

Joint statement by the Chancellor of the Exchequer and the Finance Minister of India after the 8th UK-India Economic and Financial Dialogue held in London on January 19, 2016

1. We, the Finance Ministers of the UK and India, met today in London for the 8th round of Economic and Financial Dialogue. At today's meeting, which included senior representatives of Finance Ministries, Central Banks, and key regulators, we discussed ways to strengthen our existing economic partnership in order to further boost trade and investment, and to build on the success of Prime Minister Modi's recent summit with Prime Minister Cameron in the UK.

Global economic risks and policy responses

2. We welcome the strength of the economic outlook for both countries. We remain concerned, however, that global growth is falling short of expectations and that the risks to the global outlook have increased. In this regard we stand ready to take the necessary steps to open up trade and markets to support growth and jobs, and agree on the importance of structural reforms and pursuing credible fiscal policies in order to raise living standards.
3. To help address shared global challenges, including risks to the global economic outlook we underline our support for the G20 as the premier forum for international economic cooperation and will expand cooperation in areas of mutual interest, including on efforts to achieve strong, sustainable growth, ahead of the Hangzhou Summit in September 2016.
4. We are pleased that the US Congress has agreed to ratify the 2010 reforms of IMF quota and governance, which will make the IMF a stronger and more legitimate institution.
5. The UK and India welcome the establishment of the Asian Infrastructure Investment Bank (AIIB) and look forward to working together to integrate the AIIB into the global financial system, and to support the AIIB's objectives of being a lean, clean and green institution.
6. The UK and India share a common commitment to address cross-border tax evasion and avoidance. Both sides welcome the agreement reached under the G20/OECD BEPS Project. Both sides have committed to the Common Reporting Standards (CRS) on Automatic Exchange of Tax Information (AEOI) and will begin exchange in 2017. We call on other countries to meet the commitments they have made and to implement the new standard on time.
7. Building on the recent agreement reached by our two Prime Ministers, we reaffirm our commitment to collaborating on finding a multilateral solution to tackle the global economic threat posed by Anti-Microbial Resistance (AMR), working through UN General Assembly and the G20.
8. Building on the global agreement at the United Nations Climate Change Conference in Paris, we recognise the importance of combatting climate change and encouraging the balanced mobilisation of finance for climate change mitigation and adaptation. Both sides therefore agreed to support work ongoing in the UNFCCC and other fora.
9. The UK and India welcome the meeting held yesterday of chief negotiators on the EU-India Broad Based Trade and Investment Agreement (BTIA). The UK and India strongly support an ambitious EU-India BTIA that stands to bring significant benefits to businesses and consumers on both sides.

10. We also welcomed the launch the first-ever exchange programme between the economic services of our two countries. The exchange will help support economic policy making in both countries and will help to deepen our collaboration on shared challenges.

Infrastructure

11. The UK and India recognise the economic and social benefits of infrastructure and the value in creating scalable models that encourage financial support from multiple sources. Building on the agreement at the last Economic and Financial Dialogue to explore ways to encourage increased investment in infrastructure, we welcome the beginning of a strategic partnership between India and the UK on the former's flagship infrastructure investment initiative, the National Investment and Infrastructure Fund (NIIIF).
12. Both sides have agreed to work together with the aim of developing an India-UK partnership fund under the umbrella of the NIIIF. The fund will seek to increase flows of private sector capital and expertise alongside multilateral support into Indian infrastructure. The working group to be established will report back within the course of 2016 on a proposed fund strategy and delivery approach. As part of this, India and the UK also both recognise the importance of identifying the sector or sectors where there is greatest potential for developing sustainable project pipelines, and of developing a supportive institutional environment for investment and delivery.
13. Both sides welcomed the recent appointment of Alok Sharma MP as the British Prime Minister's Infrastructure Envoy, to act as the key contact between our two governments, Indian public and private sector infrastructure companies and British financial practitioners.
14. The UK and India agree to continue working closely on the development of smart cities in India. We will continue to build on and further embed the existing Technical Assistance Partnerships that were announced during Prime Minister Modi's recent visit to the UK, and to continue working together on research collaboration and other measures to support India's 100 Smart Cities programme.

Financial Services

15. Both sides recognised that as the leading financial centre in the world and in the view of successful issuance of Masala bonds issued by the International Finance Cooperation last year, London will be an attractive location for issuance of rupee-denominated bonds. The bonds, which were first announced during the visit of Prime Minister Modi to the UK in November, illustrate the crucial role that the UK's capital markets can play in an enhanced economic relationship with India, with UK investors providing financing for the transformation of India's infrastructure and continued rapid economic growth.
16. Both sides welcome the prospect of a pipeline of rupee bond issuances in London by Indian corporations, which will build liquidity for this new asset class. The first such public sector rupee bond would be issued by the Indian Railway Finance Corporation (IRFC) in the near future, subject to market conditions, and proceeds of which will be used to upgrade India's rail network.
17. The two sides agreed that the development of deeper markets in rupee-linked products, and the increasingly sophisticated relationship between the Indian and UK financial sectors, are important underlying factors in fostering an enduring economic and financial partnership. The recent signing of a Memorandum of Understanding between the National Stock Exchange (of India) and the

London Stock Exchange is a very promising development in this regard, and paves the way for joint work on debt market development and indices, as well as the development of financial market infrastructure in GIFT City, Gujarat. In this context, both sides also welcomed the proposal of new Indian fixed income indices and funds being developed by the State Bank of India.

18. Both sides agreed that technology is playing an increasingly important role in the provision of accessible, secure, high-quality financial services, and that in an era of unprecedented technological change the thriving fintech sectors of both countries can improve outcomes for consumers, increase access to finance, and drive financial inclusion.
19. India and the UK agreed to work together on building commercial and regulator-to-regulator links that can underpin further fintech growth in both countries. The UK financial regulators have made notable progress in developing a supportive regulatory framework to help fintech flourish. Both sides agreed there is significant potential benefit for greater collaboration in this regard. Furthermore, both sides welcomed that in 2016, UK Trade and Investment will run high profile fintech trade missions, taking fast-growing UK fintech firms to India, and bringing promising Indian fintech firms to the UK.
20. The two finance ministers welcomed the publication of reports from the India-UK Financial Partnership, and recognised the success that this private-sector led initiative has had in its first full year in building dialogue, deepening links between the two countries, and helping to generate commercial opportunity.
21. The UK and India therefore agreed to renew the existing mandate of the India-UK Financial Partnership, and building on the re-establishment of the CEO Forum, to formally designate the India-UK Financial Partnership as the leading forum for financial services cooperation between India and the UK, feeding into the CEO Forum when appropriate. The two sides agreed that under its new mandate, potential areas of interest for the India-UK Financial Partnership could include: reinsurance; international use of the rupee; the role of financial technology; financial inclusion; investor protection; and green finance.

Legal Services

22. We discussed the importance of an open legal sector and ease of access to international legal expertise as an enabler for bilateral investment. Both sides noted the benefits that legal services liberalisation has brought to the UK and that a number of Indian law firms already have offices in London. Both ministers agreed that they wanted to see India, the world's largest common law jurisdiction, become an international legal hub and believe that liberalisation of the legal services sector will be catalyst for investment.
23. Accordingly Finance Minister Jaitley has expressed his support for enabling foreign lawyers to establish a presence in India, provide legal advice on non-Indian law, and transact services as per regulations to be framed, and to employ and enter partnerships with Indian lawyers. The UK Government welcomes the fact that this will result in UK lawyers being offered, in a phased manner, similar rights in India to those that Indian and other international lawyers already enjoy in the UK. This should be progressed by the relevant authorities as a matter of urgency. Both Finance Ministers welcomed the progress by the Law Society of England and Wales, the Bar Council of England and Wales, and the Bar Council of India in negotiating a MoU on the subject.