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ECONOMIC DIGEST

IMF Cuts India's FY26 Growth Forecast Amid Rising Trade Tensions

The International Monetary Fund (IMF) has lowered India's FY26 growth forecast by 30 basis points to 6.2%, citing heightened trade tensions and global uncertainty, according to its latest World Economic Outlook. The IMF also downgraded global growth projections, warning that sustained trade disputes could significantly slow economic expansion. India's growth is still supported by strong private consumption, particularly in rural areas, but faces long-term demographic challenges post-2050. Other agencies, including Moody's and Fitch, have also trimmed their India forecasts considering global headwinds.

Click [here](#) for more information.

Electronics Exports Surge to Third Spot, Driven by Smartphones

India's electronics exports soared to a record ₹3.27 trillion (\$38.6 billion) in FY25, registering a 36% growth and becoming the country's third-largest export segment, overtaking pharmaceuticals and gems & jewellery. This surge was powered largely by mobile phones, which contributed 61% of the total, with iPhone exports alone accounting for ₹1.5 trillion. The Production-Linked Incentive (PLI) scheme and policy reforms have played a key role in this transformation, making electronics India's fastest-growing major export.

Click [here](#) for more information.

World Bank Cuts India's FY26 Growth Forecast to 6.3%

The World Bank has revised India's growth forecast for FY26 downward by 40 basis points to 6.3 per cent, citing global economic weakness and policy uncertainty, shortly after similar downgrades by the IMF and RBI. The bi-annual South Asia Development Update highlights that despite private consump-

tion gains from tax cuts and public investment, constrained export demand and slow private investment are dampening growth prospects. Nonetheless, India is expected to remain the fastest-growing major economy over the next two years, according to the finance ministry.

Click [here](#) for more information.

India's Private Sector Output Hits Eight-Month High in April

India's private sector output expanded at its fastest pace in eight months in April, driven by strong new business growth and buoyant international demand, according to the HSBC flash India Composite PMI by S&P Global. The index rose to 60.0 from 59.5 in March, staying above the growth threshold for the 45th consecutive month. Manufacturing led the upturn, supported by efficiency gains, successful advertising, and improved competitiveness due to the rupee's depreciation.

Click [here](#) for more information.

Retail Inflation Hits Six-Year Low, Easing Cost Pressures

Retail inflation in India has dropped to a six-year low of 4.6% in FY25, signalling the government's effective efforts to curb price rises while supporting economic growth, the finance ministry said in a statement. It highlighted that the downward trend in inflation has eased cost-of-living pressures and reinforced macroeconomic stability, creating favourable conditions for sustainable development.

Click [here](#) for more information.

Retail Inflation Breaches RBI Target in a Few States Despite National Ease

Despite national retail inflation easing to a near five-year low of 3.34% in March, a few states, including Kerala (6.59%), Karnataka (4.44%) and Chhattisgarh (4.25%), recorded inflation above the

RBI's 4% medium-term target, according to National Statistics Office data. Meanwhile, Telangana posted the lowest inflation at 1.06%, followed by Jharkhand, Andhra Pradesh, Gujarat and Rajasthan.

Click [here](#) for more information.

Centre Plans Performance-Based Downgrade for Underperforming CPSEs

The government is set to revise the classification and performance assessment framework for Central Public Sector Enterprises (CPSEs), introducing provisions for downgrading entities that underperform — a first-of-its-kind move aimed at boosting accountability and governance. Currently grouped as Maharatna, Navratna, and Mini Ratna Categories I and II, CPSEs delivered a record ₹74,016 crore in dividends in FY25, with firms like Coal India and ONGC leading the payouts. Meanwhile, the Centre has recently upgraded several CPSEs to Navratna status, including IRCTC and IRFC, as it looks to enhance the global competitiveness of public enterprises.

Click [here](#) for more information.

India's Outward FDI Rises 20% in March 2025

India's outward foreign direct investment (FDI) commitments grew nearly 20% year-on-year to \$5.81 billion in March 2025, up from \$4.84 billion in the same month last year, according to RBI data. While equity commitments dipped slightly to \$2.49 billion, loan commitments surged over threefold to \$2.10 billion. The top destinations for Indian FDI in the January–March quarter were Singapore, Mauritius, and the US, with total outward FDI for FY24 reaching \$16.67 billion.

Click [here](#) for more information.

Industrial Growth Slows to 2.9% in February, Lowest in Six Months

India's Index of Industrial Production (IIP) grew by just 2.9% in February 2025, the slowest in six months and below the 4% forecast, due to weakened growth in mining, manufacturing, and electricity, according to the Ministry of Statistics. Mining rose only 1.6%, manufacturing 2.9%, and electricity 3.6%, all sharply lower than the previous year. Capital goods were the only segment to show robust growth, rising 8.2% compared to 1.7% last year.

Click [here](#) for more information.

IN FOCUS

Access, Fairness and Equity

Women's Share in Workforce Up, Domestic Chores Still Uneven

According to the 'Time Use in India 2024' report published by the Ministry of Statistics and Programme Implementation (MoSPI), women's workforce participation rate in India rose to 25% in 2024. The report, which surveyed 1,39,487 households, shows an increase from previous years, with overall employment-related activity engagement at 49.9% in 2024, up from 46.4% five years earlier. The male workforce participation rate for those aged 15-59 increased to 75% from 70.9% in the same period. Among youth aged 15-29, participation in employment-related activities rose to 35.3% in 2024 from 34.1% in 2019, with the female participation rate at 14.9% and the male rate at 56.3%. The report also documents that 92.9% of women participated in unpaid domestic services for household members, spending an average of 305 minutes per day, compared to 30.4% of men, who spent 86 minutes daily on such tasks.

Click [here](#) for more information.

Formal DE&I Policies Expand as Women's Share in Tech Hits 32%

In February 2025, women's participation in India's technology workforce reached 32%, up from 29% in the previous year, according to a Diversity, Equity, and Inclusion (DE&I) report by AIM Research in partnership with Chubb. The report identifies IT/ITeS and Pharma & Healthcare as sectors with the highest levels of gender diversity¹. The study evaluated DE&I across areas such as gender diversity, leadership roles, workplace policies, accessibility, and corporate commitments. In 2025, 75% of companies in the sector reported having a formal DE&I policy, an increase from 68% in 2024. The data also shows that only 14% of startups allocate a budget for DE&I efforts, and one in four tech leaders report bias in promotion and evaluation processes. Representation of non-binary and transgender employees increased from 1% in 2024 to 1.5% in 2025. The report serves as a reference for organisations monitoring DE&I progress.

Click [here](#) for more information.

Gender Parity Trends in Indian Tech and GCCs

According to the TeamLease Digital report 'Gender Parity – Shaping Workforce Equity', female participation in India's tech contractual workforce increased from 9.51 per cent in 2020 to 27.98 per cent in 2024, based on analysis of 13,000 associates. In Global Capability Centres (GCCs), female representation rose from 31.4 per cent in 2020 to 38.3 per cent in 2024, attributed to structured diversity, equity, and inclusion (DEI) policies and global strategies. However, women's representation in senior leadership in GCCs increased only from 11.43 per cent to 13.60 per cent during the same period, and the gender pay gap in GCCs stands at 16.10 per cent, rising to 22.2 per cent in high-demand tech roles. In IT services, female participation grew from 7.8 per cent to 21.2 per cent, but senior leadership roles remain limited, with a pay gap of 8.34 per cent at senior levels. In non-

tech sectors, women's representation in tech roles reached 14 per cent in 2024, with overall representation at 7.17 per cent.

Click [here](#) for more information.

IEPFA and IPPB Sign MoA for Phase 2 of "Niveshak Didi" Initiative

The Investor Education and Protection Fund Authority (IEPFA), under the Ministry of Corporate Affairs, and India Post Payments Bank (IPPB), under the Department of Posts, have signed a Memorandum of Agreement to launch Phase 2 of the "Niveshak Didi" initiative. This phase will deploy over 4,000 financial literacy camps across India, led by nearly 40,000 trained women postal workers and community leaders acting as financial educators. The initiative targets women in rural, semi-urban, and underserved areas, focusing on responsible investing, fraud awareness, savings habits, and digital banking tools. In Phase 1, more than 55,000 people participated in IPPB Financial Literacy Camps, with approximately 60% being women, and two-thirds from rural locations. IEPFA aims to promote financial literacy and investor protection nationwide, while IPPB leverages its extensive postal network to provide accessible banking services. The collaboration seeks to increase financial inclusion and awareness at the grassroots level.

Click [here](#) for more information.

30 Centres of Excellence to Train Women in AI Across Six States

The Ministry of Skill Development and Entrepreneurship (MSDE) and Microsoft have signed a Memorandum of Understanding to launch the "AI Careers for Women" initiative. The programme aims to provide 240 hours of AI training to women in higher education institutions, using a curriculum developed with the National Council for Vocational Education and Training. Training will be delivered through a hub-and-spoke model, involving 30 Centres of Excellence as hubs and

150 educational institutions as spokes in Tier-II and Tier-III towns across six states. The Edunet Foundation will implement the programme in partnership with academic institutions, government bodies, and industry organisations. The initiative targets 20,000 women learners, offering structured training, AI certifications, internships, apprenticeships, fellowships, career guidance, and job opportunities in AI roles. The programme also aims to create opportunities for women in rural areas to develop AI skills and contribute to rural AI innovation and enterprise.

Click [here](#) for more information.

Agri-FMCG

IMD Forecasts 'Above Normal' Monsoon for 2025

India is likely to receive 'above normal' monsoon rainfall for the second consecutive year, with the India Meteorological Department (IMD) forecasting about 105% of the long period average (LPA) for 2025, within a $\pm 5\%$ error margin. The IMD, which has improved its forecast accuracy by adopting advanced multi-model ensemble systems, predicts neutral El Niño-Southern Oscillation (ENSO) conditions, suggesting stable monsoon patterns. A good monsoon is expected to bolster farm output and ease food inflation, though regional variations in rainfall remain a concern.

Click [here](#) for more information.

Supreme Court Orders Implementation of Front-of-Pack Labelling Norms

The Supreme Court of India has directed the central government and the Food Safety and Standards Authority of India (FSSAI) to finalise and implement updated food labelling regulations within three months. The order requires all packaged food products to display key nutritional information, including total sugar, salt (sodium), and saturated fat content, in bold and enlarged font sizes on the front of the packaging. The regu-

lations also introduce the Indian Nutritional Rating (INR) system, which rates packaged foods from 0.5 to 5 stars based on their nutritional profile. The amendments mandate a logo for all milk and milk products and require clear declarations for coffee-chicory mixtures. The FSSAI has received over 14,000 public comments on the proposed labelling norms. The annual enforcement date for these amendments is set as 1 July 2025, with FSSAI providing technical support and guidelines for compliance. The Supreme Court's order follows a Public Interest Litigation concerning transparency in food packaging.

Click [here](#) for more information

Standing Committee Highlights Underutilisation of Food Processing Ministry's Budget

A parliamentary standing committee on agriculture, animal husbandry and food processing, chaired by Charanjit Singh Channi, has reported chronic underutilisation of funds by the Ministry of Food Processing Industries for flagship schemes such as the Pradhan Mantri Kisan Sampada Yojana (PMKSY) and the PM Formalisation of Micro Food Processing Enterprises (PMFME) scheme. In the financial year 2024-25, up to 11 February, the ministry utilised only ₹1,020 crore against a revised estimate of ₹2,530 crore, which is 42% of the allocation. The initial budget estimate for the year was ₹3,052 crore. The report states that in the previous two financial years, the ministry utilised only about 75% of the downwardly revised budget estimates. The panel has recommended a thorough review of the budgetary estimation process and noted that for 2025-26, the allocation has been raised to ₹4,364 crore, the highest ever for the ministry.

Click [here](#) for more information

Agri and Processed Food Exports Increase by 13% in April-February FY25

India's exports of agricultural and processed food products rose by over 13% year-on-year to \$22.67 billion during April–February of the current financial year, according to data from the Directorate General of Commercial Intelligence and Statistics. Rice exports, including both basmati and non-basmati varieties, increased by 21% to more than \$11 billion compared with \$9.32 billion in the same period last year. The government eased restrictions on rice exports in September 2024 after higher output and stocks, removing all export restrictions including the minimum export price. Exports of buffalo meat, dairy, and poultry products increased by nearly 12% to \$4.61 billion, while shipments of fresh fruits and vegetables rose by over 5% to \$3.39 billion. Cereals preparation exports grew by more than 9% to \$2.82 billion. The Agricultural & Processed Food Products Export Development Authority (APEDA) has set an export target of \$26.56 billion for FY25.

Click [here](#) for more information

Government Wheat Procurement Reaches 6 million Tonnes for 2025-26

The Indian government has procured approximately 6 million tonnes of wheat so far in the 2025-26 marketing season, which began on 1 April. The procurement target for the current season is set at 31 million tonnes, with around 20 million tonnes expected from Punjab and Haryana and the remainder from other states. This target is lower than previous years, despite the agriculture ministry forecasting record wheat production of 115 million tonnes in the 2024-25 crop year (July-June). Most of the wheat procured to date has come from Madhya Pradesh and Uttar Pradesh, while procurement in Punjab and Haryana is expected to increase in the coming days. In the previous season, government wheat procurement reached 26.6 million tonnes against a target of 30-32 million tonnes. According to agriculture ministry data, 38 per cent of the estimated 32

million hectares of wheat have been harvested so far, with favourable conditions reported in major wheat-producing states.

Click [here](#) for more information

Rs 1.5 Crore Sanctioned for Agro-Tourism Project in Ayodhya

The Uttar Pradesh government has sanctioned Rs 1.5 crore for the establishment of a model agro-tourism centre at Acharya Narendra Deva University of Agriculture and Technology, Ayodhya. The university administration has initiated groundwork and is preparing a detailed proposal for the project. Experts are examining various aspects of the initiative, which aims to serve as a national example in agro-tourism and attract both domestic and international visitors interested in agricultural practices. The project includes the construction of a fully equipped resort within the university campus to accommodate guests, who will be able to observe and participate in activities such as organic farming, food processing, animal husbandry, and fisheries. The Home Science department will demonstrate the preparation of food items from coarse grains. The centre will be located on the university's main campus, and visible progress is expected within six months.

Click [here](#) for more information

Government Extends Validity of Tobacco Grower Registrations and Barn Licences

The Government of India has notified an amendment to the Tobacco Board Rules, 1976, extending the validity of the Certificate of Registration for Virginia tobacco growers and the licence for operation of a barn from one year to three years. The amendment affects sub-rules (5), (6), and (7) of rule 33 and sub-rules (2) and (3) of rule 34N. This change will be effective from the 2025-26 crop season in Andhra Pradesh and will benefit approximately 83,500 farmers and 91,000 barns across Andhra Pradesh, Karna-

taka, Telangana, and Odisha. The registration and licensing process, previously conducted annually, will now require renewal once every three years. Virginia tobacco cultivation and barn operation in India are regulated under the Tobacco Board Act, 1975. India is the second largest producer and fourth largest exporter of unmanufactured tobacco globally, with tobacco exports contributing 1,979 million US dollars (Rs.16,728 crores) to the exchequer in the 2024-25 financial year.

Click [here](#) for more information.

Artificial Intelligence

AI-Driven Economic Gains to Outweigh Emission Costs, Says IMF

Economic gains from artificial intelligence are expected to boost global output by around 0.5 per cent annually between 2025 and 2030, outweighing the costs of rising carbon emissions from AI data centres, the International Monetary Fund (IMF) said on Tuesday. In a report titled *"Power Hungry: How AI Will Drive Energy Demand"*, released during its annual spring meeting in Washington, the IMF acknowledged that while the additional emissions contribute to global concerns, the economic benefits are significantly larger. However, it warned that these gains would not be evenly distributed worldwide and urged policymakers and businesses to work towards minimising broader societal costs.

Click [here](#) for more information.

India to Add 15,000 More GPUs Under IndiaAI Mission

India is set to boost its stock of high-end graphics processing units (GPUs) by 15,000 through the second round of bidding under the ₹10,372 crore IndiaAI Mission, raising the total to 33,000 GPUs, official sources confirmed. With a 30 April deadline, this follows the first round where bids for 18,693 GPUs were received against a target of 10,000. Key players like Jio Platforms, Tata Communications, and Yotta Data Services have

been empanelled to supply GPUs to startups, academics, and researchers, with India now nearing the 50,000 GPU cap imposed by the US, which officials are actively working to address through ongoing bilateral trade talks.

Click [here](#) for more information.

₹10,000-Crore Startup Fund to Focus on AI, Machine Building

The commerce and industry ministry will channel a significant portion of the newly announced ₹10,000 crore Fund of Funds Scheme (FFS) towards startups in emerging sectors like artificial intelligence, machine building, and other new-age technologies, according to an official. This marks the second such initiative, following the 2016 FFS aimed at boosting venture capital through SIDBI, which invests in SEBI-registered Alternative Investment Funds (AIFs) that, in turn, support startups.

Click [here](#) for more information.

India Accelerates Semiconductor and AI Mission with Chip Design Push

India's semiconductor and AI mission is gaining momentum, with the government targeting \$500 billion in electronics production by 2030 and advancing chip design under the Design-Linked Incentive (DLI) scheme. Minister Ashwini Vaishnaw revealed that 13 chip design projects are underway, including critical components like surveillance and wi-fi chips, with IP to be owned domestically. Additionally, 240 educational institutions have been equipped with world-class design tools, and 20 student-designed chips are set to be taped out at the Semiconductor Laboratory in Mohali — part of the broader goal to train 85,000 engineers in the next decade.

Click [here](#) for more information.

Sarvam Selected to Build India's First Indigenous AI Language Model

The government has selected Bengaluru-based start-up Sarvam to develop India's first indigenous large language model (LLM) under the ₹10,370 crore IndiaAI Mission, granting access to 4,000 GPUs for six months. Sarvam's model will feature 70 billion parameters and support Indian languages, with three variants planned for diverse use cases. The initiative aims to boost domestic AI innovation and reduce reliance on foreign models, mirroring China's disruptive DeepSeek.

Click [here](#) for more information.

Banking, Financial Services and Insurance

RBI Report Highlights Rising Bank Reliance on Standing Deposit Facility

The Reserve Bank of India (RBI), in a report titled *Three Years of the Standing Deposit Facility: Some Insights*, noted an increased reliance by banks on the Standing Deposit Facility (SDF) as a precautionary measure amid liquidity uncertainties. Banks' fund placements under the SDF averaged ₹2.13 trillion in March, significantly higher than the ₹1.12 trillion recorded the previous month. The report pointed to an asymmetric liquidity distribution in the banking sector and observed a declining trend in banks' use of longer-tenor variable rate reverse repo (VRRR) operations. Introduced in April 2022, the SDF has become a crucial part of RBI's liquidity management, offering overnight deposit facilities without collateral.

Click [here](#) for more information.

RBI Eases Liquidity Norms, Cuts Proposed Run-Off Factor for Banks

In a relief to commercial banks, the Reserve Bank of India has finalised liquidity coverage ratio (LCR) guidelines, halving the proposed additional run-off factor for retail deposits linked to internet and mobile banking from 5 per cent to 2.5 per cent. The updated norms, effective

April 1, 2026, also reduce the run-off rate for funding from non-financial entities to 40 per cent from 100 per cent. The RBI estimates these changes will boost reported LCR by 6 per cent and unlock ₹3 trillion in lendable resources, supporting additional credit growth of up to 1.5 per cent.

Click [here](#) for more information.

RBI's Draft Gold Loan Norms May Raise Compliance Costs

Banks and NBFCs could face higher compliance and operational costs if the Reserve Bank of India's draft guidelines on gold loans are implemented in their current form, industry experts warn. The proposed norms mandate standardised documentation, uniform gold purity assessment procedures across branches, and the appointment of qualified assayers, potentially doubling processing costs from 2% to 4-5%. Experts say this will raise operational complexity, especially for smaller players and rural NBFCs, while also dampening growth under the 75% loan-to-value cap.

Click [here](#) for more information.

NPCI's Bharat BillPay to Launch New Netbanking System

NPCI Bharat BillPay (NBBL) is developing a new payments switch, Netbanking 2.0, to simplify and standardise netbanking transactions, with launch expected within three to four months pending successful testing and regulatory approvals. Unlike existing systems, the new platform aims to provide common connectivity across banks and payment aggregators, addressing issues like lack of interoperability, chargebacks, and settlement delays. It will also introduce dynamic QR codes for easier authorisation across devices, as part of RBI's Payment Vision 2025 initiative.

Click [here](#) for more information.

Govt Urges Banks to Expand e-NWR Lending for Farmers

To improve credit access for farmers and agribusinesses, the finance ministry has asked all banks to join the National Credit Guarantee Trustee Company (NCGTC) and e-Kisan Upaj Nidhi (e-KUN) portal, supporting loans against electronic negotiable warehouse receipts (e-NWRs). While only 8 banks have joined NCGTC and 26 the e-KUN portal so far, public-sector banks have been directed to push regional rural banks to adopt dedicated e-NWR loan policies. Banks are also encouraged to raise awareness via outreach and social media, while recommending simplified fee remittance and more WDRA-accredited warehouses to support the ecosystem.

Click [here](#) for more information.

Digi-Tech

CAIT Calls for Luxury Tax on Quick Commerce Purchases

The Confederation of All India Traders (CAIT) has proposed a luxury tax on purchases made via quick commerce platforms, arguing that the convenience of rapid delivery should be classified as a luxury. The recommendation, which will be submitted to the Ministries of Commerce and Consumer Affairs, also highlights concerns over alleged FDI and ecommerce regulation violations that threaten traditional kirana stores. CAIT has further urged stricter enforcement of FDI policies, the rollout of ecommerce rules under the Consumer Protection Act, and greater transparency in algorithms, pricing, and seller selection.

Click [here](#) for more information.

Tech Giants Face Fresh Tax Demands in India Over SaaS Revenue

Major global companies like Microsoft, Amazon, Google, Oracle, IBM, and Salesforce are facing new tax demands in India for 2021-22 and 2022-23, as the income-tax department has classified their revenue from Indian customers as "fees for technical services" (FTS), attracting a 15 per cent tax under the India-US tax treaty. This move comes

despite a 2021 Supreme Court ruling that exempted standard software payments from being taxed as royalty, leading to concerns over double taxation, as many firms had already paid the equalisation levy. Legal experts anticipate a wave of litigation unless clear guidance is issued.

Click [here](#) for more information.

No GST on UPI Transactions Above ₹2,000, Says Government

The government on Friday dismissed reports suggesting it plans to levy GST on UPI transactions exceeding ₹2,000, calling them "false, misleading, and without any basis." The Finance Ministry clarified that no such proposal is under consideration and reiterated that GST is only applicable on charges like the Merchant Discount Rate (MDR), not on the transactions themselves. Since January 2020, MDR has been removed for person-to-merchant UPI payments, as per CBDT directives.

Click [here](#) for more information.

NPCI, Banks Seek Fix for UPI Glitches Amid Surge in API Calls

The National Payments Corporation of India (NPCI) and member banks are working on a long-term solution to frequent UPI disruptions, triggered by an overload of transaction status API calls, officials said. Following the fourth outage in three weeks, NPCI's root cause analysis revealed excessive API traffic from banks as a key issue. To prevent further system strain, discussions are ongoing to set limits on such calls, with options ranging from self-regulation by banks to NPCI-imposed blocks on misuse.

Click [here](#) for more information.

India's Digital Commerce to Hit \$340 Billion by 2030: McKinsey

India's digital commerce market is projected to grow fivefold to \$320-340 billion by 2030, driven by expanding smartphone and internet usage and the

rise of ONDC, according to a McKinsey & Company study. Segments like fashion, electronics, groceries, and services are expected to lead the surge, with fashion and lifestyle alone forecast to reach \$80–82 billion. The study attributes this growth to India's booming digital economy, rising consumer spending, and global investor interest but cautions that high-value product accessibility and reliance on government spending remain challenges.

Click [here](#) for more information.

BSNL Maintains Lease-Based Monetisation Amid 4G, 5G Rollout

With a major network expansion underway, BSNL is set to retain its lease-based model for tower monetisation, shifting away from outright sales amid ongoing 4G rollout and upcoming 5G upgrade plans. Despite facing criticism for missing asset monetisation targets, the state-run telco has monetised ₹12,984 crore worth of assets since 2019, far short of its approved ₹18,200 crore target. While core assets like towers are being held back, BSNL continues to list thousands of land and building assets for sale or lease, though progress has been slow due to regulatory hurdles and tepid demand outside major cities.

Click [here](#) for more information.

Ease of Doing Business

India Proposes New Emission Targets for High-Intensity Industries

India has introduced draft rules to cut greenhouse gas emissions across key sectors—aluminium, cement, chlor-alkali, and pulp & paper—under the proposed Greenhouse Gas Emission Intensity (GEI) Target Rules, 2025. Over 130 industrial entities, including Vedanta, Hindalco, and UltraTech, will face sector-specific emission targets, with non-compliance resulting in the purchase of carbon credits or environmental penalties. The initiative supports India's goal to reduce emission intensity by 45% by 2030 under the Paris Agreement. A 60-

day consultation period is open for stakeholder feedback.

Click [here](#) for more information.

RBI Issues Draft EXIM Norms, Launches PRAVAAH Portal for Approvals

The Reserve Bank of India has released draft directions and Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2025, inviting stakeholder feedback by month-end. The RBI also launched the PRAVAAH portal for all regulatory applications. Notably, authorised dealers (ADs) must now align with foreign trade policy guidelines, create internal policies within six months, and handle most export-import decisions autonomously. Exporters with unrealised proceeds over ₹25 crore will face stricter norms, while importers exceeding similar limits must secure transactions with letters of credit.

Click [here](#) for more information.

Kerala to Revise IPR Policy After 17 Years

The Kerala State Council for Science, Technology and Environment (KSCSTE) has formed a six-member committee led by N. Anilkumar, Chairman of the Kerala State Biodiversity Board, to draft a revised Intellectual Property Rights (IPR) Policy for the State, updating the 2008 policy to address modern demands. The committee, which includes CSIR-NIIST scientist R.S. Praveen Raj, has been tasked with incorporating new focus areas and refining a draft that proposes integrating IPR into education curricula, establishing an IPR Academy, and setting up a Traditional Knowledge Authority and Docketing System. The revised policy is expected within three months.

Click [here](#) for more information.

Companies Barred from Claiming Tax Benefits on Settlements for Legal Violations

The Central Board of Direct Taxes (CBDT) has announced that companies can no longer claim tax deductions for money spent on settling cases related to violations under the SEBI Act, Securities Contracts (Regulation) Act, Depositories Act, and Competition Act. Effective immediately from 23 April, such expenses—including fines, penalties, and settlements—will not be treated as business expenditure under Section 37 of the Income-tax Act, 1961, reinforcing the government's stance that non-compliance will now carry stricter financial consequences.

Click [here](#) for more information.

NITI Aayog Calls for Reforms to Triple Auto Component Exports

India must undertake strategic reforms to boost automotive component exports to \$60 billion by 2030, up from the current \$20 billion, according to a NITI Aayog report released on 11 April 2025. The proposed roadmap includes production support schemes, R&D incentives, Industry 4.0 adoption, and talent attraction policies to expand India's share in the global value chain from 3% to 8% and generate up to 2.5 million new jobs. The report stresses that localisation must be paired with innovation and competition to ensure sustained growth.

Click [here](#) for more information.

State-Level Task Force Established for Compliance Reduction in Karnataka

The Karnataka government has constituted a state-level task force following a high-level meeting on Compliance Reduction and Deregulation held on 21 March 2025. The meeting, chaired by Chief Secretary Shalini Rajneesh, focused on simplifying the regulatory regime, with particular emphasis on Micro, Small, and Medium Enterprises (MSMEs). Discussions included rationalisation of procedures and processes in areas such as change of land use, building plan approval, construction permits,

labour reforms, utilities and permissions, and decriminalisation of minor procedural offences where feasible. The session also addressed current zoning restrictions related to setbacks, parking spaces, and floor area ratio in urban and rural industrial areas, as well as the flexible zoning framework. Further topics included encouraging commercial and affordable housing projects along Transit-Oriented Development corridors, rationalising land use change procedures and minimum road width in rural areas, GIS-based Master Plans by Urban Development Authorities, and land bank availability in industrial and private parks. Manoj Joshi, Secretary, Department of Land Resources, Government of India, and senior state officials participated in the meeting.

Click [here](#) for more information.

New Draft Regulations Proposed for Cross-Border Trade

The Reserve Bank of India (RBI) has released revised draft regulations for export and import transactions under the Foreign Exchange Management Act (FEMA), 1999. The draft regulations propose that if an exporter's proceeds remain unrealised for more than two years from the due date and the cumulative unrealised export proceeds exceed ₹25 crore, further exports by that exporter shall be permitted only against full advance payment or an irrevocable letter of credit. For the import of gold and silver, no advance remittance by an authorised dealer will be allowed. The revised regulations consolidate existing instructions for authorised dealers, combining procedures for export and import transactions into a single document. The RBI issued an earlier draft in July 2024 and, following public feedback and stakeholder consultations, has updated the proposals. The central bank has invited comments and feedback on the draft regulations and directions until 30 April 2025.

Click [here](#) for more information.

New Compliance Framework for Gas Meters Announced

The Department of Consumer Affairs, Government of India, has framed draft rules for gas meters under the Legal Metrology (General) Rules, 2011. The draft rules mandate that all gas meters used for domestic, commercial, and industrial purposes undergo testing, verification, and stamping before being used in trade and commerce. Re-verification of gas meters in use is also prescribed. The rules aim to ensure accuracy and reliability in gas measurement. The compliance framework is aligned with international best practices and OIML standards. A technical committee, including representatives from the Indian Institute of Legal Metrology, Regional Reference Standard Laboratories, industry experts, and Voluntary Consumer Organizations, was formed to draft the rules. The Bureau of Indian Standards provided scientific and technical inputs. The draft was circulated among stakeholders, including manufacturers, testing laboratories, City Gas Distribution companies, and State Legal Metrology Departments, and their feedback was incorporated. A transitional period is provided for implementation.

Click [here](#) for more information.

Stakeholder Consultation Opens for Revised Fast-Track Merger Rules

The Ministry of Corporate Affairs has issued draft rules to expand the scope of fast-track mergers under Section 233 of the Companies Act, 2013, in line with the Union Budget 2025–26 announcement. The draft proposes to include additional categories of companies, such as unlisted companies with borrowings below ₹50 crore and no loan defaults, for eligibility under the fast-track merger process. Section 8 companies, which are non-profit organisations, are excluded. The draft also covers mergers between holding companies (listed or unlisted) and one or more of their unlisted subsidiaries, as well as mergers between fellow unlisted subsidiaries of the same holding

company. Furthermore, it proposes to allow mergers of foreign holding companies with their wholly owned Indian subsidiaries. Stakeholders have been invited to submit feedback on the draft rules by 5 May 2025 through the Ministry's e-Consultation Module. The final rules will be notified after considering the feedback received.

Click [here](#) for more information.

Simplification of EPF Claim Process Announced by Ministry of Labour & Employment

The Employees' Provident Fund Organisation (EPFO), under the Ministry of Labour & Employment, has introduced two major reforms to simplify the claim settlement process for EPF members and employers. The first reform removes the requirement for uploading an image of a cheque leaf or attested bank passbook when filing online claims. Previously, this requirement was relaxed on a pilot basis for certain KYC-updated members and, since its launch on 28 May 2024, has benefited 1.7 crore EPF members. This relaxation is now extended to all members, immediately benefiting around 6 crore members by reducing claim rejections and related grievances. The second reform eliminates the need for employer approval after bank verification for seeding bank account details with the Universal Account Number (UAN). This change will benefit over 14.95 lakh members with pending approvals and aims to reduce delays caused by employer-level processing. The simplified process also allows members to update bank account details authenticated through Aadhaar OTP.

Click [here](#) for more information.

UAN Generation and Activation Now Enabled with Aadhaar Face Authentication

The Employees' Provident Fund Organisation (EPFO), under the Ministry of Labour and Employment, has implemented Universal Account Number (UAN) gener-

ation and activation using Aadhaar Face Authentication Technology (FAT) through the UMANG Mobile App. Previously, UANs were generated by employers using employee data, often resulting in errors in personal details and communication gaps. In the financial year 2024-25, out of 1.26 crore UANs allotted, only 44.68 lakh (35.30%) were activated by members. The new system allows both employees and employers to generate and activate UANs directly using face authentication, enhancing security and accuracy through biometric verification. This process eliminates the need for employer or regional office intervention for many services. Employers are encouraged to use this method for efficient and error-free registration. EPFO is also collaborating with MY Bharat to promote digital life certificates for pensioners using face authentication technology.

Click [here](#) for more information.

Government Defines 'Proof of Origin' for Trade Transactions

The government has issued a circular through the Department of Revenue defining 'proof of origin' for trade purposes to facilitate ease of doing business and prevent misuse of trade agreements. For importers seeking duty concessions under free trade agreements (FTAs), it is now mandatory to furnish proof or a certificate of origin for the product from the FTA partner country. The circular states that proof of origin refers to a certificate or declaration issued in accordance with the relevant trade agreement, certifying that the goods meet the country-of-origin criteria. The certificate of origin remains a key document for exports to countries with which India has trade agreements, and exporters are required to submit this certificate at the landing port of the importing country to claim duty concessions. The Apparel Export Promotion Council (AEPC) noted that the circular establishes a clear mechanism and standard operating procedure for verifying the authenticity of certificates

of origin, aiming to remove uncertainty and prevent misuse of the origin criterion.

Click [here](#) for more information.

Geopolitics and Geoeconomics

Opec's Share in India's Oil Imports Falls to Record Low as Russian Crude Dominates

India's oil imports from the Organization of the Petroleum Exporting Countries (Opec) fell to a record low in FY25, as refiners increasingly turned to cheaper Russian crude, maintaining Russia's position as India's top oil supplier for the third consecutive year. According to trade and industry data, India imported an average of 4.88 million barrels per day (bpd), up 5 per cent year-on-year, with Russian oil imports rising 7.3 per cent to 1.76 million bpd, capturing a 36 per cent share, while Opec's share dropped to 48.5 per cent. Geopolitical tensions and high costs from traditional suppliers have prompted India to diversify its crude sources, even from distant markets like Russia.

Click [here](#) for more information.

India Imposes 12% Safeguard Duty on Select Steel Imports

The Ministry of Finance has imposed a 12 per cent provisional safeguard duty on certain steel products for 200 days to protect the domestic industry from a surge in imports, particularly from China and Vietnam. Developing countries, apart from these two, are exempt. The move follows a recommendation by the Directorate General of Trade Remedies and comes amid concerns over cheap steel imports and potential market disruption after the US imposed tariffs on steel and aluminium. Industry leaders, including Tata Steel's CEO, have welcomed the decision as essential for ensuring fair competition and safeguarding future investments.

Click [here](#) for more information.

India-US Trade Push May Narrow Deficit, Boost Exports

India's trade surplus with the US widened to \$41 billion in FY25, and with the aim of scaling bilateral trade to \$500 billion by 2030, a Bilateral Trade Agreement (BTA) could help narrow the trade deficit while boosting exports. India is set to increase imports of US crude oil and LNG, and new US tariff rules—applicable only to the non-US content of goods—could benefit sectors such as plastics and gems and jewellery. The regulation offers cost advantages on imports, though final gains will depend on raw material pricing and duty differentials. India also continues to diversify its global trade reach.

Click [here](#) for more information.

UNHCR Faces Severe Budget Cuts, Refugees in India at Greater Risk

The UNHCR's global budget is set to shrink by 66% in 2025 due to drastic cuts in US aid, slashing its funds from \$5.17 billion to \$1.75 billion — a move that threatens essential services for millions of refugees worldwide. In India, where over 47,000 refugees depend on the agency for documentation, healthcare, and protection, the impact could be particularly dire due to the absence of a national refugee law. With the US contribution to UNHCR India expected to fall by over 83%, the agency faces layoffs, reduced field operations, and a projected funding shortfall of \$12.94 million. Experts warn this could heighten refugee vulnerability and reverse years of progress.

Click [here](#) for more information.

Trump's Tariffs Lead to Dip in Edible Oil Prices in India

The imposition of tariffs by US President Donald Trump has contributed to a notable softening in the landed prices of key edible oils in India, with palm oil and crude soybean oil prices falling by nearly 7-8 per cent, narrowing the price gap between them. This trend, driven by

fears of a global recession and falling crude oil prices, could impact India's food inflation, given edible oils' significant weightage in the inflation basket. Analysts suggest that increased edible oil availability, due to reduced biodiesel diversion, may further dampen prices unless interventions like Indonesia's biodiesel subsidy continue.

Click [here](#) for more information.

India and Saudi Arabia to Collaborate on Refineries and Energy Stability

India and Saudi Arabia have agreed to collaborate on setting up two oil refineries in India and work jointly to enhance global oil market stability, according to a joint statement issued after Prime Minister Narendra Modi's visit to Saudi Arabia. The agreement, part of Saudi Arabia's broader \$100 billion investment plan in India, also includes cooperation in crude oil supply, LPG, green hydrogen, strategic reserves, and infrastructure development. Progress has also been made on the Bilateral Investment Treaty and energy-related projects.

Click [here](#) for more information.

Centre Plans to Ease Nuclear Liability Laws to Attract US Investment

The Indian government is planning to amend the Civil Nuclear Liability Damage Act, 2010, to cap accident-related penalties on equipment suppliers, aiming to attract US firms like GE and Westinghouse that have avoided the sector due to concerns over unlimited liability. The proposed changes, expected in the monsoon session of Parliament, would limit the operator's right to claim compensation from suppliers to the value and timeframe outlined in contracts, aligning India's rules with international norms and boosting nuclear power capacity targets of 100 GW by 2047.

Click [here](#) for more information.

US Pauses Visa Crackdown, Begins Reinstating Student Records

The US government has paused its aggressive visa crackdown and begun reinstating SEVIS records for thousands of foreign students, following widespread legal challenges and criticism. The Trump administration informed a federal judge that students whose legal status was abruptly terminated would have their registrations restored while a new policy framework is developed. The crackdown, which allegedly targeted students with minor or no infractions and disproportionately affected Indians—who made up nearly 50% of cases tracked by AILA—sparked fear on campuses and led to multiple court victories for affected students.

Click [here](#) for more information.

Industry Calls for Action Amid Surge in Chinese Imports

Industry bodies have urged the government to impose anti-dumping duties following a sharp rise in Chinese imports, reportedly driven by the US-China tariff war. Sectors including textiles, rubber gloves, toys, and medical devices are witnessing price undercutting, with viscose staple yarn (VSY) imports undercutting local prices by ₹13 per kg and medical device imports surging by 80% across key categories. Domestic manufacturers warn of mill closures and job losses, citing unfair pricing and oversupply that threaten local industry viability.

Click [here](#) for more information.

India, ASEAN Discuss Review of Free Trade Pact

Senior officials from India and the 10-member ASEAN bloc concluded the eighth meeting of the AITIGA Joint Committee in New Delhi on Friday to review the ASEAN-India Trade in Goods Agreement. The four-day discussions aimed to update and improve the existing free trade pact, with participation from all ASEAN nations including Brunei, Indonesia, Vietnam, and others.

Click [here](#) for more information.

Gig Economy

Karnataka Approves Bill for Gig Workers' Welfare

The Karnataka Cabinet has approved the Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024, which seeks to establish a welfare fund for gig workers and mandate aggregators to contribute 1–5% of each transaction as a welfare fee. The government plans to implement the provisions via an Ordinance and set up a welfare board to oversee worker registration, fee collection, and social security schemes.

Click [here](#) for more information.

Karnataka state Proposes 1–2% Fee on Aggregator Platforms for Gig Worker Benefits

Karnataka is proposing a welfare fee of 1–2 percent per transaction on aggregator platforms, including Ola, Uber, Rapido, Amazon, Flipkart, Zomato, Swiggy, Dunzo, Zepto, Urban Company, and Porter. The draft Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024, was released in June and aims to introduce social security measures for platform-based gig workers. The fee will be collected on a per-order basis and will be used to fund the social security and protection of gig workers. The state cabinet is scheduled to discuss the bill, and if approved, it is expected to be tabled in the winter assembly session. The bill mandates registration of both aggregators and gig workers with a welfare board, which will design schemes for the fund's use. The labour department plans to implement a central transaction information and management system to track payments and welfare deductions.

Click [here](#) for more information.

IT and Ed-Tech Lead Surge in Indian Flexible Employment

According to a recent report by foundit (formerly Monster APAC & ME), a talent platform, gig jobs in India are flexible,

short-term work opportunities available across multiple industries, enabling professionals to undertake project-based roles. These positions are increasingly sought after as businesses focus on agility, specialised skills, and cost-effective workforce solutions. Data shows that 66% of white-collar gig workers were employed through company-led models, with 28% in corporates, 12% in multinationals, 8% in startups, and 18% in other organisations. The remaining 34% were placed via consultants, including staffing firms and freelance platforms. In March 2025, sectors such as IT software and services (32%), education/ed-tech (14%), and recruitment and staffing (12%) led gig hiring, while advertising and marketing experienced a decline. Coders and IT consultants comprised 30% of white-collar roles, with data analysts, content writers, and designers also in demand. Most gig jobs were concentrated in Delhi-NCR (26%), Mumbai (18%), and Bengaluru (12%).

Click [here](#) for more information.

Karnataka High Court Orders Cessation of Bike Taxi Services

The Karnataka High Court has ordered all bike taxi services, including Rapido, Ola, and Uber, to cease operations in the state within six weeks unless the government frames specific rules and regulations under Section 3 of the Motor Vehicles Act, 1988. This directive follows the dismissal of petitions from ride-hailing companies challenging the state's decision to ban bike taxis. The ruling affects approximately 1.5 lakh Rapido riders and may disrupt over 50 lakh monthly rides in Karnataka. The state government and transport department have been given three months to draft and implement guidelines for regulating bike taxi operations. The court referenced a 2019 expert committee report on the impact of bike taxis on traffic and safety. Previous regulatory attempts, such as the Karnataka Electric Bike Taxi Scheme of 2021, were withdrawn. The

order also noted similar bans in other states and ongoing policy formulation at the national level.

Click [here](#) for more information.

Registration Drive for Gig Workers in Prayagraj Underway

The state government in Prayagraj has begun a campaign to provide social security benefits to gig and platform workers by registering them under the e-labour card scheme. This initiative brings gig workers, including delivery personnel, ride-sharing service workers, food and logistics delivery workers, e-marketplace workers, content media service workers, professionals, healthcare workers, and travel and hospitality workers, under the unorganised sector. Over 22.3 lakh workers are currently registered on the e-shram portal in the Prayagraj division, with 5.52 lakh in Prayagraj district. The Labour Department is collecting details of employees and gig workers working in online companies, with the number of such workers in the Prayagraj division estimated at around 1.20 lakh. Department teams are visiting e-commerce warehouses to register workers, aiming to link them with government schemes. The registration drive for e-labour cards will continue until 30 April 2025.

Click [here](#) for more information.

Advisory Sent to States/UTs on Managing Extreme Heat Impact on Labour

The Ministry of Labour and Employment has issued an advisory to all States and Union Territories, instructing Chief Secretaries and Administrators to implement measures to mitigate the adverse effects of extreme heatwaves on workers and labourers across sectors. The advisory recommends a coordinated, multi-sectoral approach, including rescheduling working hours, ensuring access to drinking water, providing ventilation and cooling at workplaces, establishing rest areas, conducting regular health check-

ups, and supplying emergency ice packs and heat illness prevention materials to construction workers. The letter also directs mine and factory managements to permit slower work pace, flexible schedules, two-person crews during extreme heat, and proper ventilation in underground mines. Special attention is advised for construction and brick kiln workers, with emphasis on information dissemination through awareness camps and visual materials. The Ministry has instructed its organisations to conduct awareness sessions and include heat-wave safety in training. Hospitals and dispensaries are to set up dedicated desks for heat stroke cases and ensure supply of ORS and related materials.

Click [here](#) for more information.

Healthcare and Pharmaceuticals

India's Pharma Exports Hit Record \$30 Billion in FY25

India's pharmaceutical exports reached an all-time high of \$30.47 billion in FY25, exceeding the \$29.38 billion target, with a strong 31% year-on-year surge in March alone. The growth was driven by robust performance in the U.S. market, which remained India's top export destination with a 14.29% increase in value, along with gains in drug formulations and biologicals. Despite geopolitical tensions and trade uncertainties, sectors like Ayush, surgicals, and bulk drugs also showed growth, while vaccine exports declined.

Click [here](#) for more information.

Climate Change Threatens Global Blood Supplies, Study Warns

Climate change and extreme weather events are severely disrupting global blood supplies, posing serious risks to patients with critical medical needs, a new study in *The Lancet Planetary Health* has found. Natural disasters like floods and bushfires are hampering

blood donation, transport, and storage, while rising temperatures and disease outbreaks are making blood collection and safety more challenging, threatening the resilience of blood banking systems worldwide.

Click [here](#) for more information.

WHO Member States Agree on Draft Pandemic Treaty

Five years after the COVID-19 outbreak, WHO member nations have finalised a draft pandemic treaty outlining global response protocols for future health crises, with formal adoption expected at the UN health agency's annual meeting in Geneva next month. WHO Director-General Tedros Adhanom Ghebreyesus hailed the agreement as a sign that international cooperation remains possible, despite geopolitical tensions. However, key countries like the US and Argentina, having withdrawn from the WHO, are not expected to sign the treaty.

Click [here](#) for more information.

Paediatric TB Cases in India Surge 38% in Five Years

India has witnessed a 38% rise in notified paediatric tuberculosis (TB) cases among children up to 14 years—from 102,090 in 2020 to 141,182 in 2024—driven by malnutrition, increased drug-resistant TB, and post-Covid complications, according to government data. Experts warn that despite improved diagnostics, underreporting remains an issue due to diagnostic challenges and the extrapulmonary nature of TB in children. The Centre is pushing early detection and treatment under its TB elimination strategy, amid growing concerns about multidrug-resistant and extremely drug-resistant TB in children.

Click [here](#) for more information.

Odisha Launches Unified Health Coverage Scheme

Odisha has launched a unified health coverage scheme, merging the Ayushman Bharat and Gopabandhu Jan Arogya Yojana, to provide health benefits to 1.03 crore families in the state. The scheme, which will be accepted at 29,000 hospitals nationwide, follows the BJP's campaign against the non-implementation of Ayushman Bharat in Odisha. Chief Minister Mohan Charan Majhi announced that health cards would be distributed to every family within three months. Union Health Minister J.P. Nadda criticised the previous government for not implementing the scheme earlier.

Click [here](#) for more information.

Opinions

The Semicon Push for Global Integration

Jeeva, Senior Associate, PAFI

India stands at a pivotal moment, positioned to significantly enhance its participation in global semiconductor value chains. This article explores India's burgeoning semiconductor industry, the policy initiatives driving its growth, the challenges it faces, and the critical role its development plays in achieving India's electronics manufacturing ambitions and deeper integration into global supply networks. Successfully building a robust domestic semiconductor ecosystem is essential not only for meeting rapidly increasing internal demand but also for transforming India from a net importer to a significant player in global high-tech manufacturing and exports.

India has already made notable strides in the semiconductor sector, particularly in chip design, where it accounts for **20 percent of the world's integrated circuit (IC) design workforce**, comprising over 125,000 engineers. This in-

herent strength provides a solid foundation upon which to build manufacturing capabilities. The government has demonstrated a strong commitment through the **Semicon India Programme**, launched in December 2021 with an initial outlay of Rs 76,000 crore (approximately \$10 billion), aimed at fostering the entire semiconductor and display manufacturing ecosystem. This programme offers significant fiscal support, including a 50 percent match of the project cost from the central government for eligible projects. Key projects have been approved under this initiative, including Micron Technology's major assembly, test, and packaging (ATP) facility in Gujarat, and a joint venture between Tata Electronics and Powerchip Semiconductor Manufacturing Corporation (PSMC) to establish India's first 12-inch wafer fabrication (fab) plant in Dholera, Gujarat. Additional approvals include ATP/OSAT facilities by CG Power in partnership with Renesas and Stars Microelectronics and Kaynes Semicon. To support domestic design, the **Design-linked Incentive (DLI) scheme** provides financial and infrastructure support to eligible indigenous companies. These efforts align with India's broader goal of growing its electronics production, projected to reach \$300 billion by 2026 and \$500 billion by 2030. However, sustaining this momentum requires addressing underlying policy and environmental factors that impact the ease and predictability of doing business.

Despite the ambitious targets and policy support, the semiconductor industry in India faces several challenges, particularly concerning the regulatory and business environment. Attracting multi-billion-dollar investments necessitates a regulatory framework characterised by **stability, certainty, consistency, and predictability**, one that does not introduce business uncertainty or alter in-

vestment terms over time. While acknowledging the improvements, ensuring this remains crucial. Instances, such as the temporary removal of an IGST exemption on imported inputs for export production, which caused disruption before being reinstated for the sector, underscore the need for policy stability. Furthermore, although India's chemical industry is robust, a currently **inadequate base of domestically available, semiconductor-grade chemicals and gases** is viewed as a barrier to attracting fabs due to increased foreign sourcing costs. Investment is required to upgrade domestic producers' quality and purity to meet semiconductor-grade needs. India's national R&D intensity, which is lower than that of its BRICS peers, also needs bolstering at both government and enterprise levels to accelerate innovation. Attracting major global foundry players, beyond those already committed, remains a challenge.

Addressing these challenges requires sustained and targeted efforts across multiple fronts. To enhance regulatory predictability, the government needs to continue simplifying processes and ensuring policy continuity, building on the shift from "red tape" to a "red carpet" approach. Significant investment in infrastructure, including **logistics and electrical grids**, is paramount. While progress has been made, India lags behind several Asian peers in logistics performance, and stable, reliable, and consistent power supply is absolutely crucial for semiconductor manufacturing, where even minor interruptions can cause substantial losses. Although India's grid quality is improving, continued investments in reliable and redundant grids are vital. To address the materials challenge, investment of an estimated \$300 million to \$500 million is needed to upgrade domestic chemical and gas manufacturers to produce semiconductor-grade inputs. Simultaneously, India

must foster its skilled workforce beyond design engineers, specifically developing talent for manufacturing plants, including technicians. Initiatives like the Chips to Startup (C2S) programme are training engineers in VLSI and embedded system design, and premier engineering institutes are expanding relevant courses.

In conclusion, the development of a robust semiconductor industry is indispensable for India to realise its ambitious electronics manufacturing goals and effectively integrate into global value chains. By prioritising semiconductor manufacturing, India can reduce its heavy reliance on imports for crucial electronic components, boost domestic production, and create high-skilled jobs. Becoming a **"Chip Maker" from a "Chip Taker"** is pivotal for sectors beyond consumer electronics, including healthcare, defence, and infrastructure. This strategic shift enables India to move beyond exporting traditional goods towards becoming a global hub for advanced manufacturing and technology. Collaborative partnerships with countries like the United States, Japan, the EU, Singapore, and Taiwan are essential to gaining access to critical technology, expertise, and fostering supply chain resilience. India's unique moment presents a significant opportunity to enhance its role in global semiconductor supply chains, contributing to greater overall resiliency in this critical sector.

Entrepreneurial Spirit in Tier-3 Cities: Deoria's Quiet Revolution

Digvijay Singh, Senior Associate, PAFI

India's economic growth narrative often highlights metropolitan cities and industrial hubs. However, the real transformation lies in tier-3 towns and districts.

Deoria, a small city in eastern Uttar Pradesh, exemplifies this quiet revolution, where local entrepreneurs are rewriting the rules of economic development through grit, innovation, and determination. Their stories illustrate how entrepreneurship can uplift communities and foster inclusive growth.

Deoria, established in 1946, is steeped in cultural significance. This eastern Uttar Pradesh district is now poised for economic transformation, supported by robust road and rail connectivity, proximity to Gorakhpur's airport, and a youthful population (60% under 30). Its demographic and economic profile is transitioning from agriculture to a dynamic mix including services and manufacturing, underscoring the potential for non-farm job creation and sustainable industrial ventures. Project Amrit Prayas, led by Deoria's MP Shashank Mani, targets 9.2% real growth and the creation of approximately 170,000 non-farm jobs, showcasing Deoria's ambition to drive economic diversification and serve as a model for district-level development.

Deoria's entrepreneurial ecosystem is thriving with remarkable ventures that address local challenges while creating sustainable businesses. Take Mohit's biomass waste processing factory, for instance. His enterprise converts agricultural residue into pellet fuels that serve as eco-friendly alternatives to coal in thermal power plants. Beyond profits, this venture tackles environmental concerns, generates local employment, and contributes to energy sustainability. It is a shining example of how grassroots innovation can align with global priorities like climate change mitigation.

Poonam's camphor manufacturing business demonstrates resilience and ingenuity. With no formal training, she learned camphor production through

YouTube tutorials and experimentation. Despite cultural barriers, Poonam built a thriving business supported by her family. Her products have gained market trust and are sold online through platforms like Amazon, inspiring other women in her community to pursue their dreams.

Entrepreneurs in tier-3 cities face challenges that require perseverance. In Deoria, these include bureaucratic hurdles such as bribery, delays in obtaining industrial power connections, and high transaction costs due to inefficient transportation systems. These issues underscore the need for structural reforms to improve the ease of doing business in smaller towns.

Women entrepreneurs like Poonam also face cultural resistance. Overcoming societal norms and gaining acceptance required courage and determination. Additionally, local products often face scepticism about quality, forcing entrepreneurs to work harder to establish trust in their markets. Despite these obstacles, Deoria's entrepreneurs continue to thrive by leveraging their creativity and resourcefulness.

The impact of these ventures extends far beyond individual success stories, creating ripple effects that uplift entire communities. A call centre supporting Amazon's operations employs 200 local youth, 33% of whom are women. For many, this represents their first formal job and provides critical soft skills that serve as stepping stones for better career opportunities. At Anshima Terrakriti, a terracotta handicraft centre run by Kalyani Kirti Singh, traditional artisans find new markets for their craftsmanship, preserving cultural heritage while creating sustainable livelihoods. Such initiatives prevent migration from rural areas to overcrowded cities by anchoring talent within communities. They also empower marginalized groups—

particularly women—by providing them with economic independence and social mobility.

Jagriti Enterprise Centre-Purvanchal (JEC-P) supports small and medium enterprises through mentorship, market linkages, and training workshops. JEC-P provides holistic support through investment, mentorship, networks, and a conducive environment. One of JEC-P's initiatives is the Jagriti Yatra—a 15-day train journey across India that connects aspiring entrepreneurs with mentors and industry leaders. JEC-P also conducts digital literacy training for women entrepreneurs in Deoria, teaching skills like digital payments and online marketing, ensuring that rural entrepreneurs can compete effectively in today's digital economy.

To replicate Deoria's success in other tier-3 cities, the following should be prioritized:

- *Streamlining Regulatory Processes:* Simplify MSME registrations and industrial licensing to reduce bureaucratic hurdles.
- *Investing in Infrastructure:* Improve rural infrastructure, including transportation networks and reliable power supply, to lower transaction costs.

- *Promoting Access to Finance:* Expand access to affordable credit and financial services for rural entrepreneurs.
- *Supporting Incubators and Mentorship Programs:* Strengthen existing incubators like JEC-P and establish new ones to provide holistic support.
- *Encouraging Digital Literacy:* Equip rural entrepreneurs with digital skills to participate in the digital economy.

Deoria's entrepreneurial transformation serves as a compelling model for rural development in India. By harnessing local talent, addressing regional challenges, and fostering supportive ecosystems, Deoria is rewriting its economic story and creating new opportunities for its citizens. As India strives to achieve its development goals, it must recognize and support the entrepreneurial spirit thriving in its tier-3 cities and rural districts. These unsung heroes are building a more inclusive and prosperous India.

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