
INDIA-UK FTA

Carmakers object to sharp import duty cut

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With India and the United Kingdom (UK) entering the last lap of the negotiations over a free-trade agreement, passenger vehicle makers in India have raised concerns about any sharp reduction in Customs duty on imported vehicles under the pact.



During stakeholder consultations spearheaded by the government, carmakers have argued that allowing lower tariffs for passenger cars shall set a precedent for duty cuts. They argued that competing countries in the European Union shall also seek such a measure and this will ultimately hurt the domestic industry as India is negotiating an FTA with the trading bloc, too.

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Besides, duty concessions to companies from competing nations may go against the government's Make in India initiative, three people aware of the matter told *Business Standard*.

This development is significant since duty concession on automobiles, including auto components and electric vehicles (EVs), is among the UK's major demands. Both nations are keen to finalise the trade deal by the end of October.

India is clear that it is not eager to lower the tariff for EVs, considering that it is a sunrise industry. The government has not faced any opposition from companies in the commercial vehicles segment, as well component manufacturers, said one of the people cited above. The department of commerce is learnt to have asked the industry to arrive at a consensus for a maximum-possible duty concession. Depending on the extent of duty cut the industry agrees upon, New Delhi will be able to negotiate for greater market access for labour-intensive sectors, such as textiles, in the UK.

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