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Mobility Issues, Carbon Tax Exemption, And Visas Key Issues In Trade Talks Between India And The UK

The UK is unlikely to accept an Indian request to be exempted from a proposed carbon tax, a British daily reported, even as a four-member team of senior commerce ministry officials from New Delhi continued talks in London to try and iron out unresolved issues holding back a free trade agreement.

The team, which left for the UK on 16 April, has been discussing the carbon tax, India's demand for more visas and the right to mobility for its skilled professionals, duty-free access for certain goods as well as the UK's demand for market access for British-made electric vehicles, said a person aware of the discussions, requesting anonymity.

On the carbon tax, New Delhi's proposal ranges from a longer transition period to exemption from the tax. Although the FTA talks are described as being at an advanced stage, the issues mentioned above have dragged on, delaying the signing.

The Guardian newspaper on Friday quoted a UK government official, who has been briefed on progress in the talks, as saying India was asking to be exempted from the planned carbon border adjustment mechanism (CBAM) on the grounds that it is a developing country.

Any decision to exempt India from a carbon tax would be “controversial", the paper said, as the plans are designed to reduce emissions and support UK steel producers by levelling the playing field with countries that have a lower or no carbon levy.

A British delegation visited New Delhi in March hoping to push through with the unresolved issues. Following this, the Indian delegation left for London for further talks.

Both sides have also been holding virtual discussions on the FTA. The commerce ministry spokesperson did not respond to emailed queries.

India and the UK launched talks for an FTA in January 2022 with 14 rounds having been held so far. Last month, Prime Minister Narendra Modi and his British counterpart Rishi Sunak discussed an early conclusion, giving the negotiators a final push.

Trade between India and the UK has grown from $17.5 billion in fiscal year 2022 (FY22) to $20.36 billion in FY23. However, the FTA's journey has been fraught with delays, now exceeding a year past its initial deadline, largely due to complex issues like professional visas, duties on various goods, and migration concerns—a sensitive subject in the UK since Brexit.

Both the European Union and UK are set to tax import of steel and aluminium, through CBAM from January 2026, said Ajay Srivastava, founder of economic think tank Global Trade Research Initiative (GTRI)

“Once implemented, these FTAs will enable products from the EU and UK to enter the Indian market without any duties. However, Indian products entering the EU and UK will face additional outgo equivalent to tariffs ranging from 20% to 35% as CBAM charges," said Ajay Srivastava, founder of economic think tank Global Trade Research Initiative (GTRI).

“India must insert a suitable text in the FTA chapters to deal with this possibility. Any FTA without resolving CBAM issue will be one-sided and disastrous for India," he added.

Google Lays Off 28 Workers Protesting $1.2 Billion Nimbus Project With Israel, Issues Stern Warning

Alphabet Inc.'s Google has fired 28 employees after they were involved in protests against Project Nimbus, a $1.2 billion joint contract with Amazon.com Inc. to provide the Israeli government and military with AI and cloud services.

The protests, which were led by the No Tech for Apartheid organization, took place Tuesday across Google offices in New York City, Seattle, and Sunnyvale, California. Protesters in New York and California staged a nearly 10-hour sit-in, with others documenting the action, including through a Twitch livestream. Nine of them were arrested Tuesday evening on trespassing charges.

Several workers involved in the protests, including those who were not directly engaged in the sit-in, received a message from the company's Employee Relations group informing them that they had been put on leave. Google told the affected employees that it's "keeping this matter as confidential as possible, only disclosing information on a need to know basis" in an email seen by Bloomberg. On Wednesday evening, the workers were informed they were being dismissed by the company, according to a statement from Google staff with the No Tech for Apartheid campaign.

"Physically impeding other employees' work and preventing them from accessing our facilities is a clear violation of our policies, and completely unacceptable behavior," Google said in a statement about the protesters. "After refusing multiple requests to leave the premises, law enforcement was engaged to remove them to ensure office safety. We have so far concluded individual investigations that resulted in the termination of employment for 28 employees, and will continue to investigate and take action as needed."The protest came a day before the Israeli government approved its five-year strategic plan to transition to the cloud under Project Nimbus and expand digital services. Israel's Defense Ministry and military were listed in a government statement as partners in Project Nimbus, along with other government offices. A representative for Google said that the Nimbus contract is "not directed at highly sensitive, classified, or military workloads relevant to weapons or intelligence services."

Google has long favored a culture of open debate, but employee activism in recent years has tested that commitment. Workers who organized a 2018 walkout over the company's handling of sexual assault allegations said Google punished them for their activism. Four other workers alleged they were fired for organizing opposition to Google's work with federal Customs and Border Protection and for other workplace advocacy.

US labor law gives employees the right to engage in collective action related to working conditions. Tech workers will likely argue that this should grant them the ability to band together to object to how the tools they create are used, said John Logan, a professor of labor at San Francisco State University. "Tech workers are not like other kinds of workers," he said. "You can make an argument in this case that having some sort of say or control or ability to protest about how their work product is being used is actually a sort of key issue."

Tech companies like Google have a reputation for having "more egalitarian and very cosmopolitan work cultures, but when they encountered labor activism among their own workers, they actually responded in a sort of quite draconian way," Logan added.

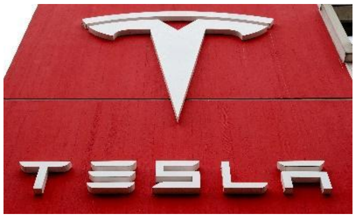
Two Googlers who were involved in the protest in California told Bloomberg that a group of workers gathered on the sixth floor of Google's Sunnyvale bureau, where Cloud Chief Executive Officer Thomas Kurian's office is located, to show support for those who were staging the sit-in. It's unclear how Google identified participants in the protest, as only some had their badges scanned by security personnel, and some of those who were fired were outside Google's offices, according to the employees.

One worker said Google may have framed the move to initially place employees on leave as "confidential" to save face publicly, and argued that the protesters did not violate any company policies. The protesters left the building as soon as they were asked to and did not obstruct or disrupt others at the company, the person said.

Beyond the protest, Google has struggled with how to manage internal debate about the Middle East conflict. After the demonstration, posts on internal Google forums featured a mix of pro-Palestinian and pro-Israeli sentiment, with a number of other workers saying they felt the topic was inappropriate for the workplace, a Google employee said. Moderators locked down some threads on the subject, saying prior discussions had gotten too heated, the employee added.

Despite Google's response, employees demonstrating against Project Nimbus have seen an uptick in support since the sit-in, said one of the fired workers.

Elon Musk's Tesla Initiates Formal Dialogue With Govt On New EV Policy



In its first official engagement with the Indian government, Elon Musk-led Tesla and other global automotive (auto) manufacturers sought clarification on the new electric vehicle (EV) policy, specifically regarding investment guidelines and the timeline for the domestic value addition (DVA) requirement.

Officials who attended the meeting told that the original equipment manufacturers (OEMs) tried to understand whether the complete investment would be made within three or five years and the duration they would have to achieve the 50 per cent DVA.
“The consultation meeting was convened to address queries from auto OEMs. We answered the queries regarding the timeline for investment and DVA,” told Hanif Qureshi, additional secretary, Ministry of Heavy Industries (MHI).
The new EV policy announced last month allows reduced import taxes on OEMs that commit to investing at least $500 million (Rs 4,150 crore) and establishing a manufacturing plant within three years. Additionally, they are also required to achieve a 25 per cent DVA within the initial three years and 50 per cent by their fifth year of operations in the country.

Tesla was represented by its advisor, The Asia Group (TAG) India, at the stakeholder consultation meeting with the MHI.

TAG is a Washington-headquartered strategy and business advisory group. The representation comes days before Tesla Chief Executive Officer Elon Musk visits India.

Other global companies, including VinFast, Mercedes-Benz, BMW, Kia, Volkswagen, Toyota, Hyundai, and Renault-Nissan, were also in attendance. Additionally, Indian car makers such as Tata Motors, Maruti Suzuki, and Mahindra & Mahindra were present at the meeting.

“Officials from the Department of Revenue were also present to provide clarification on the concessional duty notification, which facilitates the incentives outlined in the policy,” Qureshi added.

India rolled out concessional import tariffs for global EV makers in March 2024. It proposes to reduce import duties for interested EV makers to 15 per cent from the current 70 per cent or 100 per cent on vehicles having a CIF (cost, insurance, and freight) value of $35,000 and above for five years from the date of issuance of the approval letter by the government. However, companies seeking the Customs duty relaxation need to invest $500 million within three years.

Some foreign players with local manufacturing facilities sought clarification on whether they could utilise their existing investments in India to qualify for concessional import duties, another official said.
However, officials from the MHI clarified that only new investments would be eligible for incentives.
“This was the first consultation after the announcement of the policy. We plan to commence the application process within two months,” an official working on the scheme said.

Agilitas Bags Rights To Make And Sell Lotto In India And Other Markets

Agilitas Sports has acquired long-term licence rights to design, manufacture, and retail Italian sports brand Lotto in India, Australia, and South Africa from owner WHP Global.

Agilitas Sports is a sportswear and athleisure company founded by former Puma India and South-East Asia managing director Abhishek Ganguly.

“Through this 40-year licence agreement, we will build and implement state-of-the-art manufacturing, cutting-edge technology, and design innovation for Lotto for its product development, in addition to marketing and retailing of the brand. Agilitas will invest in a dedicated management team to grow the Lotto brand through product creation, design innovation, supply chain, branding, marketing, and channels of distribution," said Ganguly.

Agilitas will pay royalty for the licence, which would be a percentage of net sales, he said.
The move also marks the re-entry of Lotto in India. Agilitas will distribute Lotto products through online channels, standalone brand outlets and shop-in-shops with retail partners. Lotto stores will roll out in India in early 2025. Agilitas will sell footwear, apparel, accessories, and sports equipment under the brand.

India’s sports apparel market was worth $14 billion in 2020, and swelled 50% in three years to touch $21 billion by 2023, according to a report. Overall, the size of the sports sector in India—comprising media rights, apparel, sports nutrition, sports equipment etc - is set to nearly quadruple to $100 billion by 2027 from $27 billion in 2020, the report said.

Several large global brands such as Nike, Skechers, Reebok, Puma, Adidas, and Decathlon already operate in the market. Ganguly started Agilitas to plug the gap between manufacturing and retailing of sports goods, including footwear and apparel, in India.

Ganguly said the company will add more brands to its portfolio in the coming year with plans to have a portfolio of brands across price segments. “We will not be a one-brand platform but at least 2-3 brands. We want to build brands across the consumer pyramid—to be relevant with 100 million consumers. We will do this with 3-4 brands with different positioning and consumer offering. Next brand announcement will be via long-term licences," he added. More announcements could come in the coming year, he said.

Agilitas was started by Ganguly in 2023. In December last year, the company raised ₹100 crore from Nexus Venture Partners. It had earlier secured ₹400 crore in May from various funds managed by Convergent Finance LLP. Last year, the company also acquired sports footwear manufacturer Mochiko Shoes Pvt. Ltd. The deal paved the way for Agilitas to build a greater play in the sports manufacturing ecosystem in India.

Lotto will use Mochiko's dedicated factory in Noida to manufacture goods for the Indian market.

Maldives Bans Indian Spice Brands Everest And MDH Over Claims Of Cancer-Causing Pesticide

After Hong Kong and Singapore, the Maldives has banned the sale of Indian spice brands Everest and MDH in the country. Maldives' food and drug authority said that the two brands of spices produced in India have been found to contain ethylene oxide, news organisation Adhadhu reported, adding that ethylene oxide is used to fumigate agricultural products and is not recommended for use in food products due to its potential adverse health effects.

The MFDA also noted that the Singapore Food Agency and Hong Kong's Center for Food Safety have advised consumers against using the products. The authority said the spices of these brands are imported and used in large quantities in Maldives and they were conducting a risk assessment.

Earlier this month, Hong Kong and Singapore banned the sale of MDH and Everest, claiming that they detected the presence of carcinogenic pesticide ethylene oxide in several spice mixes. Hong Kong's Center for Food Safety (CFS) asked consumers not to buy and traders not to sell MDH's Madras Curry Powder (spice blend for Madras curry), Everest Fish Curry Masala, MDH Sambhar Masala Mixed Masala Powder, and MDH Curry Powder Mixed Masala Powder.

Singapore ordered a recall of the Everest spice mix, saying it contains high levels of ethylene oxide, which is unfit for human consumption and a cancer risk with long exposure.

In a statement on Saturday, MDH rejected the allegations of the presence of certain pesticides in some products and said its products are 100 per cent safe. The masala maker said it has not received any communications from Hong Kong and Singapore food safety regulators. The company also said that the Spice Board of India and food regulator FSSAI have not received any communication or test reports from Hong Kong or Singapore.

"This reinforces the fact that the allegations against MDH are baseless, unsubstantiated, and not backed by any concrete evidence. MDH reassures its buyers and customers about the safety and quality of all its products. We reassure our buyers and consumers that we do not use Ethylene Oxide (ETO) at any stage of storing, processing, or packing our spices," the statement said.

Elon Musk Arrives In China Days After Postponing India Visit

Tesla chief executive Elon Musk on Sunday arrived in Beijing, days after he deferred his scheduled visit to India.

"At the invitation of the China Council for the Promotion of International Trade, Tesla (US) CEO Elon Musk arrived in Beijing this afternoon," Chinese state broadcaster CCTV was quoted by Reuters as saying.

According to a Bloomberg report, Musk is in China for talks on Tesla's Full Self-Driving, or FSD, in the Communist-ruled nation.

As per the report, Tesla is working on getting FSD, the most advanced version of its Autopilot technology, into new markets. Its vehicles have been banned from military compounds in China and some other government venues in the past, likely due to cybersecurity concerns over the cameras installed in the vehicles to operate.

Earlier this month, Musk had said at Tesla's earnings call,"“So we plan on, with the approval of the regulators, releasing it as a supervised autonomy system in any market that — where we can get regulatory approval for that, which we think includes China."

Tesla is going through its biggest job cull, and losing key executives in the process. It has reduced prices of EVs in key markets such as the US and China. Then came the dismal earnings, buttressed by a pledge from the company to launch lower-cost EVs as soon as this year to address its anemic growth outlook.

Tesla’s Shanghai factory, established in 2019, produces over half of the electric carmaker’s global deliveries. China media reported that Tesla axed all Chinese graduate offers in its latest round of job cuts, the report added.

The China visit comes days after Musk deferred his high-profile visit to India. “Unfortunately, very heavy Tesla obligations require that the visit to India be delayed, but I do very much look forward to visiting later this year,” the billionaire posted on X, the social platform he bought in 2022.

RBI Initiates Transition Plan: Small Finance Banks To Ascend To Universal Banking Status

The Reserve Bank of India (RBI) has introduced guidelines for the voluntary transition of Small Finance Banks (SFBs) to Universal Banks, effective immediately.According to the guidelines, SFBs seeking to transition into Universal Banks must meet specific eligibility criteria. Firstly, they must maintain a satisfactory track record of performance for a minimum of five years.

Additionally, their shares should be listed on a recognized stock exchange, and they must possess a minimum net worth of Rs 1,000 crore as at the end of the previous quarter (audited).
Moreover, they should meet the prescribed Capital to Risk-weighted Assets Ratio (CRAR) requirements for SFBs and have recorded a net profit in the last two financial years.

Asset quality is also a key factor, with GNPA and NNPA required to be less than or equal to 3 percent and 1 percent respectively in the last two financial years.Furthermore, the RBI has outlined conditions regarding shareholding patterns during the transition. There is no mandatory requirement for an eligible SFB to have an identified promoter.

Existing promoters will continue as promoters on transition, and no addition or change in promoters is permitted during the transition.There will be no new mandatory lock-in requirement for existing promoters, and the promoter shareholding dilution plan already approved by the RBI will not change. Eligible SFBs with a diversified loan portfolio will be preferred for transition.

SFBs seeking transition must provide a detailed rationale for the shift and submit their application in the prescribed form to the RBI's Department of Regulation in Mumbai.The application will be assessed in accordance with the guidelines for 'on-tap' Licensing of Universal Banks in the Private Sector dated August 1, 2016, and RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023.

Upon transition, the bank will be subjected to all relevant norms, including the Non-Operative Financial Holding Company (NOFHC) structure, as per the guidelines.This initiative, outlined in Paragraph 14 of the "Guidelines for 'on-tap' Licensing of Small Finance Banks in Private Sector" dated December 5, 2019, provides a clear pathway for SFBs to convert into Universal Banks, subject to certain conditions.

Bengaluru Man Drags Swiggy To Court For Not Delivering “Death By Chocolate”

A consumer court in Bengaluru ordered food delivery aggregator Swiggy to compensate ₹5,000 to its customer for not delivering an ice cream that he ordered a few months ago, reported Bar and Bench. Swiggy reportedly failed to refund the amount, and the customer dragged the Indian food delivery giant to the court.

According to the report, a customer placed an order of ‘Nutty Death by Chocolate’ from Cream Stone in January 2023 through Swiggy. However, the order was not delivered, but the order status in the app said ‘delivered.’ When the customer contacted Swiggy, it did not initiate the refund, which led the customer to approach the court. A total of ₹187 was paid for this particular order.

However, Swiggy countered the complainant by arguing that it was only an intermediary between the customer and third-party restaurants and was protected from liability as per the provisions of the Information Technology Act.

The bench comprising President Vijaykumar M Pawale, V Anuradha and Renukadevj Deshpande called it an ‘unfair trade practice’ and directed Swiggy to pay compensation. “The complainant has proved that service is deficient by the opposite party as it failed to refund the amount despite being unable to deliver the order. This is considered as clear unfair trade practice,” the bench said.

The customer demanded compensation of ₹10,000, but the court, however, called it exorbitant and directed Swiggy to pay ₹3,000 as compensation and another ₹2,000 as litigation costs along with the refund of ₹187.