

## PROPOSED INDIA-UK FTA

# Social security impasse prolongs negotiations

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The United Kingdom's (UK's) reluctance to include a social security agreement (SSA) in the proposed free-trade agreement (FTA) with India has become yet another sticking point in prolonged negotiations, according to sources familiar with the matter.

Such a clause in bilateral agreements is signed between countries to protect the interests of skilled cross-border workers. This ensures that social security-related contributions for workers are not made in both countries, typically in the form of insurance or pension.

India is pushing for a social security pact in the proposed deal, considering that the UK is its second-largest service export destination after the US. With a large number of information technology professionals working in the UK, the absence of such a clause impacts employees working temporarily. Turn to Page 8 ▶

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### LIKELY IMPACT

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for 16 per cent of its total sales in Q2 2023 (Africa and the Middle East are number one with 57 per cent and south-east Asia is 12 per cent).

## Bhargava...

The plan was to reduce duty to 70 per cent from 100 per cent and then to 10 per cent in the fifth year for a maximum of 46,200 vehicles. It had agreed to go down to a zero per cent tax regime but with a cap on the number of vehicles.

In the last Union Budget, the duty on CBU (completely built units) cars with a CIF (cost insurance and freight) value under \$40,000 was increased from 60 per cent to 70 per cent, and those above that was at 100 per cent.

In the case of electric vehicles, in CBU form with a CIF value of more than \$40,000 duty was increased, again from 60 per cent to 70 per cent.

Bhargava pointed out the fact that companies like Maruti Suzuki were exporting 700,000 cars a year was a testament to the fact that India was globally competitive.

He said Suzuki in Japan, for instance, exports small cars through Maruti Suzuki, to Africa and West Asia because it was cost-competi-

tive to do so.

Toyota is making small cars in India through Maruti even though Daihatsu in Japan can also produce them. This is because in India it is cheaper to produce. Similarly, the production of the five-door Jimny of Suzuki has shifted to India and it has become a base for export of the model across the world.

The chairman of Maruti Suzuki conceded the point that there was a time when India was not competitive because production volumes were low.

But now India has become the third-largest automobile market in the world and companies have got scale with reduced production costs, despite still having some disabilities.

Not only that, it has the support of a vibrant auto-component industry which is exporting all across the world and is cost-competitive again.

On the entry of Tesla and reports of it asking for a substantial duty reduction on CBU cars, Bhargava said: "Tesla is bargaining for the best deal. It sees India as a large market in the future. But whether it has special requirements I am not so sure. But I believe concession has to be given to everyone in the industry."