

No MFN status in financial services for EFTA

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India has not granted most-favoured nation (MFN) status in financial services to the European Free Trade Agreement (EFTA) countries. This would mean EFTA countries, including Switzerland, cannot demand equal treatment if India gives better market access in financial services to another trading partner in the future.

India and four-nation EFTA bloc — Iceland, Switzerland, Norway, and Liechtenstein — signed the FTA on Sunday that may see India receive \$100 billion in foreign direct investment in 15 years with 1 million jobs.

The EFTA bloc, on the other hand, will get duty-free market access to India for products like Swiss watches and chocolates. India has reserved the right to reverse some of the duty concessions to EFTA countries if the commitment is not met.

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WHAT IT MEANS

■ EFTA countries, like Switzerland, can't demand equal treatment if India offers better market access in financial services to another trading partner

■ Normally, under the MFN treatment clause, EFTA would have the right to negotiate with India for similar market access

■ India's decision not to grant MFN status to EFTA might stem from concerns that liberal access to Switzerland could result in a loss of control over financial flows



mitted Indian companies to donate any amount to a political party, was unconstitutional.

“The Supreme Court has taken a tough stand on the SBI’s application,” said lawyer Prashant Bhushan.

Congress leader and former Rajasthan chief minister Ashok Gehlot said: “The Supreme Court has done the right thing ... I am sure the Supreme Court will understand the seriousness of the matter and give a verdict that will teach a lesson to those who tried to befool the court.” Bharatiya Janata Party leader Prithviraj Harichandan said: “It should be thoroughly examined whether electoral bonds have reduced political corruption ... it should be re-examined by the court itself and it is my personal request.”

EFTA...

An EFTA official, requesting anonymity, said India had granted automatic MFN treatment in the financial services sector to Australia. “We were quite surprised and disappointed that India couldn’t even grant us normal MFN treatment. This went to the top at the finance ministry. But they didn’t agree. So there is no MFN clause for financial services in the agreement,” the official said. The automatic MFN treatment would have given EFTA countries equal treatment automatically if India gave better market access in financial services to another trading partner in the future. Under normal (non-automatic) MFN treatment clause, EFTA would have at least the right to negotiate with India for similar market access.

“Australia is not a major financial sector. So India was not concerned about giving it MFN treatment in financial services. India didn’t provide MFN treatment to EFTA countries because the feeling must be that liberal access to Switzerland will lead to a lack of control on financial flows. It would have also led to greater competition for domestic financial service providers,” a former Indian trade negotiator said, requesting anonymity.

An email sent to the finance ministry remained unanswered till press time.

“The commitments in financial services are made in accordance with the General Agreement on Trade in

Services and the Annex on Financial Services. All the commitments are subject to entry requirements, domestic laws, rules, regulations, guidelines, and the terms and conditions of the Reserve Bank of India (RBI), Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, and any other competent authority in India,” the FTA text with EFTA says. According to the text, the opening of branches by foreign banks in branch or wholly-owned subsidiary mode will also be subject to the requirements regarding economic needs tests, reciprocity, inclusive banking and any other prudential requirements that may be specified by the RBI.

Byju’s...

In September 2023, Byju’s decided to lay off around 4,000 employees as part of a restructuring exercise. Earlier last year, the company had laid off about 1,000 employees and in 2022, some 2,500 workers.

Byju’s has processed some portion of salaries to employees as the funds raised through a recent rights issue have been locked in a “separate account” due to the ongoing dispute with investors. Byju Raveendran, founder and chief executive officer (CEO) of Byju’s, had said the edtech firm was striving to ensure that salaries were paid by March 10. The company will pay the balance once the rights issue funds are available, which it expects shortly. Byju’s has appealed to the NCLT to allow it to use the funds, according to company sources.

The petition against Byju’s at NCLT has been signed by four investors — Prosus, General Atlantic, Sofina, and Peak XV (formerly Sequoia) along with support from other shareholders like Tiger Global and Owl Ventures, according to the sources.

Byju’s is grappling with multiple challenges including a cash crunch, delays in financial reporting, and legal disputes with lenders. The company has raised a total of \$5.08 billion from investors.

Four investors of Byju’s have also filed caveats in the Supreme Court so that they can be heard before any decision on a plea that is likely to be filed against the NCLT order.

