y growth in rural markets vis-a-vis urban counterparts, hinting at demand broadening for goods movement beyond metro regions, it added.

GST RATE CUTS

In an earlier report in March, ICRA had said that the CV segment has led the upcycle, aided by GST rate cuts, higher freight movement and infrastructure activity.

Within segments, medium and heavy commercial vehicles (M&HCV) recorded particularly strong growth while light commercial vehicles (LCVs) continued to benefit from improved last-mile freight activity and higher sensitivity to GST-led cost reductions, it had said.

Recently, the Society of Indian Automobile Manufacturers (SIAM) shared that in FY25-26, 10.8 lakh CVs were sold in the country.

Western Zone led the CV sales with 3.98 lakh units. Maharashtra recorded highest CV sales with 1.61 lakh units in the country during the year, followed by Gujarat, Tamil Nadu, Uttar Pradesh and Karnataka.

'With Iveco in its Fleet, TaMo CV Sales may Hit \$35-40 b in 5 Years'

Our Bureau

Mumbai: Tata Motors expects the annual revenue of its commercial vehicle business along with the Italian truck and bus maker Iveco Group that it is acquiring to increase to \$35-40 billion over the next five years from about \$25 billion now, chairman N Chandrasekaran said Monday.

Addressing the company's first annual general meeting since the demerger of its commercial vehicle (CV) and passenger vehicle businesses, Chandrasekaran said the Iveco acquisition, expected to close before the end of September, would significantly expand Tata Motors' global CV presence through complementary products, advanced technologies and access to new markets.

Tata Motors announced the acquisition of Turin-based Iveco on July 30, 2025 for \$4.4 billion. The acquisition will be funded



GROWTH PLANS

Iveco's strong presence in light CVs, buses and engine tech would create significant synergies with Tata Motors' existing biz, says N Chandrasekaran

through a mix of debt and internal cash, with the debt to be serviced and repaid through Iveco's future cash flows. "No equity dilution is envisaged," the chairman said, responding to shareholder queries on the financing of the transaction.

Chandrasekaran said Iveco's strong presence in light CVs, buses and engine technologies would create significant synergies with Tata Motors' existing business. The deal is also expected to strengthen the company's presence in Europe and Latin America while providing opportunities for joint

research and development, technology sharing and cross-selling through each other's distribution networks.

The chairman said Tata Motors' annual capital expenditure would typically remain in the range of 2-4% of revenue, depending on product development programmes, with nearly 40% of the spending currently directed towards future technologies.

On shareholder returns, he said the company expects to maintain a dividend pay-out ratio of 40-50%, with scope to increase it as the capital expenditure cycle moderates.

BUSINESS LINE - 01/07/2026

Delhi EV policy ignites sharp rally in Ather Energy and Ola Electric

TURBOCHARGED. Only electric auto-rickshaws will be registered in city from Jan, 2-wheelers from April 1, 2028

Madhu Balaji
Bengaluru

Shares of EV makers such as Ather Energy, Ola Electric Mobility, TVS Motor and Bajaj rallied sharply after the Delhi Cabinet approved the Electric Vehicle Policy, 2026.

On Monday, the Delhi Cabinet approved the Delhi Electric Vehicle Policy, 2026, which said only electric auto-rickshaws will be registered in the National Capital from January 1, 2027.

The policy also mandates that only electric two-wheelers will be registered from April 1, 2028.

Besides, the policy provides purchase incentives for electric vehicles priced below ₹30 lakh through a 100 per cent ex-

emption on road tax and registration fees.

STRUCTURAL SHIFT

Naveen Gupta, Founder & CEO, Trev Mobility, said Delhi's new EV policy marks an important step towards accelerating the transition from conventional fuel-based mobility to cleaner, more sustainable transportation.

"The focus on incentives for electric vehicles, fleet electrification, and reducing dependency on traditional fuels reflects the growing need for a structural shift in how cities move."

Atul Auto, after soaring over 4 per cent to ₹495.40, closed at ₹481.80, up 1.46 per cent. TVS Motor Company closed a tad higher at ₹3,406.60.

On the move

	Close (₹)	% gain	Today's high (₹)
Ola Electric	43.76	8.37	44.95
Ather Energy	1,140.55	5.24	1,147.40
Bajaj Auto	9,716.00	0.89	9,750.00
TVS Motor	3,460.60	0.11	3,509.80
Uno Minda	1,087.80	-0.32	1,108.40
Atul Auto	481.80	1.46	495.40
M&M	3,068.80	-0.78	3,122.90
Minda Corp	696.80	3.63	701.00

Bajaj Auto traded flat after scaling an intra-day high of ₹9,686. However, Ola Electric and Ather (it scaled a new peak at ₹1,147.40), stole the limelight with gains of 8.37 per cent and 5.24 per cent.

According to SBI Securities, stocks that stand to benefit include Ather Energy, TVS Motor Company, Atul

Auto, Bajaj Auto, Sona BLW, Minda Corp and Uno Minda. The policy could have a cascading effect, prompting other States to adopt similar measures, said Emkay Global Research.

Ather stands out as a key beneficiary, given its growing focus on expanding beyond South India, supported by the upcoming EL platform

aimed at the mass-market segment, it said. "Among 2W incumbents, EIM (Royal Enfield) and HMCL appear most vulnerable due to their domestic-heavy franchises and higher exposure to motorcycles. TVSL/BJAUT are better insulated given their higher export exposure and rapidly growing E-2W franchise; both are also gaining ground in E-3Ws. In E-PVs, M&M and TMPV are better placed," it added.

According to Gupta, policies like Delhi's EV framework provide the necessary push, but the real transformation will happen when industry players, technology providers, and mobility operators work together to solve the everyday challenges of urban transportation.

ELECTRIC VEHICLES

Business Line, 17 Junr 2026

AI-led memory demand pushes up costs for electric vehicle industry

MEMORY ISSUES. Rising demand from data centres leads to shortages in RAM supply, increase in input costs

Rohan Das
Chennai

The electric vehicle (EV) industry is beginning to feel the heat of the AI-led surge in global memory prices.

Speaking to *businessline*, manufacturers and other industry observers suggest that the booming demand from data centres has led to shortages in the supply of RAM and an increase in overall input costs.

Niraj Rajmohan, Co-founder and CTO at Ultraviolette, told *businessline* recently that demand for memory from AI data centres had created a new, largely unanticipated supply chain challenge. He added that memory prices had shot up by 'tens of dollars' and, unlike the normal fluctuations, this time manufacturers had re-directed their entire focus towards data centres.



SUPPLY HEADWINDS. In a recent earnings call, Ather CEO Tarun Mehta said that FY26 saw supply chain challenges due to commodity inflation

"Since memory is a key part in the active electronic components of EVs, the price surges have resulted in a spike in input costs," he said.

Dinesh Arjun, Co-founder and CEO of electric motorcycle maker Raptree.HV, suggested that RAM and storage were key components in smart EVs with software-driven features. "Most EVs today essentially function like a 'mini computer on wheels' with features like a

touch screen interface, maps and navigation, connectivity and other software-controlled performance features. These features will need a processor, RAM and storage to run," he said.

Raptree's motorcycles, for instance, use a quad-core processor with 2GB RAM and 8GB storage, he added. He suggested that higher prices had pushed the cost of these components by about 5 per cent.

Vasudha Madhavan, Founder and CEO, Ostara Advisors, a climate-tech investment banking firm, said though chips and memory contribute a small portion of the overall cost of EVs, this share is growing rapidly.

"An EV carries two-three times the semiconductor content of a petrol car and memory accounts for a small but significant fraction of the overall cost. For instance, in a motor control system worth ₹75,000, the cost of semiconductor chips would be around ₹20,000, which includes memory," she said.

COMPETITION FROM AI Meanwhile, the difference in volumes procured by automakers and other large customers adds to the crisis.

Raptree's Arjun said automobile manufacturers purchase far lower volumes of RAM than smartphone makers and data centres, nat-

urally pushing them to prioritise customers with large orders. In fact, the US-based Micron announced the shutdown of its consumer RAM vertical in February and re-directed manufacturing capacity toward more profitable high-bandwidth memory required for AI data centres.

COMPONENT COSTS

The increase in memory prices, when coupled with upticks in rare-earth magnet prices and other commodity costs, has led EV companies to record a significant rise in their overall bill of materials.

In a recent earnings call, Ather CEO Tarun Mehta said that FY26 saw supply chain challenges. "What hit us were three big things, which are rare-earth magnet prices, the spike in memory costs across the world and the spike in lithium-ion battery prices because of commodity inflation," he said.

e2W makers step up on capacity as demand zooms

Supply mismatch appears concentrated to fast-moving products

ANJALI SINGH
Mumbai, 18 June

India's electric two-wheeler (e2W) manufacturers are ramping up capacity expansion plans as dealers across several markets report shortages of high-demand models and variants amid a sharp rise in consumer demand.

Retail sales of e2Ws rose from 122,812 units in January to 170,733 units in May, according to Federation of Automobile Dealers Associations (Fada) data. Year-on-year (Y-o-Y) growth remained above 24 per cent throughout the period and accelerated to 62.7 per cent in May, underscoring sustained demand for electric scooters.

Dealers say enquiries and bookings have risen sharply in recent months, but supplies of certain popular models and variants have not always kept pace, leading to tighter inventories and delivery timelines stretching up to two to four weeks in some markets.

According to a TVS dealer in Mumbai, waiting periods have increased for certain iQube variants, particularly higher-range models, as supplies have not kept pace with demand in recent months. "The issue is not demand; it is timely availability of the right model and variant. Some customers are willing to buy immediately, but the specific variant they want is not always available," the dealer said.

The supply mismatch appears concentrated to fast-moving products rather than reflecting a broader manufacturing shortfall. However, it is prompting manufacturers to expand capacity and strengthen supply networks to avoid losing momentum. Ather Energy, in its fourth-quarter (Q4) earnings call, said it is building its new Factory 3.0 manufacturing facility, and working to unlock additional supplies to



support demand in key markets. The company said the facility will support future product launches and long-term growth.

Hero MotoCorp is also expanding aggressively. "In electric vehicle (EV), in fact, in a matter of a month, we would double our capacity from where we started last year. And then further down the road in a few quarters, there will be again doubling of capacity as we are seeing great momentum for our VIDA brand," Chief Executive Officer (CEO) Harsh Vardhan said during the company's Q4 earnings call.

Management commentary from established manufacturers also suggests operational bottlenecks have constrained supplies. Bajaj Auto said supply-chain difficulties related to liquefied petroleum gas (LPG) shortages, manpower availability, and outbound logistics affected its ability

to service demand.

"Supply-chain difficulties in terms of LPG shortage, manpower availability, and outbound logistics to overseas markets have impaired availability to service demand by about 10-15 per cent," Executive Director Rakesh Sharma said during the company's Q4 earnings call.

TVS Motor also flagged labour shortages, gas availability issues, and commodity inflation as factors affecting operations, though Managing Director K N Radhakrishnan said conditions were improving.

Ola Electric said inventory levels had fallen to just three to four days as demand accelerated, requiring a rampup in supplies. The company said it has installed manufacturing capacity of up to 1 million units annually, and is focused on scaling production and improving availability.

Road bumps

- Retail sales of e2Ws rose from 122,812 units in January to 170,733 units in May, Fada data showed
- Enquiries and bookings have risen sharply in recent months, but supplies have not always kept pace, dealers said
- Waiting periods have increased, particularly for higher-range models, a TVS dealer said
- Bajaj Auto said supply-chain difficulties related to LPG shortages, manpower availability and outbound logistics affected its ability to service demand

TaMo secures orders for over 3,400 electric CVs

PRESS TRUST OF INDIA

Mumbai, 21 June

Commercial vehicle major Tata Motors on Sunday said it has secured orders for over 3,400 electric commercial vehicles (eCV) across freight, logistics and passenger mobility segments.

The orders comprising

around 2,000 small commercial vehicles and pick-ups, 900 trucks, and 500 buses, cut across a diverse range of applications from e-commerce, logistics, FMCG and to demanding sectors like cement, steel, mining, and tarmac operations, alongside inter- and intra-city passenger transport.

This wide-ranging deployment reflects growing customer confidence in electric mobility solutions in real-world conditions and signals a decisive shift from pilot programmes to scaled, operational integration of EVs across use cases, the Tata group company said.

Bajaj Auto asks Maha govt to clear its dues

SURAJEET DAS GUPTA
New Delhi, 22 June

Bajaj Auto has asked the Maharashtra government to clear its dues even as it scouts for another state to invest in its expansion, which includes an electric two-wheeler plant and also an ICE (internal combustion engine) and electric three-wheeler facility.

For this, talks are on with Tamil Nadu and Karnataka.

According to sources privy to the discussions, Bajaj Auto wants the state government to pay 60 per cent of the subsidy it has claimed on its electric two-wheelers. The 60 per cent subsidy works out ₹60 crore-70 crore and is awaiting disbursement for years.

A source aware of the development said: "While Bajaj passes on the incentive to the customers, it is reimbursed later. The company has repeatedly asked the government whether its budgets have been exhausted or not but has not received any response. But we assume the budgets have got exhausted."

That apart, it has told the government that in the past three to four years it has invested additionally more than ₹2,000 crore in Maharashtra and had applied for incentives under the state's "package incentive scheme".

However, it has not received the "eligibility certifi-



Looking out

- Bajaj Auto is evaluating Tamil Nadu and Karnataka for a new manufacturing expansion
- The company has asked the Maharashtra government to clear ₹60-70 crore in pending EV subsidies
- Bajaj has raised concerns over the non-issuance of eligibility certificates under Maharashtra's Package Incentive Scheme
- TN has emerged as a strong contender due to its established EV ecosystem

cates", on the basis of which the incentives are to be given.

According to sources, both Karnataka and Tamil Nadu are being studied, and it will look at what the Maharashtra government has to offer before taking the final decision.

Bajaj Auto declined to comment on its plans.

Tamil Nadu has attracted a lot of investment in electric two-wheelers with a well-developed component ecosystem. This includes startups such as Ola Electric in Krishnagiri and Ather Energy in Hosur; TVS in Hosur and Krishnagiri; Greaves Electric Mobility in Ranipet; and Simple Energy in Krishnagiri and Dharampuri.

On the other hand, Karnataka has a TVS plant in Mysore.

The headquarters of Ola and Ather is in Bengaluru.

The Maharashtra government had offered a subsidy with a cap of up to ₹10,000 for an electric two-wheeler, depending on battery size, etc. This is over and above the subsidy provided by the central government.

The company had invested ₹300 crore to set up an electric-vehicle plant in Akurdi in 2021 to produce Chetak electric scooters with a capacity of 500,000 per annum. It is now planning to scale up but in a different state.

But Bajaj Auto has a big stake in the state, where it has factories in Akurdi, Chakan and even Auragabad. Also the state accounts for a substantial share of its electric two-wheeler sales. Its only plant outside the state is in Pantnagar, Uttarakhand.

India's electric freight market enters next growth phase

GREEN FLEET. The shift is being driven as much by economics as by sustainability

Amit Vijay Mohile
Mumbai

India's electric freight market may be approaching an inflection point. Electric commercial vehicle (eCV) registrations jumped 154 per cent year-on-year to an estimated 6,600 units in Q1 CY26, while Tata Motors has won orders for more than 3,400 eCVs spanning trucks, buses and small cargo vehicles.

Equivalent to more than half of the industry's quarterly retail volume, the order pipeline suggests fleet operators are increasingly deploying EVs as business assets rather than pilot projects.

SHIFT IN APPLICATION

For years, India's CV electrification story was largely confined to pilot programmes and limited deployments in urban delivery fleets. That dynamic now appears to be changing.

Tata Motors' orders include about 2,000 small CVs and pick-ups, around 900 trucks and 500 buses. Freight applications account for the largest share, highlighting growing confidence in electric cargo mobility across vehicle categories.

The shift is being driven as much by economics as sustainability. Fleet operators are increasingly evaluating



PICKING UP PACE. Electric truck demand is beginning to gather momentum as fleet operators explore electrification beyond urban routes GETTY IMAGES/ISTOCKPHOTO

EVs based on total cost of ownership, uptime and route suitability rather than environmental goals alone.

Adoption is also expanding beyond last-mile delivery. Tata Motors said its orders span sectors such as logistics, FMCG and consumer durables distribution, cement, steel, mining and airport tarmac operations, indicating that electrification is beginning to penetrate a broader set of commercial use-cases.

GROWTH BROADENS

Growth is no longer being driven by a single segment. While electric cargo three-wheelers continue to account for the bulk of volumes, the e-LCV segment is gaining traction among e-commerce, logistics and distribution companies seeking higher payload capacity and lower operating costs.

Electric truck demand is

also beginning to gather momentum as fleet operators explore electrification beyond urban routes. The order pipeline suggests improving confidence in vehicle performance, charging availability and operating economics for heavier-duty freight applications.

Much of the growth is being driven by corporate and institutional procurement rather than retail demand. Large fleet operators are increasingly selecting EVs based on operating economics, service support and vehicle uptime, creating opportunities for manufacturers that can offer integrated fleet solutions rather than standalone products.

The market is also becoming more competitive. Alongside Tata Motors, players such as Euler Motors, Mahindra Last Mile Mobility, Switch Mobility, Omega Seiki Mobility and Montra

Electric are expanding their presence across cargo applications.

"The strongest signal for the industry is that customers are no longer buying EVs for pilot projects—they are buying them for operations. Whether it is e-commerce, FMCG distribution, logistics or industrial freight, fleet operators are now evaluating EVs as business assets. That is a sign the market is entering a new phase of maturity," said Uday Narang, Founder and Chairman, Omega Seiki Mobility.

POLICY SUPPORT

Policy support is beginning to reinforce the market's growth trajectory. Earlier this month, the Delhi government approved a vehicle replacement programme aimed at replacing older CVs operating in the NCR region with cleaner BS-VI and electric alternatives. Industry participants expect such initiatives to create an additional demand channel beyond conventional fleet purchases.

For manufacturers, the challenge is no longer proving that electric freight vehicles can work. The next phase will depend on scaling charging infrastructure, service networks, financing models and fleet management systems quickly enough to support larger deployments.

\$9.2 BILLION SHIPMENTS

China's EV Exports in May Rise 50% On-yr, to Reach Record High

China's exports of electric vehicles climbed to an all-time high in May, extending a surge that has been fueled by higher oil prices linked to the war in Iran. Overall exports of electricity technologies, including solar panels and batteries, remained near record levels.

Shipments of electric vehicles reached \$9.2 billion, up almost 50% from the same period a year ago, according to China's General Administration of Customs. The increase is a sign of the country's growing competitive edge in advanced transport and rising global demand for alternatives to fossil fuels.

Overall exports of electricity technologies, including solar panels and batteries, remained near record levels

When monthly exports of other electricity technologies, such as heat pumps and grid equipment are included, the total is 6% below the record reached in March. Much of the decline can be explained by the drop in solar photovoltaic and battery exports, which are down 51% and 16%, respectively. The retreat in solar followed the expiration of export tax rebates on April 1.

Disruptions to fossil-fuel supplies stemming from the US and Israel's attack on Iran and the effective closure of the Strait of Hormuz have bolstered interest in China's clean-energy products.

"The current energy crisis has reinforced the value of electrification as a pathway to greater



energy security, reduced fuel import exposure and long-term transport cost savings," said Lam Pham, energy analyst for Asia at Ember.

Analysts at BloombergNEF also expect demand for electrification to keep growing. "Technologies that enable net fossil-fuel importing countries to decouple from geoeconomic uncertainty may gain added impulse," the analysts concluded in the recently published New Energy Outlook. **Bloomberg**

One size cannot rate India's e2W ride: Siam

Industry body flags Vietnam reference point, seeks India-specific star-rating framework

SURAJEET DAS GUPTA
New Delhi, 25 June

The Society of Indian Automobile Manufacturers (Siam) — which has most automobile makers as members — has raised concerns over the draft five-star rating of electric two-wheelers (e2Ws) based on energy efficiency proposed by the Bureau of Energy Efficiency (BEE).

Siam believes that using just one country model — Vietnam, which is not a high-volume producer — as the reference is not a suitable benchmark or an encouraging starting point for formulating standards and labelling norms for the sector.

The BEE study shows that Vietnam has the lowest specific energy consumption globally at only 1.6 kilowatt-hour (kWh) for a 150-200 kilometre (km)

Right road, right yardstick

- Siam flags BEE's draft five-star rating, saying a Vietnam-based benchmark may not fit India's e2W market
- Auto body proposes a rating system built on Indian e2W data and usage patterns
- It wants World Motorcycle Test Cycle testing to replace Indian Driving Cycle for better range assessment

■ Plans to finalise an India-specific star-rating framework by Feb-Mar 2027



range. This is far lower than India's 2.91 kWh per 150-200 km and better than China, Europe, Indonesia, among others. Vietnam also has the lowest energy consumption of electricity in

the 100-150 km range.

Siam, while supporting BEE's decision to formulate voluntary standards and a labelling regime, plans to highlight its concerns on the draft,

which has been sent to stakeholders involved in the discussions, to BEE.

Instead, the apex association is looking at an alternative — analysing Indian e2W data to decide on its own star rating system, which would be encouraging initially and can be tightened as technology develops.

Siam has already started collecting data and will complete this exercise within the next two weeks. It plans to finish its internal analysis by the end of July and then brainstorm an India-specific star rating programme. The association expects to meet in August to build consensus on the methodology and freeze the final plan by February-March 2027. The association also points out that the current specific energy con-

sumption in kWh per 100 km is based on the Indian Driving Cycle (IDC), whereas Siam has already agreed to shift to the World Motorcycle Test Cycle (WMTC), which will start from October-November and is more relevant.

The IDC cycle measures energy consumption, range, and emissions of two-wheelers by simulating gentle Indian city traffic. The WMTC model tests a wider variety of riding conditions, including higher top speeds, harder acceleration and suburban driving, and provides a range estimation that is closer to real-world driving. The country already has over 41 appliances where the five-star rating has been implemented, either voluntarily or made mandatory. These include air conditioners, refrigerators, and television sets, among others.

'Fragmented EV platforms hinder localisation, economies of scale'

FACTORY FOCUS. Report urges standardisation, stronger supply chains for affordable EV growth

Rishi Ranjan Kala
New Delhi

Despite policy support and growth in manufacturing investment plans, complete localisation in the electric vehicle (EV) segment faces hurdles, such as fragmented platforms and a lack of component standardisation, making it hard to achieve economies of scale.

A joint report by the Institute for Energy Economics and Financial Analysis (IEEFA) and JMK Research & Analytics pointed out that India's EV market is characterised by a wide variety of OEM-specific designs, particularly in the two and three-wheeler segments. This lack of standardisation makes it difficult to use common parts across brands.

"Further, India's production volumes are nearly 85 per cent lower than China's,

and the domestic supplier base is still developing. These factors make it hard for manufacturers to achieve the economies of scale needed to lower the costs of high-technology components like controllers, chargers, and electronic modules," it added.

The report highlighted that rapid growth in the domestic EV market is transforming the value chain in India's automotive sector, with value shifting from traditional metal-based components to sophisticated electronic systems and advanced assemblies.

While this presents substantial opportunities for the sector, the report emphasised that it also introduces challenges that require strategic adaptation.

LOCALISATION

The report noted that localisation levels had improved across EV segments, with



DESIGN DILEMMA. The EV market is characterised by a wide variety of OEM-specific designs. This lack of standardisation makes it difficult to use common parts across different brands

many original equipment manufacturers (OEMs) now undertaking domestic assembly and local sourcing for structural and mechanical components.

"However, a deeper assessment of the supply chain reveals that localisation remains uneven at the component level for systems unique to EVs such as motors, battery packs, power electronics, and charging systems," it added.

Prabhakar Sharma, Senior Consultant at JMK Research & Analytics, said that accelerating development of semiconductor and rare-earth magnet supply chains, expanding participation of EV start-ups in localisation programmes, promoting component standardisation, and increasing investment in indigenous research and development all have a role to play.

Future localisation progress will also depend on

whether local suppliers can become more cost-competitive. Now, many Indian suppliers continue to face a 20-30 per cent cost disadvantage due to lower production volumes, fragmented demand across OEMs, and limited vertical integration, the report pointed out.

It suggested that greater component standardisation across OEM platforms could help aggregate demand and improve economies of scale for domestic suppliers.

Recent initiatives such as the Light Electric-Vehicle Acceleration Forum (LEAF) indicate growing industry recognition of the need for standardisation.

"However, these efforts have not yet evolved into a broader policy framework covering other components. Faster progress in standardisation and manufacturing integration is likely to play an important role" it added.

Delhi sets countdown for ICE 2W, 3W phaseout

Fresh registrations to stop over the next 2 years under new EV policy

DEEPAK PATEL & SOHINI DAS

New Delhi/ Mumbai, 29 June

The Delhi government on Monday announced that it will stop fresh registrations of internal combustion engine (ICE) two-wheelers (2Ws) and three-wheelers (3Ws) over the next two years, leaving major automobile makers scrambling amid fears that other states could follow suit and force them to redraw product launch plans and investment strategies.

The Delhi government Cabinet on Monday approved the Delhi EV Policy 2.0, which will come into effect from July 1. Apart from the aforementioned ban, the policy also delivered a definitive verdict against extending tax concessions to strong hybrid cars. While the draft policy had proposed a 50 per cent waiver on road tax and registration fees for strong hybrid cars priced up to ₹30 lakh, the final policy dropped the proposal after stakeholder consultations, retaining the benefits only for electric cars (e-cars).

Under the new policy, only electric 3Ws (e3Ws) and N1 category light commercial vehicles (LCVs) — goods vehicles with a gross vehicle weight of up to 3.5 tonnes — will be eligible for fresh registration in Delhi from January 1, 2027. From April 1, 2028, only electric 2Ws (e2Ws) will be newly registered in the national capital. E-cars priced up to ₹30 lakh will continue to receive a 100 per cent exemption from road tax and registration charges.

Executives at major 2W and 3W manufacturers — which continue to derive the bulk of their sales from ICE-powered vehicles — said the policy announcement came as a shock. They said the larger worry is that Delhi's policy could become a template for other states, accelerating the transition to electric mobility beyond what manufacturers had planned and forcing them to revisit future product launches and investment plans.

EV players praised the move. Tarun Mehta, chief executive officer of e2W maker Ather Energy, said in a post on X that the Delhi government's new policy



New EV policy from July 1

- Delhi to stop fresh registrations of ICE 2W and 3W over the next two years
- Electric three-wheelers and N1 category light commercial vehicles will be eligible for fresh registration in Delhi from January 1, 2027
- The new policy offers financial incentives for buyers of electric vehicles
- Auto industry caught off-guard; fears other states could adopt similar mandates, affecting product and investment plans

should become a benchmark for other states. "What stands out is not just the scale of the investment, but the way the policy has been designed. The combination of incentives, phased electrification mandates, and charging infrastructure creates a very strong foundation. More critically, if Delhi can become a majority electric vehicle (EV), then it has the opportunity to become a benchmark for the rest of the country," he said.

Tata Motors — one of India's top electric car makers — also said that other states should emulate Delhi. "Delhi has once again demonstrated progressive leadership... This policy provides long-term direction for the industry, strengthens confidence in India's EV ecosystem, and

can serve as a benchmark for other states pursuing cleaner urban mobility," a spokesperson for Tata Motors said.

In a press conference on Monday afternoon, Delhi Chief Minister Rekha Gupta said the policy had been allocated an investment of ₹15,000 crore. "Of the total investment, a sum of ₹7,000 crore will be specially earmarked for boosting EVs in the city in the four-year period, while ₹8,000 crore will be allocated towards EV infrastructure and tax exemptions in the next four years," she said.

The new policy offered financial incentives for EV buyers. Buyers of e2Ws will receive ₹30,000 in the first year of the policy, with the incentive reducing to ₹20,000 in the second year and ₹10,000 in the third year. Buyers of e3Ws will receive ₹50,000, ₹40,000, and ₹30,000 over three years, while buyers of electric N1 category LCVs will receive ₹1 lakh in the first year.

A senior executive of a leading commercial vehicle maker said the company was studying the policy in detail. "It is a step in the right direction. We will have to see how this pans out, as the incentive for e3Ws is higher over three years and their cost is lower," he observed.

Saket Mehra, partner, Grant Thornton Bharat, said Delhi's new EV policy was "arguably one of the strongest demand-side signals" seen in India's urban mobility transition. More importantly, it marked a shift from incentive-led adoption to a mandate-driven market transformation by combining targeted purchase incentives with phased electrification mandates, charging infrastructure expansion, and a dedicated institutional framework for implementation, he added.

The new policy introduced scrappage incentives for replacing older vehicles with electric models. Owners scrapping old 2Ws will receive ₹10,000, while 3Ws and N1 category vehicles will qualify for ₹25,000 each. Owners scrapping Bharat Stage-IV or older four-wheelers will receive ₹1 lakh.

More on business-standard.com

GOVERNMENT POLICY

Business Line, 16 Junr 2026

Gujarat unveils flexible five-year industrial policy

Avinash Nair
Ahmedabad

In a significant departure from previous industrial policies, Gujarat on Monday unveiled a flexible 'Choose Your Incentive' regime and relocation framework for industries operating within city limits, betting on customised incentives and spatial reorganisation of manufacturing to drive the State's next phase of industrial growth.

BUSINESS EASE

The measures form part of the Viksit Gujarat Industrial Policy 2026, which will remain in force for five years from June 1, 2026.

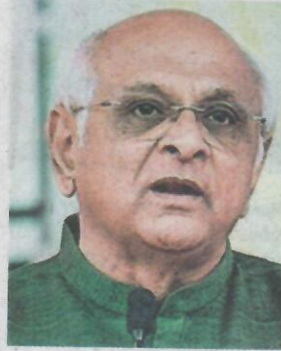
The policy seeks to build on Gujarat's strengths in manufacturing and exports while positioning the State as a hub for advanced manufacturing, innovation and research-driven industries.

Chief Minister Bhupendra Patel said the policy had been designed keeping future industries in mind, with special thrust on sectors such as green hydrogen, green ammonia, battery storage, electrolyzers, electric mobility, aerospace, space manufacturing, semiconductor support industries, robotics, drones, sports goods and toys.

"For the first time in the State, we are coming with a 'Choose Your Incentive' scheme, where industries can choose from a bouquet of incentives," Additional Chief Secretary (Industries) Mamta Verma said while outlining the policy.

The new framework moves away from a one-size-fits-all incentive structure and gives businesses greater flexibility in selecting benefits aligned with their investment requirements.

"It will be very easy for any unit to get incentives. Apart from the flexibility to choose



A file photo of Chief Minister Bhupendra Patel

incentives, units can get faster approvals," Verma said.

The government has reduced the number of documents required for availing incentives from around 30 to 14, and the process has been streamlined. "We are coming for the first time with Project THRIVE, which is looking into the concept of decongesting cities," Verma said.

Units opting for relocation will be treated as new units and become eligible for a range of incentives and support measures. These include capital subsidy, a wage support subsidy of ₹5,000 per employee per month for six months, assistance for housing and worker infrastructure, and relaxation in floor space index (FSI) norms.

According to government estimates, a micro unit investing ₹1 crore can receive incentives worth ₹25-45 lakh, a medium enterprise investing ₹100 crore is eligible for ₹35 crore-₹45 crore; large projects investing ₹1,000 crore can get ₹250-350 crore. In identified thrust sectors, ₹1,000 crore investment potentially qualifies for ₹450-500 crore. A mega unit investing ₹21,000 crore can receive incentives ranging from ₹6,300 crore to ₹7,000 crore, while an ultra-mega investment of ₹37,000 crore can avail benefits of up to ₹15,000 crore.

Commerce Dept plans export roadmaps for 20 priority markets

TRADE STRATEGY. Eyes \$1 trillion export target by FY31; seeks industry inputs

Amiti Sen
New Delhi

The Department of Commerce is preparing detailed export strategy papers for 20 shortlisted focus markets, identifying product-specific opportunities and challenges as well as market-specific interventions as part of a broader effort to boost India's merchandise exports to \$1 trillion by 2030-31.

The Department has sought extensive inputs from exporters, industry associations and export promotion councils on issues ranging from tariff barriers and regulatory requirements to logistics bottlenecks, sustainability norms and payment-related concerns, according to sources.

"The exercise is aimed at developing actionable export strategies for each market, with recommendations tailored to specific sectors and products where India has the potential to expand its market share," a source tracking the matter told *businessline*.

At the same time, the Department is working on



GROWTH ENABLER. The consultations are expected to provide a clearer picture of logistics and supply-chain bottlenecks affecting India's export competitiveness

measures to help services exports reach the \$1 trillion mark by 2030-31 for a combined goods and services exports of \$2 trillion.

KEY MARKETS

The 20 priority export markets identified by the government include the US, Brazil, the UK, Germany, France, Italy, the Netherlands, Russia, the UAE, Saudi Arabia, South Africa, China, Japan, South Korea, Australia, Singapore, Indonesia, Vietnam and Bangladesh.

The six high-growth potential sectors include engineering goods, electronics, textiles, pharmaceuticals, chemicals and plastics, and

agriculture and allied products. As part of the consultations, exporters have been asked to rank the most severe obstacles they face, including tariff disadvantages, technical regulations, product standards and certification requirements, difficulties in accessing buyers and distribution networks, price competition, logistics constraints and lack of market intelligence.

"The government is also seeking feedback on whether Indian exporters face a competitive disadvantage against rivals that enjoy preferential access under free trade agreements. This would help it formulate its own free

trade agreement strategies to ensure a level playing field for exporters," the source said.

STRICT COMPLIANCE

A significant focus of the exercise is understanding the impact of increasingly stringent compliance requirements in overseas markets. Exporters have been asked to provide details of challenges related to product testing and certification, traceability mandates, packaging and labelling norms, environmental and social compliance standards, and emerging carbon-reporting obligations.

The Department is also gathering information on whether Indian test reports and certifications are fully accepted abroad or subjected to additional verification.

The consultations are expected to provide a clearer picture of logistics and supply-chain bottlenecks affecting India's export competitiveness, including high freight costs, container shortages, port congestion, trans-shipment delays, long transit times and elevated insurance costs.

Commerce ministry seeks govt-level talks to address metal scrap concerns

SAKET KUMAR
& AUHONA MUKHERJEE
New Delhi, 23 June

The Ministry of Commerce has proposed government-to-government engagement with the European Union (EU) to address concerns raised by Indian industry over the bloc's Waste Shipment Regulation (WSR), which is scheduled to come into effect in 2027.

According to official documents reviewed by *Business Standard*, the ministry examined concerns that the regulation could affect India's access to imported metal scrap, a key raw material for domestic manufacturing.

In an office memorandum dated June 8 addressed to the FT (Europe-I) Division, the Department of Commerce noted that the WSR could restrict exports of EU-origin

THE MINISTRY EXAMINED CONCERNS THAT THE REGULATION COULD AFFECT INDIA'S ACCESS TO IMPORTED METAL SCRAP

scrap to non-OECD countries, including India, as part of efforts to retain recyclable materials within the bloc.

"Since India relies heavily on imports of high-quality scrap from developed countries such as the EU and USA, such restrictions could adversely affect the availability of quality secondary raw materials for Indian industry," the memorandum said.

The ministry noted that the Engineering Export Promotion Council had supported taking up the matter with European authorities to ensure uninterrupted access to high-quality scrap. Queries

sent to the commerce ministry remained unanswered until press time. The observations came in response to a representation submitted by the Material Recycling Association of India (MRAI), which argued that the regulation would require Indian recyclers to undergo stringent audits to continue receiving recyclable materials from the EU, creating significant compliance and operational costs.

MRAI sought a series of policy interventions, including removal of the 2.5 per cent import duty on aluminium scrap, GST cut on metal scrap from 18 per cent to 5 per cent, exclusion of imported non-ferrous scrap from proposed extended producer responsibility obligations, and removal of the mandatory pre-shipment inspection certification system.

India's steel exports to EU may fall 24% due to CBAM rules

India's steel exports to the European Union (EU) may fall 24 per cent due to Carbon Border Adjustment Mechanism (CBAM), according to a report titled 'Carbon Border Adjustment Mechanism: Impact on India's Steel Exports to the EU and Carbon Tax Incidence' by the Indian Council for Research on International Economic Relations. The report said that the carbon tax burden falls on Indian firms, adversely affecting gains from exports to the EU. The CBAM rules which came into effect in January entails duty collection based on reported carbon content in the shipments entering the EU.

BS REPORTER

Govt lifts restrictions on commercial LPG supply

GAS UNLOCKED. 100% supply ensured to restaurants and hotels; large industries to get 50%

Rishi Ranjan Kala
New Delhi

In a clear sign that fuel supplies have normalised following the US-Iran crisis, the government on Thursday removed all restrictions on supply of liquefied petroleum gas (LPG) to the commercial and industrial sectors.

"It has now been decided to remove all sectoral restrictions on supply of non-domestic packed LPG and restore it to pre-crisis levels. Further, restriction on supply of bulk LPG also stands relaxed by 50 per cent of the pre-crisis consumption levels," Oil Secretary Neeraj Mittal said in a letter to the States. After the government order, LPG supply will be 100 per cent to hotels, restaurants, small commercial establishments, etc.

However, largescale industries that procure LPG in bulk will only receive 50 per cent of their average supply.

It was further clarified that all commercial/indus-



WORRYING FACTOR. LPG has been India's main concern during the West Asia conflict, which began on February 28

trial consumers data must continue to be captured by the PSU oil marketing companies (OMCs) in their databases, and a unified database may be maintained by sector across the three OMCs, he added.

In a separate statement, the Oil Ministry said: "Taking note of the improved indigenous LPG production and the projected availability of imported LPG cargoes, the government has also decided to reduce the diversion of C3/ C4 streams to LPG pool."

The enhanced allocation of C3-C4 streams for non-LPG uses will be implemen-

ted while ensuring that the domestic LPG availability remains unaffected and aggregate indigenous LPG production is maintained at not less than 40,000 tonnes per day, it added.

The Centre of High Technology (CHT) under the Oil Ministry has been directed to issue organisation-wise allocation of this enhanced C3/ C4 stream for the petrochemical and other critical sectors and submit regular reports to the Ministry.

WAR IMPACT

LPG has been India's main concern during the latest conflict in West Asia, which

began on February 28, 2026. Closure of the Strait of Hormuz severely impacted LPG consumption as around half of India's requirement transits the world's most critical energy choke point.

The disruption in cargoes from West Asia forced the government to curtail 30 per cent of LPG supply to the commercial sector, which also impacted distribution of 5 KG FTL cylinders — the main cooking medium for migrant labourers.

Mittal also emphasised on the States to continue the process of migrating LPG consumers to piped natural gas (PNG).

"Such commercial/ bulk customers who have shifted to PNG shall remain on PNG. If other LPG customers can access PNG and can shift to PNG or are in process of shifting to the local PNG network, they shall permanently be transitioned to PNG. OMCs shall ensure that this transition to PNG continues to happen in conjunction with CGD entities," the Secretary added.

MSMEs grappling with talent crunch, rising compliance costs

KEY CONCERNS. Experts call for practical skilling, better employee engagement and cluster development

Madhu Balaji
Bengaluru

MSMEs continue to face significant challenges in attracting, training and retaining talent, while rising compliance costs and evolving skill requirements are adding to operational pressures, speakers said at a panel discussion on 'Talent, Skilling and Labour Challenges' at the *businessline* MSME Growth Conclave, co-powered by Central Bank of India.

A key concern raised during the discussion was the inability of MSMEs to retain skilled workers after investing in their training. Nagaraju S, Council Member and Panel Chairman, Labour Law, KASSIA, said MSMEs often become training grounds for talent that is later poached by larger companies offering higher salaries.

"Once MSMEs help employees develop skills, companies with deeper pockets hire them away, hurting productivity in the sector," he said.

Other panellists included Rakesh Patil, Co-founder and CTO, Beyond Appliances; Kartik Narayan, CEO, Apna Co; and Nitin Dave, CEO, Staffing Solutions,



SHARING THEIR VIEWS. (from left) Rakesh Patil, Co-founder & CTO, Beyond Appliances; Kartik Narayan, CEO of Apna Co; Nitin Dave, CEO, Staffing Solutions, Quess Corp; Nagaraju S, Council Member, Panel Chairman, Labour Law, KASSIA, Synergy Punching (Promoter and Director); and moderator Bharat Kumar, Digital Editor, *businessline*, at a panel discussion on 'Talent, Skilling and Labour Challenges' **BUJOY GHOSH**

Quess Corp. The session was moderated by K Bharat Kumar, Digital Editor, *businessline*.

Nagaraju said MSMEs require diverse skillsets, but there remains a gap between what educational institutions teach and what industry needs. Practical problem-solving skills, he argued, are often more valuable than formal qualifications.

"Common sense is good enough

to work at an MSME," he said.

Narayan said compensation alone is insufficient to retain employees. "Unless compensation is accompanied by better employee experiences, retention will remain a challenge," he said, stressing the need for stronger employee engagement and workplace culture.

GROWTH ENABLERS

The panellists also discussed how

artificial intelligence could help MSMEs overcome resource constraints. Patil said smaller businesses need not invest heavily in specialised AI talent to benefit from the technology.

"Every MSME cannot afford multiple engineers, but having one or two engineers and using AI to multitask is possible," he said, describing AI as a productivity-enhancing tool that can automate processes.

Patil also underscored the importance of nurturing young talent through internships. His company, he said, maintains interns across departments, helping students build skills while familiarising them with organisational culture.

On compliance, Dave argued that adherence to labour and employment norms should be viewed as a growth enabler rather than a burden.

"Compliance drives scalability, profitability and attracts investment," he said.

The discussion also highlighted the need for stronger MSME clusters.

Nagaraju said cluster development would play a critical role in improving competitiveness and supporting long-term growth.

E100 push could trigger a ₹50,000 cr investment in the auto industry

THE CATCH. Experts expect flex-fuel vehicles to account for only a low single-digit share of the market by 2030

Amit Vijay Mohile
Mumbai

India's E100 ethanol ambitions could trigger ₹37,000-50,000 crore of industry spending even as mobility experts expect flex-fuel vehicles to account for only a low single-digit share of the market by 2030. Industry estimates suggest the bill could include ₹22,000-30,000 crore in recurring engineering and product development costs, and another ₹15,000-20,000 crore in investment in testing facilities, supplier localisation and manufacturing upgrades, making it one of the largest automotive technology bets since BS-VI.

"Investors should look at E100 as a strategic option, not as a guaranteed profit pool," said Randheer Singh, former Director of Electric Mobility at NITI Aayog and Chief Executive of ForeSee Advisors.

"The industry is already spending heavily on electrification, so E100 investment will make sense only if policy, fuel availability and consumer economics all move together."

The debate comes as policymakers increasingly position ethanol as a strategic tool to reduce India's dependence on imported crude oil and strengthen energy security. But for automakers and investors, the question is whether the industry can justify a second major technology transition while continuing to fund



HEART OF THE MATTER. Moving from E20 fuel to E85 and E100 requires far more than engine recalibration

electrification. Moving from E20 fuel to E85 and E100 requires far more than engine recalibration. Industry executives say higher ethanol blends demand corrosion-resistant materials, re-designed fuel systems, changes in engine calibration, cold-start systems and extensive durability validation.

The challenge becomes more complex because manufacturers must support multiple fuel blends ranging from E20 to E100, increasing testing and validation requirements across vehicle platforms and variants.

Unlike a shift to a single fuel standard, this is not a one-time exercise. Multiple platforms, variants, and fuel combinations require continuous validation, resulting in recurring costs across product portfolios. "The cost burden of flex-fuel adoption for E100 will be significant," said Sridhar V,

Senior Partner at Grant Thornton Bharat.

Industry executives say flex-fuel technology could add ₹35,000-45,000 to the cost of a passenger vehicle, while the industry's cumulative expenditure extends well beyond vehicle engineering into supplier localisation, testing infrastructure and manufacturing upgrades.

"Unless the consumer sees a clear running cost advantage, this kind of annual cost will be difficult for the industry to absorb," said Singh.

EV BURDEN

The challenge for automakers is that ethanol primarily addresses energy security while future regulations remain focused on reducing emissions. Industry executives note that India is simultaneously pursuing three objectives — energy security, emissions reduc-

tion and consumer affordability. While ethanol can help reduce crude oil imports, electrification remains the most comprehensive pathway to long-term decarbonisation.

That distinction is reflected in the proposed Corporate Average Fuel Efficiency (CAFE III) framework. Under the current proposal, E100-compatible vehicles are expected to receive a super-credit multiplier of 1.1 compared with 3.0 for battery-electric vehicles.

As a result, manufacturers investing heavily in E100 readiness will still need substantial EV sales and continued spending on low- and zero-emission technologies to meet future fleet-emission targets.

Amit Bhatt, India Managing Director at the International Council on Clean Transportation (ICCT), said ethanol can reduce fossil-fuel dependence and support emissions reduction, but should not be viewed as a substitute for vehicle electrification in the long term.

Singh agrees that flex-fuel incentives should not weaken the industry's electrification momentum.

"CAFE should push genuine fleet-level emission reduction and electrification. If FFV and hybrid credits are made too generous, OEMs can meet targets on paper while delaying deeper investment in zero-tailpipe-emission vehicles," he said. The result is an unusual situation for the industry: spending heavily on flex-fuel techno-

logy while continuing to fund EV platforms, batteries and future electrification programmes.

ENERGY SECURITY

For policymakers, the rationale for ethanol extends beyond vehicle technology. India imports more than 85 per cent of its crude oil requirements, leaving the economy exposed to geopolitical disruptions and price shocks.

Recent tensions in West Asia have once again highlighted the risks associated with energy dependence and strengthened the case for domestically produced transport fuels.

Flex-fuel vehicles running on ethanol derived from sugarcane and food grains offer a pathway to displace imported petroleum while supporting farmer incomes and rural value chains. Industry stakeholders also point to ethanol's near-zero particulate emissions and its ability to retain value within the domestic economy.

"Flex-fuel is a potent technology that replaces imported oil and supports farmers' income," said Rahul Bharti, Senior Executive Officer, Corporate Affairs, Maruti Suzuki India.

"Several pillars like fuel availability, models, pricing and infrastructure have to come together." The government's roadmap calls for E85 dispensing stations to increase from roughly 50-100 currently to around 500 by the end of 2026 and as many as 5,000 by the end of 2027.

Engineering goods exports rise 24.48% in May to \$12.31 billion

Our Bureau
New Delhi

Engineering goods exports posted a 24.48 per cent rise in May 2026 (year-on-year) to a record \$12.31 billion, the highest-ever monthly exports for the sector, despite the conflict in West Asia disrupting trade routes, according to an analysis by EEPC India.

Exports to the West Asia-North Africa (WANA) region jumped 44.3 per cent in May to \$2.06 billion, indicating resilient demand, even as the region remained affected by geopolitical tensions.

Engineering products accounted for 27.2 per cent of India's total merchandise exports during the month, as per the government's quick estimates.

The record performance was led by exports of electrical machinery and equipment, ships and floating structures, motor vehicles and iron and steel and their products. As many as 28 of the 34 engineering product panels registered export growth during the month.

WANA EXPORTS

The strong performance comes amid continuing uncertainty in global trade due to geopolitical tensions, supply chain disruptions and protectionist policies in several major economies.



Engineering products accounted for 27.2% of India's total merchandise exports during May

Region-wise, North America, WANA and the European Union remained the largest markets for Indian engineering products in May, accounting for 19.3 per cent, 16.7 per cent and 15.2 per cent, respectively, of total engineering exports.

Despite the ongoing conflict in West Asia, engineering exports to WANA rose 44.3 per cent in May and were up 14.1 per cent during April-May 2026.

Country-wise, exports to India's five largest engineering markets — the US, the UAE, UK, Germany and Saudi Arabia — recorded growth during the first two months of FY27. The US remained the largest destination, with engineering exports worth \$3.64 billion

during April-May, up 7 per cent from a year earlier.

GAINING MOMENTUM

Cumulatively, engineering exports during April-May FY27 rose 16.8 per cent year-on-year to \$22.66 billion, compared with \$19.41 billion in the corresponding period of the previous fiscal.

Global supply chain diversification away from excessive dependence on China is creating fresh opportunities for Indian engineering ex-

porters, pointed out EEPC India Chairman Pankaj Chadha. Faster policy support, affordable trade finance and stronger risk protection would be needed for the industry to fully capitalise on the opportunity.

"Overall, India's engineering export story is one of cautious optimism. We are positive that with proper guidance of the government, we will be able to achieve the desired export target of \$250 billion by 2030," he said.

India sets 30% fuel-efficiency target for trucks with new Bharat VECTO norms

Amit Vijay Mohile
Mumbai

India's medium and heavy commercial vehicle (M&HCV) industry is set to get its equivalent of the passenger vehicle Corporate Average Fuel Efficiency (CAFE) framework, with the government proposing a new fuel-efficiency regime that targets a 30 per cent improvement between April 2027 and March 2032.

At the heart of the proposal is Bharat VECTO, a real-world vehicle energy

consumption measurement system that will replace constant-speed laboratory testing and become the basis for future fuel-efficiency compliance.

The Bureau of Energy Efficiency (BEE) has proposed the new framework to reduce diesel consumption, improve freight efficiency and lower India's dependence on imported crude oil, while encouraging cleaner commercial vehicle technologies. The proposal also brings light commercial vehicles (LCVs) under fuel-efficiency regulation for the first time, significantly expanding the scope of the country's commercial vehicle efficiency programme. The proposal is now moving through its final consultative phase, with the Ministry of Road Transport and Highways (MoRTH), BEE, the Automotive Research Association of India (ARAI) and commercial



TESTING OVERHAUL. Bharat VECTO is set to replace lab testing with real-world simulations for fuel compliance REUTERS

vehicle manufacturers jointly validating Bharat VECTO before fleet-wide fuel-efficiency targets are finalised ahead of implementation from April 1, 2027.

"The government has almost agreed that we will go with this approach," said Girish Wagh, CEO & Managing Director, Tata Motors Ltd, describing the ongoing discussions between regulators and industry.

"The targets will further help electrification," Wagh

said. "The targets will be set in a manner that achievers are able to achieve," he added.

NEW RULEBOOK

Unlike passenger cars, commercial vehicles operate under vastly different conditions depending on their size, payload and application.

Current commercial vehicle fuel-efficiency standards rely on constant-speed fuel consumption tests,

where trucks are evaluated at fixed speeds on a test track. Bharat VECTO replaces this approach with computer simulations that account for payload, gradients, traffic conditions, vehicle configuration and driving cycles, providing a more accurate assessment of fuel consumption under actual operating conditions.

Adapted from Europe's Vehicle Energy Consumption Calculation Tool (VECTO), Bharat VECTO is currently being calibrated by ARAI with commercial vehicle manufacturers to reflect Indian roads, freight operations and driving patterns.

Once validated, it will become the benchmark for future commercial vehicle fuel-efficiency standards.

The proposed framework marks a fundamental shift in how truck makers will approach compliance. Instead of optimising vehicles to per-

form well under fixed laboratory tests, manufacturers will increasingly be rewarded for technologies that improve real-world efficiency, including better aerodynamics, intelligent transmissions, thermal management, predictive cruise control, electrification and alternate-fuel powertrains.

For the first time, light commercial vehicles, which account for nearly 460,000 annual sales and almost half of India's goods vehicle market, will also come under fuel-efficiency regulation.

Wagh said Tata Motors believes the government's approach has remained consultative and practical, with targets being designed to remain achievable while accelerating the adoption of cleaner technologies.

The framework is scheduled to come into effect from April 1, 2027, covering the five-year period until March 31, 2032.

New Transport Ministry cybersecurity guidelines may increase connected vehicles' costs by ₹10,000-15,000

Amit Vijay Mohile
Mumbai

The clock has started ticking for India's automotive industry, and for buyers of its next generation of connected vehicles.

From software-rich vehicles such as the Tata Harrier EV, Mahindra XEV 9e, BE 6, Tata Curvv.ev and Hyundai Creta Electric to connected buses, trucks and smart tractors, the next generation of vehicles will have to be built with cybersecurity at their core rather than treating it as another software feature.

Industry estimates suggest meeting the new requirements could add ₹10,000-15,000 to the cost of highly-connected vehicles through investments in secure electronics, software validation and long-term cybersecurity support.

In return, buyers stand to gain stronger protection

against cyber threats, safer over-the-air (OTA) software updates, better protection of vehicle data and faster software fixes throughout a vehicle's life, while automakers and component suppliers will have to redesign everything from electronic architecture to software development and long-term lifecycle support.

Driving this shift is a draft notification issued by the Ministry of Road Transport and Highways (MoRTH) on June 22, proposing the insertion of Rules 125-T and 125-U into the Central Motor Vehicles Rules, 1989.

The proposal would make compliance with AIS-189 for Cyber Security Management Systems (CSMS) and AIS-190 for Software Update Management Systems (SUMS) mandatory for vehicle type approval, with implementation beginning on October 1, 2026, for new Level 3 automated vehicles before expanding in phases



BUSINESSLINE

to connected passenger vehicles, commercial vehicles, tractors and construction equipment through October 2029, aligning India with cybersecurity regulations already in force across the European Union, Japan and South Korea.

SOFTWARE UPDATES

The regulation opens opportunities for semiconductor companies, embedded software developers, cybersecurity firms, engineering service providers and automotive testing agencies as software becomes a larger

part of the automotive value chain. For buyers, most of these changes will remain invisible, but their benefits may be felt every day. Imagine buying a connected Harrier EV or XEV 9e in 2028.

Over the next decade, the vehicle could receive dozens of software updates to improve battery performance, enhance driver-assistance systems, fix bugs or strengthen security.

Under the proposed framework, those updates would have to be authenticated, recorded and designed to fail safely if something goes wrong, reducing the risk of corrupted or unauthorised software being installed.

MoRTH is effectively saying that software must now be engineered with the same discipline as brakes or airbags.

While the first deadline applies only to new Level 3 automated vehicles, the engineering work starts much

earlier. A new vehicle typically spends 18 to 30 months in development before reaching a showroom, and by then much of its electronic architecture, including software, electronic control units and semiconductor choices, has already been frozen.

AVOIDING DELAYS

Manufacturers planning launches over the next few years will therefore have to integrate cybersecurity into vehicle development today if they want to avoid delays in type approval.

The additional investment will inevitably raise development costs, although the extent to which that translates into higher sticker prices will depend on how much manufacturers absorb in a competitive market.

Much of the spending will go towards secure electronics, software engineering, cybersecurity testing, certification and lifecycle support.