

# India may give UK access to PV market, with riders

## TRADE TALKS: NOT ON THE SAME PAGE

Of the 26 policy areas or chapters, 13 have been substantially closed for talks

■ The 10th round of negotiations scheduled in India from June 5-9

■ In the 'goods' chapter, the UK's push for lower tariffs on whisky and automobiles has remained a prickly issue in the talks



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Even as India and the UK attempt to iron out the creases under the proposed trade deal, New Delhi is treading with caution. While it is ready to give the UK access to its passenger vehicle (PV) market, it also wants to place a cap on the number of units that will be allowed to enter India once the deal comes to fruition. India has proposed a

tariff rate quota (TRQ) that will impose a ceiling on the number of PVs (under 100,000 units) to be allowed to be imported on a concessional tariff.

The import duty for these PV units (under TRQ) will be eliminated in a phased manner over five years, two people aware of the matter but not directly involved in the negotiations informed *Business Standard*.

Taking into consideration that domestic PV sales were 3.89 million in 2022-23, the proposed limit could be less than 3 per cent. Turn to Page 6 ▶

## UK access...

This could address the misgivings of home-grown car manufacturers by ensuring there is no sudden influx of imports once the trade agreement kicks in. “The tariff for the rest of the imports, outside TRQ, will also be reduced, but in a graded manner,” said one of the persons referenced earlier.

It is yet to be seen if London is ready to accept the proposal since the negotiations have not concluded yet. The 10th round of talks is scheduled to be held in New Delhi from June 5-9.

India is viewed as a high-tariff nation, especially in the automotive sector. The Customs duty on completely-built units ranges between 70 per cent and 100 per cent, depending on the category.

The Department of Commerce did not respond to Business Standard’s query until the time of going to press.

“A modern, forward-looking free trade agreement (FTA) can put us firmly on the path to our shared ambition of doubling India-UK trade by 2030. A trade deal could help Indian exporters gain access to the UK market, including India’s 48

million small and medium enterprises. The UK seeks a deal that slashes tariffs and red tape, helping Indian consumers and businesses have easier access to the UK goods they already enjoy,” said a spokesperson for the British High Commission in response to Business Standard’s query.

London, in contrast, is known to have been bargaining for complete market access for automobiles and their components, said insiders.

India is clear that it is not eager to lower the tariff for electric vehicles, bearing in mind it is a sunrise sector. The government has also not faced any opposition from companies in the commercial vehicle segment. Industry sources said that some passenger carmakers have been apprehensive about a substantial tariff reduction by the government.

Arpita Mukherjee, professor, Indian Council for Research on International Economic Relations, said while some carmakers are anxious, Indian consumers will eventually benefit from tariff liberalisation. “The trade deal should be designed in a way that the UK uses India as a production hub for its global value chain. For that, there is a need to reduce tariffs. Right now, we have been mostly catering to

the domestic market and have not been able to be a part of the global value chain. If India signs the FTA with developed nations such as the UK and the European Union, it will be able to address supply-chain issues,” she observed.

She said the UK is not perceived as a market with a lot of fear by most automobile companies, as some of them have even made investments in the UK and understand the market well. “However, some companies (small- to mid-segment carmakers) are worried that they will not get additional market access in the UK (in return for a duty cut by India) due to strict standards and regulations in the UK that often become non-tariff trade barriers,” said Mukherjee.

## GST meet...

The GST Council had accepted the report of a panel of state ministers on the tribunal with some modification. It was decided that the changes required in the GST law would be circulated to the states for their comments. Currently, taxpayers aggrieved by rulings of tax authorities are required to move high court. The resolution process takes long because high courts do not have a spe-