PLI push for electronics, DA sop for central staff

The twin measures signal the govt's continued focus on industry and welfare

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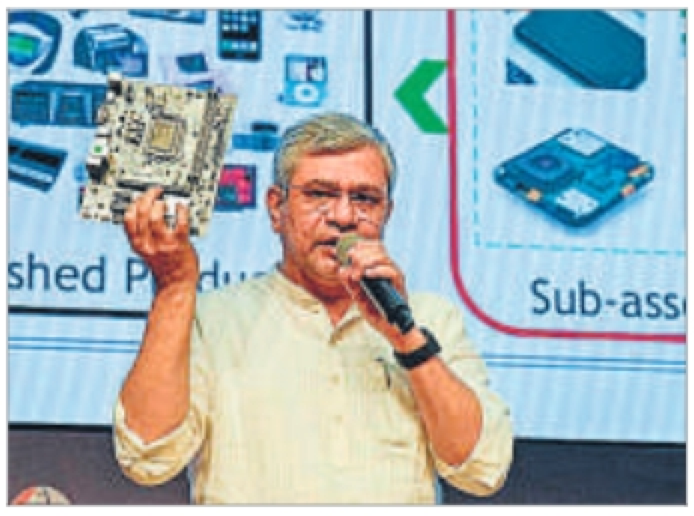
Union electronics and IT minister Ashwini Vaishnaw briefs the media on cabinet decisions, in New Delhi on March 28. HT

NEW DELHI: The government on Friday took another step towards strengthening India's manufacturing base by approving an incentive scheme worth ₹22,919 crore for electronics component production, while also granting a 2% hike in dearness allowance (DA) and dearness relief (DR) for central government employees and pensioners.

The twin measures, along with the clearance of a major infrastructure project in Bihar, signal the government's continued focus on boosting industrial growth and public welfare. The electronics component manufacturing scheme is aimed at reducing India's reliance on imports and enhancing the country's competitiveness in global supply chains. Union electronics and IT minister Ashwini Vaishnaw stated that India is pushing to increase its share in global electronics exports.

"We expect to double electronics exports in the next 3.5 to 4 years from ₹2.5 trillion," he said. The scheme introduces three forms of incentives—employment-linked benefits, capital expenditure support, and turnover-linked incentives. The government is also considering rationalizing customs duty structures to make domestic manufacturing more competitive.

With India already achieving 20% domestic value addition in electronics manufacturing within a decade, Vaishnaw emphasized the need to target 40% within the next five years by focusing on both passive and active component production.

The initiative is expected to attract investments of ₹59,350 crore and generate over 91,600 direct jobs, apart from indirect employment opportunities. The move complements the government's larger manufacturing push, which includes the ₹1.97 trillion production linked incentive (PLI) schemes covering 14 key sectors. Commenting on the development, Ajai Chowdhry, founder, HCL and chairman, EPIC Foundation said, "This (the scheme) will enable much higher value addition in the country for electronics manufacturing and will attract more investments in system products as local availability will enable just-in-time manufacturing."

The cabinet also approved a 2% hike in DA and DR, effective 1 January 2025, to provide relief against inflationary pressures. The increase raises the rate from 53% to 55% of basic pay or pension, benefiting around 48.66 lakh employees and 66.55 lakh pensioners.

"The adjustment follows the Seventh Central Pay Commission's recommendations and aligns with its commitment to safeguarding purchasing power amid rising costs," said Vaishnaw.

Scramble for rPET as deadline looms

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NEW DELHI: With days left for the debut of a rule mandating recycled content in plastic packaging, India's food packaging sector remains a work in progress.

An environment ministry rule from 2022 takes effect on 1 April, mandating quotas for using recycled PET (rPET), which is made from used bottles and packaging. While some companies have partnered with manufacturers and invested in recycling, others are scrambling for food-grade plastic.

While India has 18 manufacturers of food-grade rPET, only five of them are licensed by the food safety regulator, data from the Food Safety and Standards Authority of India (FSSAI) showed, posing a shortage of sufficient recycled material. Industry executives said while capacities are available, they are yet to receive clearance from FSSAI.

"The food industry is feeling the heat right now. Good quality, recycled PET is available; however, some approvals and formalities which are required by FSSAI need to be expedited," a packaging industry executive said on the condition of anonymity.

India has 18 food-grade rPET makers, but only five are licensed by FSSAI. MINT

Queries emailed to FSSAI remained unanswered.

According to the 2022 rule, rigid plastic such as shampoo containers must have 30% recycled content, flexible packaging used for detergents and flour 10%, and multi-layer packaging 5% by 1 April, 2025. These quotas will increase every year.

The so-called extended producer responsibility (EPR) guidelines aimed to reduce plastic waste by holding producers accountable for recycling some of the plastic they introduce into the market. FSSAI approval is mandatory for rPET used in foods and beverages. Earlier this year, packaging company UFlex Ltd announced plans to build two recycling plants in Noida, with a ₹317 crore investment. The new facilities are expected to open by the end of FY26.

"Many brand owners have approached us for rPET, indicating their readiness to transition toward sustainable packaging solutions. There is a broad consensus that the EPR mandate is a positive step by the government, and companies are taking steps to ensure compliance," said Jeevaraj Gopal Pillai, director of sustainability and president of flexible packaging and new product development at UFlex.

India requires about 1,200 kilo tonnes of rigid PET every year. Of this, 30% or 360 kilo tonnes of recycled plastic is required this upcoming fiscal, according to industry estimates. Adding flexible and multi-layer packaging, the total requirement stands at 435 kilo tonnes in FY26.

Some of the larger packaging companies have already stepped up to the task.

INDIA LOGS LOWER FISCAL DEFICIT IN APRIL-FEBRUARY

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NEW DELHI: The Union government reported a lower fiscal deficit for April-February as compared with the same year-earlier period, helped by strong revenue growth outpacing expenditure this fiscal year.

The central government's fiscal deficit for April-February stood at ₹15.70 trillion, which is 85.8% of the revised estimate for FY25, according to the data released by the Controller General of Accounts (CGA) on Friday.

The latest figure is lower than the ₹17.35 trillion registered a year ago, which was 86.5% of the estimate for 2023-24.

Fiscal deficit is the shortfall between the government's income and expenditure and is expressed as a percentage of gross domestic product, or GDP.

The central government's fiscal deficit target is 4.8% of the GDP for FY25, with a further reduction to 4.4% targeted for 2025-26.

During April-February, net tax receipts stood at ₹25.57 trillion, or 78.8% of the target set in the annual budget for FY25, against ₹23.24 trillion in the same period of the previous year, the CGA data showed.

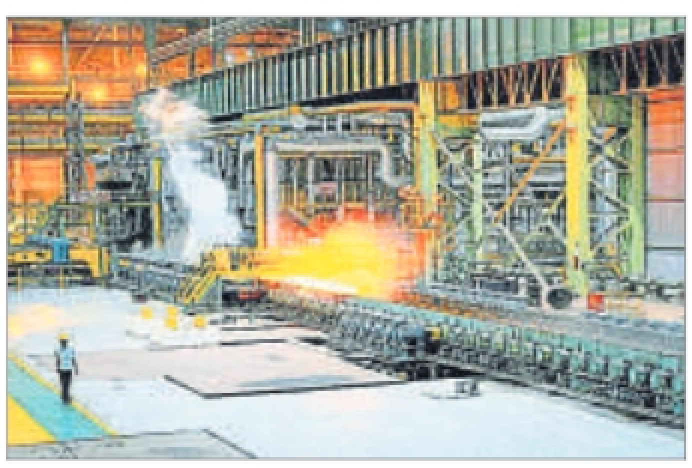
Non-tax revenue stood at ₹5.31 trillion, or 92.9% of the annual budget estimate, and total revenue receipts at ₹30.88 trillion, or 81.2% of the estimate for FY25.

During the corresponding period of the previous fiscal, non-tax revenue stood at ₹3.76 trillion and total revenue receipts at about ₹27 trillion.

Total government expenditure during the latest April-February period was ₹47.16 trillion, or 82.5% of the annual target, against ₹44.90 trillion in the same year-ago period.

Capital expenditure in April-February stood at ₹10.18 trillion, or 79.7% of the annual estimate for 2024-25, compared with about ₹9.50 trillion during the year-ago period.

Revenue expenditure stood at ₹36.98 trillion, or 83.3% of the annual target for 2024-25, up from ₹35.41 trillion in the year-ago period.


The February reading came in at 2.9%, down from a revised reading of 5.1% in January. MINT

Core sector growth falls to five-month low in February

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NEW DELHI: Annual growth in eight key infrastructure sectors, as measured by the combined Index of Eight Core Industries (ICI), fell to a five-month low in February, according to data released by the ministry of commerce and industry on March 28.

The February reading came in at 2.9%, down from a revised reading of 5.1% in January. On a month-on-month basis, the index contracted by 6.7%.

The eight sectors counted in the index are coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity.

Growth in refinery products, which has the highest weightage of 28% in the index, was 0.8%, down from 8.3% in January.

Steel and electricity, having weights of 17.9% and 19.9%, grew at 5.6% and 2.8% respectively, quicker than their growth rates last month. Natural gas continued to contract for the eighth consecutive month. Growth in cement and coal slowed compared to January, while crude oil contracted by 5.2%.

Fertilisers grew at 10.2%, up from 3% in January, but this category has the least weightage of 2.6% in the index.

The trends described above, however, need to be read with some caution. The latest three months of data on the index is provisional and undergoes revision in subsequent months. For example, the Friday data release has changed the January growth rate to an expansion of 5.1% from 4.6% in the first provisional estimate released last month.

The data for eight core sectors for the month of March will be released on April 30.

Aditi Nayar, chief economist, head-Research & Outreach, Icra Limited said, "The core sector growth moderated to a five-month low of 2.9% in February 2025 from 5.1% in January 2025, although this was partly on account of the leap year-related high base. As many as five of the eight indicators including coal, crude oil, natural gas, refinery and cement output, recorded a weaker y-o-y performance in February 2025 vis-à-vis the previous month."

(With inputs from PTI)

PSU bank QIPs: Investors unlikely to see any gains

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MUMBAI: State-owned banks that are raising funds via qualified institutional placements (QIPs) to help the government meet a regulatory deadline are unlikely to score any significant gains for themselves or investors.

The government is looking to sell stakes in Indian Overseas Bank (IOB), Bank of Maharashtra, Central Bank of India, Punjab & Sind Bank (PSB) and UCO Bank to comply with the Securities and Exchange Board of India's (Sebi) rule requiring at least 25% public shareholding for all listed companies.

Qualified institutional placements enable publicly-traded companies to raise funds to finance key projects or meet capital requirements by issuing fresh equity shares, convertible debentures, or other securities to qualified institutional buyers.

But the five public sector undertaking (PSU) banks have launched QIPs despite being comfortable in terms of mandatory capital requirements.

"With the current capitalization levels and modest growth outlook for next year, we do not believe (there are) any additional capital requirements from a regulatory perspective for the PSBs," said Karthik Srinivasan, group head–financial sector ratings, Icra Ltd.

He, however, added that "the recent QIP issuances will surely help banks shore up their core capital and also aid in reducing the government shareholding by a few percentage points".

The capital-to-risk assets ratio—a measure of financial stability—of the five state-owned banks is expected to improve by 100-300 basis points (bps) following the QIPs. Bank of Maharashtra's tier-I capital ratio was over 13% as of December, and over 14% for the other four lenders.

Even so, at least one financial research firm has flagged a potential lack of significant returns from investing in state-run banks.

Suresh Ganapathy, MD and head of financial services at Macquarie Research, said in a note last month that public sector banks had outstanding asset quality and record low provisioning levels (capital kept aside against potential bad debt).

However, he added, Macquarie was apprehensive about investing in public sector bank stocks due to muted return on assets (RoA) despite low credit costs.

"The best ROA that these banks are able to generate is around 1-1.1%, whereas private sector peers are still generating 1.8-2.2%," Ganapathy said in the note, adding that margins for state-run banks had been consistently trending down while costs remained structurally high.

Due to structural rigidities, state-run banks do not enjoy any levers in a rate cut cycle, which could exert further pressure on their margins, Ganapathy said.

Public sector banks face a downward bias of 15-20 bps on their return on assets and 250-300 bps on their return on equity, he added.

NCLAT upholds CCI order, cuts Google's penalty to ₹216 crore

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BENGALURU: The National Company Law Appellate Tribunal (NCLAT) on Friday slashed the penalty imposed on Google by the Competition Commission of India (CCI) for abusing its dominant position in relation to Play Store policies, reducing it from ₹936.44 crore to ₹216.69 crore.

A bench of NCLAT chairperson justice Ashok Bhushan and technical member Arun Baroka partly upheld CCI's 2022 findings against Alphabet Inc, Google's parent company, but recomputed the penalty amount, citing a fresh evaluation. Google has already deposited 10% of the revised penalty and has been directed to pay the remaining sum within 30 days.

The order came on Google's appeal against CCI's October 25, 2022 decision that found the company guilty of violating several provisions of the Competition Act, 2002. CCI had imposed the original ₹936.44 crore penalty, declaring that Google leveraged its dominant position in the markets for licensable operating systems and app stores for Android mobile devices to unfairly mandate the use of Google Play's Billing System (GPBS) for paid apps and in-app purchases.

EARLIER ON OCTOBER 25, 2022, CCI HAD SLAPPED A ₹936 CR PENALTY ON GOOGLE FOR PLAY STORE POLICY ABUSE

CCI held that this practice stifled competition by restricting innovation among payment processors and app developers, limiting their ability to introduce new technical developments in the market for in-app payment processing services. The regulator further observed that Google's policy led to denial of market access for payment aggregators and app developers, thereby violating multiple provisions of the Competition Act.

At the time, CCI had also directed Google to "cease and desist" from participating in anti-competitive practices and to modify its conduct within a defined timeline.

The CCI ruling said it was imposing a penalty amounting to around seven percent of Google's average relevant turnover, for violating Section 4 of the Competition Act, 2002, which prohibits any enterprise or group from abusing its dominant position.

While upholding CCI's findings on abuse of dominance, the NCLAT rejected portions of the order that found Google guilty under Section 4(2)(b)(ii) and Section 4(2)(c) of the Act. These provisions prohibit dominant entities from restricting technological or scientific development and from preventing competitors from accessing the market.

However, the tribunal agreed with CCI's emphasis on an "effects-based analysis" to assess anti-competitive conduct, affirming that competition law should focus on the actual impact of a dominant entity's actions rather than their mere form.

Steel baron LNM may leave UK over tax curbs: Report

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MUMBAI: Steel magnate Lakshmi Mittal, a long-time UK resident, is considering leaving the country in response to the impending abolition of the so-called 'non-dom' tax regime, according to a *Financial Times (FT)* report.

Mittal, also known as LNM, whose family fortune is estimated at £14.9 billion (₹1.65 trillion), is reportedly exploring his options following the Labour government's decision to end the tax arrangement that allowed 'non-domiciled' UK residents to avoid paying taxes in the UK on their foreign income and gains.

Mittal, who moved to the UK in 1995 and built his steel empire from the ground up, has informed associates of his potential departure, *FT* reported citing an unnamed close friend of Mittal's. The billionaire is expected to make a final decision later this year. This places Mittal among a growing number of wealthy foreign residents leaving the UK in response to the tax reforms. The *FT* said the United Arab Emirates, Italy and Switzerland are emerging as popular destinations for those seeking tax-friendly jurisdictions.


Lakshmi Mittal moved to the UK in 1995. REUTERS

The 226-year-old non-dom regime, which allowed UK residents to declare their domicile overseas and avoid UK tax on foreign income, was abolished by the Conservative government in March 2024, preempting a key Labour policy. Labour's subsequent confirmation and expansion of the abolition, including ending the use of offshore trusts to avoid inheritance tax, have further accelerated the departure of wealthy residents, the *FT* reports.

A spokesperson for ArcelorMittal, the steel company that Mittal heads, declined to comment.

Busy, entertained and sleepless: 2024 time trends

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NEW DELHI: Indians spent more time working in 2024 than in 2019, although they also spent more time on entertainment and unpaid caregiving services. They did this by cutting down the time spent on eating and drinking and on sleep. This is the key takeaway from the report of the Time Use Survey (TUS) conducted in January-December 2024 and published by the National Statistics Office (NSO) on March 28.

The 2024 TUS is the second round of the survey after 2019. The main trend seen in the 2024 TUS—that Indians are now spending more time on work, entertainment, and caregiving—was published first in a factsheet released on February 25 and reported by *HT* on February 26. However, since the factsheet gave details for only nine broad groups of activities, it did not show the specific activity which they had cut down. The full report published Friday gives this detail.


The activity where Indians increased time spent between 2019 and 2024 the most was employment-related and "culture, leisure, mass-media and sports practices".

The activity where Indians increased time spent between 2019 and 2024 the most was employment-related and "culture, leisure, mass-media and sports practices", which can together be termed entertainment. They spent 16 more minutes on each in 2024 than in 2019.

The broad activity where Indians decreased time spent the most in 2024 was self-care and maintenance, on which they spent 18 fewer minutes in 2024. The specific activities of self-care on which they cut down time the most is eating and drinking, on which they spent eight minutes less in 2024. This was followed by sleep, on which they spent six minutes fewer than in 2019; and personal hygiene and care, on which they cut down four minutes.

An interesting aspect of the time cut down on eating and sleeping is that both men and women cut down the time spent on these activities equally. However, men decreased time spent on self-care and maintenance more than women (19 minutes compared to 17 minutes). This is because men cut down on time spent on personal hygiene and care more than women. To be sure, men still spent four minutes more on personal hygiene and care than women.

{ SUDOKU }

DIFFICULTY LEVEL ★★

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Fill in all the squares in the grid so that each row, column and each of the 9x9 squares contains all the digits from 1 to 9.

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{ WEATHER }

TEMPERATURE ■ HIGH ■ LOW

SATURDAY
Strong surface winds during day time
33°c | 17°c

SUNDAY
Mainly Clear sky
35°c | 18°c

MONDAY
Mainly Clear sky
36°c | 19°c

ALMANAC
Today is 29th March 2025
- 28 Ramadan, 1446
- 15 Chaitra, Krishna Paksha Amavasya
- Samvat 2081

Sunset: Saturday at 06:37 pm
Sunrise: Sunday at 06:13 am
Moonset: Saturday at 06:39 pm
Moonrise: Saturday at 06:00 am