

ICT levy: EU softens stance on retaliating against India

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In a significant shift from its earlier position, the European Union (EU) has expressed its preference for reaching a mutually satisfactory resolution with India over a dispute on tech products, even though it has the option of imposing retaliatory tariffs under its domestic regulation, following New Delhi's appeal against a World Trade Organisation (WTO) ruling that favoured the trade bloc.

“Given the WTO Appellate Body is currently not functioning, this is an appeal ‘into the void’. The report (by the WTO’s dispute settlement panel) is therefore not up for adoption anymore but in limbo, pending before the non-functioning Appellate Body. In such cases, the EU can make use of the Enforcement Regulation to protect its rights. We would, however, prefer to find a mutually



► In 2019, EU, Japan, and Chinese Taipei raised three disputes at the WTO, alleging India violated GATT 1994 provisions by imposing duties on some tech products

satisfactory solution with India,” an EU spokesperson told *Business Standard* in response to an email query.

After the Dispute Settlement Body, the second-highest adjudicating authority at the WTO, ruled in April that India’s imposition of tariffs on information and communication technology (ICT) products

► In April this year, WTO’s dispute settlement body ruled against India, saying imposition of tariffs on electronic items violates India’s commitment under the IT Act

► According to the European Commission, EU exports of such technology affected by India’s violations is up to €600 million annually

violated its zero-tariff commitment under the Information Technology Agreement enforced by the multi-lateral trade body, India appealed to the dysfunctional Appellate Body — the highest adjudicating authority at the WTO — in its dispute against most parties, except the EU.

Although India has over 4,500 startups in the gig space — the second-highest after the US — the sector lacks social security and accountability.

As a result, every firm establishes its structure of payment and incentives.

The Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act 2023 could be a game changer. But it is limited to the state. At the central level, there is the Code on Social Security, 2020, which recognises gig and platform workers, but it is yet to be implemented. Platform workers are those engaged by online aggregators such as Ola, Uber, Zomato and Swiggy. The going hasn't been great for these blue-collar workers.

ICT...

An EU spokesperson had told Business Standard in April that in the event India appealed to the non-functioning WTO Appellate Body, the EU has in place legislation that allows it to enforce its rights by imposing customs duties or other restrictions in response to an appeal into the void, "should the EU decide to do so."

The Dispute Settlement Body had ruled that India violated global trading norms over imposition of import duties on information technology (IT) and telecom products including mobile phones. It also asked New Delhi to eliminate levies on such products. India's move

to appeal against the judgement came after New Delhi and Brussels were not able to arrive at a mutually agreeable solution over the last seven months.

The EU spokesperson also said that the WTO dispute settlement body was to meet on December 18 and was expected to adopt the panel report in this case.

Markets...

The other reason could be the results of the recently concluded state elections, which raised bets for policy and regime continuity. However, investors have been taking money after the run-up.

FPIs were net sellers to the tune of ₹1,322 crore, according to provisional data from exchanges.

Concern about valuations, especially in midcaps and smallcaps, after gains this year and the recent spurt in Covid

NBFC stocks down

The stock prices of non-banking Piramal Enterprises and IIFL Fin 6.8 per cent, respectively, after tightened norms for investment funds (AIFs) by NBFCs and banks Tuesday asking banks and financial evergreening of loans and mis said it expected redemptions b AIFs have total commitments o of the mutual fund industry's t and have made investments w of June 2023.