

**Joint Statement by the Finance Minister of India and the Chancellor of the Exchequer at the  
11<sup>th</sup> UK-India Economic and Financial Dialogue, 2<sup>nd</sup> September 2021**

1. We, the Finance Ministers of India and the UK, met today by videoconference for the 11<sup>th</sup> Economic and Financial Dialogue (EFD). Despite the continued challenge of Covid-19, this year has witnessed further strengthening of UK-India relations, underpinned by the ambitious India-UK Roadmap to 2030 agreed by our Prime Ministers in May 2021. We recall the success of last year's EFD and today, as we commemorate the 75<sup>th</sup> anniversary of India's independence this year, we welcome new ambitious cooperation based on our shared vision for economic growth, sustainability and investment.

**Global Economic Cooperation and Trade**

2. As Covid-19 continues to pose a global threat, our cooperation bilaterally and as part of the wider global system is crucial to mitigating the impact of the pandemic. The successful collaboration between Oxford University, AstraZeneca, and the Serum Institute of India is a testament to the positive impact of our cooperation to support global vaccination efforts. We welcome the new Fleming Fund partnership to facilitate India's response to Covid-19 and promote implementation of the National action plan on Antimicrobial Resistance (AMR). We welcome the remarkable collaboration between our governments, business and communities earlier this year, including UK provision of critical medical equipment to support India's response, and millions raised by UK firms, further underpinning the invaluable Living Bridge between our two nations. We agree on the need to work expeditiously on the recognition of vaccine certificates to facilitate free movement of our people, including for professional and business reasons, thus contributing to early economic recovery.
3. This is a moment of global leadership for both countries, with the UK presiding over the G7 and COP26, and India chairing the BRICS and set to chair the G20 Presidency in 2023, while being present on the UN Security Council during 2021-22. We reaffirm our commitment to cooperate

through the multilateral system at this important time. We recognise the value of collaboration at the G20 to ensure momentum on its objectives and build consensus on international challenges, such as sustaining the economic recovery, digital taxation, climate change, global health governance and financial sector issues. We are proud of our cooperation as co-chairs of the G20 Framework Working Group. As we navigate through the crisis and look ahead to a strong, sustainable, balanced and inclusive global economic recovery, we highlight the need for enhanced bilateral as well as global coordination in view of divergent recoveries across and within countries. Building on the progress achieved in supporting and shaping global economic response to Covid-19 we continue to lead the work on updating the economic and financial response under the G20 Action Plan in light of the evolving path of the pandemic. We will continue to coordinate our efforts to steer international economic coordination towards strong, sustainable balanced and inclusive recovery in a post-pandemic world. The UK is committed to working closely on India's G20 Presidency in 2023.

4. Both Ministers endorse the Enhanced Trade Partnership (ETP) announced earlier this year, which is creating jobs and investment to deliver our ambition of more than doubling bilateral trade by 2030. As Finance Ministers, we welcome the agreement to work towards a comprehensive Free Trade Agreement (FTA), including considerations of the opportunity arising from an Interim Agreement, to achieve the early gains of the ETP. Both countries recognise the importance of services to their respective economies, accounting for 71% of UK GDP and 54% of Indian GDP. We agree to be ambitious when considering services in the forthcoming FTA negotiations. We also recognise the importance of supporting global supply chains that are open and resilient to threats like the pandemic and climate change, in order to mitigate critical supply chain vulnerabilities and promote economic resilience. The UK welcomes moves by India to support improved ease of doing business, including the Taxation Laws (Amendment) Act, 2021, which will strengthen the business environment.
5. The UK and India committed to a joint dialogue, including relevant stakeholder participation, for mutual exchanges and sharing of information concerning the possibility of signing a Social Security Agreement. The first meeting took place on 26<sup>th</sup> August 2021. We also welcome the signing of MoU on Migration and Mobility Partnership which would enable exchange of talents from both sides.

6. We are committed to supporting growth in our economies through bilateral economic cooperation. India welcomes the UK's support for programmes on evidence-based economic policy-making, sharing of expertise on privatisation, and cooperation on regulatory reform, trade facilitation and tax administration - to unlock growth opportunities for both countries. On privatisation, the UK will work with DIPAM to share UK experience through a series of workshops. We also agree to continue working together to facilitate the free flow of data between our countries in accordance with respective national legislation.

### **Financial Services**

7. Financial services are a cornerstone of UK-India bilateral relations. In July, we held the first Financial Markets Dialogue (FMD) established at the last EFD to share expertise, experiences and deepen collaboration between our financial sectors. The FMD covered progress in our banking, insurance and capital markets sectors, and discussed opportunities for future cooperation to grow bilateral financial services trade. Both sides look forward to the next FMD which will take place in 2022. Both sides welcome the strong links between the UK and Indian banking sectors, including Barclays' recent investment of £300 million into its India operation
8. We welcome progress of the UK-India strategic partnership on GIFT City (Gujarat International Finance Tec-City), India's first International Financial Services Centre, to promote links between GIFT City and the UK financial services ecosystem. In March, the International Financial Services Centres Authority (IFSCA) made a virtual study visit to London to meet with UK regulators, the London Stock Exchange, and the London Bullion Metals Association, and agreed on plans for further regulatory cooperation, including UK support for IFSCA's ambition for GIFT City to become a global FinTech and sustainable finance hub. Both countries welcome that UK banks are the first international banks to set up in GIFT City, underlining the strength of UK-India cooperation. Both sides agree to explore facilitating the dual listing of green, social and sustainable bonds on the London Stock Exchange (LSE) and IFSC exchanges, to enable firms to raise foreign capital. Both sides also agree to continue bilateral engagement with IFSCA on sharing best practices on

regulation and sustainable finance, including exploring potential partnerships with UK universities for capacity building programmes.

9. The City of London's role in financing India's growth has continued to strengthen. The LSE is the largest global centre for Masala Bonds, having raised over 50% of the total aggregate amount originated globally. Over the last 5 years, Indian firms have raised £13.41 billion in masala, dollar and green bonds listed on the LSE.
10. The UK welcomes India's decision to lift the FDI cap in the insurance sector from 49% to 74% and remove the 'Indian ownership and control' requirements. British firms, such as HSBC, are committed to India's insurance industry and are working through their joint ventures to grow their operations in the sector. The UK requests for changes to the Offer for Participation for reinsurance regulation so that all onshore reinsurers be given equal preference for participation in reinsurance placements.
11. The FinTech sectors in both the UK and India have grown consistently, and both sides have taken forward several initiatives to further strengthen our existing partnership to support financial innovation. India is on the way to becoming Asia's top financial technology hub with 87% FinTech adoption rate as against the global average of 64% and continues to be ranked as a top FinTech investment destination. The UK is well established as a world-leading destination for FinTech, with our FinTech sector representing 10% of the global market share and worth £11 billion a year to the UK economy. Both countries note that large UK-based FinTech companies such as Revolut and Tide have recently announced ambitious investment plans for Indian market, which will also lead to the creation of job opportunities. We have also agreed to build on the successful international launch of RuPay cards and explore options for enhancing cross-border payments between the UK and India. We welcome the focus of the G20 on 'Enhancing Cross-Border Payments', including through the Financial Stability Board (FSB) and Roadmap. The Reserve Bank of India (RBI) and Bank of England (BoE) are members of various working groups constituted by FSB and Committee on Payments and Market Infrastructures (CPMI) to deliver the actions identified in the Roadmap, are playing a significant role in its implementation, and commit to close collaboration to achieve the

mutual aim of improved cross-border payments. The UK also welcomes the RBI and IFSCA's admission into the FCA-led Global Financial Innovation Network (GFIN) as a member, and also planned applications from the IRDAI and PFRDA.

12. Both sides welcome progress under the UK-India technical assistance programme on financial services, announced by our Prime Ministers in 2018. Building on successful cooperation to date, the UK will provide support to the Ministry of Corporate Affairs and Insolvency and Bankruptcy Board of India (IBBI) on strengthening India's insolvency regime, sharing best practice on regulatory supervision with SEBI, IRDAI, and PFRDA, and capacity building to Indian states on FinTech. We welcome progress under our partnership with the Small Industries Development Bank of India (SIDBI) on financial and digital inclusion and enterprise development, and for its support to small business to recover from Covid-19. We will also collaborate on strengthening the monitoring and identification of risks to financial stability through sharing experience.
13. Both sides are pleased to see the continued progress of the India-UK Financial Partnership (IUKFP) under the leadership of Mr Uday Kotak and Mr David Craig. The IUKFP has advanced workstreams on GIFT City, FinTech and Data, and Cross-Border Trade and Investment, with the objective of providing practical recommendations for deepening bilateral relations. We welcome publication of the IUKFP's 'Developing GIFT City into a Global Services Hub' paper and its recommendations, which the IFSCA will examine. We also welcome submission of two factsheets by the IUKFP FinTech and Data Workstream, which will be discussed at an upcoming workshop with UK and Indian regulators, ahead of publication of a white paper and the 4<sup>th</sup> meeting of the India-UK Joint FinTech Working Group, later this year. The UK and India noted the IUKFP's priority focus areas of capital markets connectivity, internationalisation of the Rupee, and pooled investment vehicles for the coming year.
14. Both sides have taken note of the recommendations from the UK-India Capital Markets Working Group's recent published paper on 'Unleashing the potential of the Indian Debt Capital Markets', led

by the City of London Corporation in partnership with the IUKFP. We agree to discussions to consider the recommendations further and opportunities for implementation.

## **Sustainable Finance and Climate Finance**

15. As the science is clear on the threat of climate change, so too is the economic case for Finance Ministries to use economic and financial levers to support the transition of our economies, and ensure it is positive for jobs, growth, competitiveness and fairness. We agree to continue collaborating closely as Finance Ministries to ensure maximum ambition at COP26, supporting aims for global consensus, and the implementation of NDCs that represent our maximum possible ambition towards a low-carbon and resilient future. We will work together closely in support of an ambitious, inclusive, negotiated outcome at COP26 reflecting our collective aim on climate action to limit a temperature rise to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels as well as to adapt to worsening climate impacts. Both sides recognize that the impacts of climate change at 1.5°C are much lower than at 2°C and welcome the commitments of the G20 Climate and Environment Ministers to pursue such efforts. We reaffirm our commitment to be guided by the principles and provisions of the UNFCCC and Paris Agreement.
16. Both sides recognise the central role of finance and access to technology in achieving the goals of the Paris Agreement. As the incoming COP Presidency, the UK is working to secure enhanced commitments from all developed countries to deliver the \$100 billion per year climate finance mobilisation goal through to 2025. This work builds on the UK's own £11.6 billion International Climate Finance commitment noting the importance of mobilising and providing climate finance at scale. Both sides welcome the commitment from G7 members to increase international public climate finance through to 2025 and look forward to the constructive initiation of deliberations at COP26 on a new collective quantified post-2025 finance goal under the Paris Agreement.
17. Mobilising climate finance and technology transfer is key to enabling all economies to successfully implement a sustainable, green transition. Both sides recognise that enhanced global cooperation

is needed to ensure flow of technology towards developing countries for dealing with the challenge of climate change. The UK is committed to supporting climate finance investment in India. Today, we welcome a substantial package of public and private finance mobilisation which represent a major step forward:

- i. Public finance: \$1 billion investment by CDC Group, the UK's Development Finance Institution, into climate-related projects in India over 2022-2026. This builds on CDC's \$1.99 billion existing portfolio in India and its commitment to invest in businesses that mitigate and build resilience to the impact of climate change. In May 2021, the Central Board of Direct Taxation notified 'CDC Group Plc' as a sovereign wealth fund, enabling it to receive the full benefits of investing in Indian infrastructure.
- ii. Public finance attracting private finance: The Green Growth Equity Fund (GGEF) is scaling up with a new commitment of \$200 million from a range of international investors. The GGEF was announced at the 9<sup>th</sup> EFD, with both governments investing £120 million of seed capital each, through India's National Investment and Infrastructure Fund (NIIF). It has since attracted additional public and private investments, demonstrating the attractiveness of India's green infrastructure projects, including in renewables, energy storage and electric mobility. It is on course to reach its target close of £500 million by the year end, making this the largest single-country Emerging Market climate fund in the world. GGEF's success reinforces that public finance participating in an investment fund that is designed to deliver commercial returns has a strong potential to crowd-in private capital at scale.
- iii. Public finance attracting private finance: Joint UK and Indian investments up to £23 million in venture capital funds to support early-stage companies and start-ups to create innovative tech solutions at scale in majority climate related sectors such as clean energy, sustainable agriculture and manufacturing. Investments will be made from the UK India Fast Track Start-Up Fund and INVENT programmes and will be channelled via the new UK-India Development Cooperation Fund, building on the UK-India Neev Fund which has attracted an additional £130

million from institutional investors in projects addressing climate and development, including bioenergy, solar and wind energy.

18. We are also pleased to launch today the Climate Finance Leadership Initiative (CFLI) India partnership. CFLI India aims to work with financial institutions, corporates, and existing sustainable finance initiatives, to accelerate efforts to mobilize private capital into India. The partnership will be led by the CFLI, a group of leading financial institutions responsible for \$6.2 trillion of assets, chaired by Michael Bloomberg, and supported by the UK Government, Government of India, the Global Infrastructure Facility, and City of London.
19. We welcome the launch of India-UK Global Innovation Partnership under the Trilateral Development Cooperation Framework, wherein India and UK will co-finance equally a fund over 14 years to support the transfer and scale up of climate-smart inclusive innovations from India to third countries and accelerate the delivery of SDGs and climate related goals in recipient developing countries.
20. The UK and India agree to continue working together to mobilise finance via multilateral and private means, and sharing relevant experience, including of the UK's upcoming sovereign green bond issuance. We welcome successful collaboration on this agenda through the UK-India Sustainable Finance Forum. Both sides welcome the work by the industry-led UK India Sustainable Finance Working Group, led by the City of London Corporation and Federation of Indian Chambers of Commerce and Industry, which aims to scale flows of finance to support India's ambitious sustainable development goals. The Group will amplify its efforts to provide advice and recommendations to green the financial system, including appropriate disclosures and taxonomy.
21. Both sides also welcome progress under the UK-India Infrastructure Partnership, including plans for the UK Infrastructure Projects Authority to provide technical expertise to support India's Centre of Excellence for Public-Private Partnerships. We will continue to work together to support India's National Infrastructure Pipeline, including raising investment via the City of London. We continue to work together as co-chairs of the Coalition for Disaster Resilient Infrastructure, promoting resilient infrastructure in vulnerable countries. We look forward to continuing this partnership, including the



establishment of a new technical assistance facility targeted specifically to supporting Small Island Developing States. We are also proud partners through the International Solar Alliance.

22. The financial sector also plays a central role in galvanising climate action through its role in directing capital flows and providing necessary finance to sustainable growth. The UK welcomes India's work to establish a Business Responsibility and Sustainability Reporting (BRSR) regime. The UK and India agree to continue working together, in line with their domestic regulatory frameworks, to promote globally consistent, comparable and decision-useful climate-related financial disclosures. We welcome global coordination efforts through the International Financial Reporting Standards Foundation (IFRS) - to develop a global corporate reporting standard for sustainability, building on the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), to foster global best practices.
23. The UK welcomes the RBI's recent membership of the Network for Greening the Financial System (NGFS). The assessment of climate-related risks being an evolving area, the RBI is looking forward to learning from the experience of the BoE and other leading central banks through its membership of the NGFS, as it considers ways to assess the resilience of the financial system through climate stress testing using NGFS scenarios, and issuing supervisory expectations, as well as how climate can be integrated into its own central bank operations through publishing its own climate risk disclosures. The RBI also looks forward to accessing the Climate Risk Portal on the FSI Connect and related training programmes being offered by the BoE and other leading central banks under the Climate Training Alliance (CTA).
24. The natural environment, and the biodiversity that underpins it, is critical to prosperity. We recognise that climate change and biodiversity loss are interrelated issues that must be tackled together, and that Finance Ministries have an important role to play. We agree to work together to investigate ways in which biodiversity-related considerations are integrated into economic and finance decision-making, drawing on the conclusions of the Dasgupta Review on the Economics of Biodiversity and other relevant research and policy guidance.

25. We welcome the progress achieved this year and look forward to the next EFD in London in 2022.