

Joint Press Statement by the Chancellor of the Exchequer and the Finance Minister of India after the sixth round of the UK-India Economic and Financial Dialogue held in London on May 16, 2013

1. We, the Finance Ministers of the UK and India, met today in London for the sixth round of our annual Economic and Financial Dialogue. The dialogue included Ministerial colleagues, and senior representatives of our Finance Ministries and Central Banks. At today's meeting we discussed ways to strengthen our mutual cooperation and further boost trade and investment between our two countries.
2. The UK and India share a common commitment to take the necessary steps to support growth and jobs, ensure financial stability and restore fiscal sustainability. In an increasingly globalised world, we cannot tackle these challenges alone. We will continue to work closely together and are committed to multilateral co-operation through the G20 and International Financial Institutions.
3. India and the UK are taking determined actions to strengthen our respective economies and are working to improve further the business environment. Both sides welcomed the Los Cabos Action Plan for Growth and Jobs agreed at the 2012 G20 Summit and are making progress in implementing these various commitments.
4. The UK and India remain committed to ensuring that the international financial reform agenda stays focused, proportionate and consistent across the global financial system. We encourage the G20 to implement, with support from the Financial Stability Board, key reforms already agreed such as Basel III, the G-SIFI framework, and monitoring implementation of Over-the-Counter (OTC) derivatives reforms. We discussed the steps that are being taken to harmonise financial services legislation in each of our countries and agreed to continue to work together to guard against regulatory fragmentation and extraterritoriality.
5. Both countries emphasised the importance of investment, including in infrastructure, to strengthen the global recovery and help rebalance global demand, and welcomed the G20's work on long-term financing for investment to ensure the availability of sufficient funding for infrastructure projects, including the role of Multilateral Development Banks (MDBs) and the private sector.
6. Both countries agreed to pursue joint work on the common aim of exploring ways to encourage increased institutional investment in infrastructure. This will include exploring the possibility of establishment of a London listed 'feeder fund' for Indian Infrastructure Debt Funds (IDFs).
7. India welcomed and will actively consider the UK's offer of partnership over the Bengaluru-Mumbai Economic Corridor (BMEC), and co-financing of a feasibility study.
8. We welcome the deepening of financial services links between our countries. The UK welcomed the Reserve Bank of India's (RBI) work in developing the roadmap for foreign banks in India and its commitment to resolving outstanding issues, including those on subsidiarisation and taxation and also welcomed Indian commitment that subsidiarised banks would receive national treatment. We recognised the important role that UK banks play in India, including their potential in serving the special needs of weaker sections through appropriate priority sector lending targets and transition periods. The UK and India also agreed to explore possibilities for enhancing participation of firms of both countries in each others' capital markets, including discussion on any regulatory barriers. The two sides noted significant technological advances in the financial sector in both countries including the widely recognized capabilities of Indian IT companies. In this context, both sides agreed to explore possibilities for exchange of best practices and greater business engagement between entities of the two countries.
9. We agreed on the importance of passing the Indian Insurance Amendment Bill in order to enhance the Foreign Direct Investment limit in insurance companies from 26% to 49% and enable international reinsurers to establish in India, which would help the Indian insurance sector to develop and provide high quality insurance and reinsurance. The UK expressed its support for Indian plans to widen and deepen its

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pool of actuarial expertise. The UK also welcomed Indian commitment to the resolution of third party motor pool issues. The UK and India will work together to strengthen ties between the two countries' insurance and reinsurance sectors, including discussion of the arrangements for applicability of Solvency II to Indian insurance companies operating in the UK.

10. Small and medium sized enterprises (SMEs) play a big part in the economic growth and employment in both our countries. Both sides discussed the challenges they face, particularly in raising finance, and agreed to work together to promote trade and investment between the SME sectors of the two countries.
11. The UK and India are working towards the timely conclusion of an ambitious EU-India Free Trade Agreement.
12. Today's dialogue reaffirmed the continued strength of the UK-India economic and financial relationship. Increasing links between our respective government economic services can only further cement that. Both sides agreed to continue to work closely throughout the year, including a mid-year stock take by senior officials, to follow through on their commitments, and look forward to the next round of talks in 2014 in New Delhi.