



Joint statement by the Chancellor of the Exchequer and the Finance Minister of India at the 9th UK-India Economic and Financial Dialogue held in Delhi today

Posted On: 04 APR 2017 5:35PM by PIB Delhi

Following is the full Text of the Joint statement made by the UK Chancellor of the Exchequer Mr Philip Hammond and the Finance Minister of India Shri Arun Jaitley at the 9th UK-India Economic and Financial Dialogue held here today in Delhi

"We, the Finance Ministers of the UK and India, met here today in Delhi for the 9th round of Economic and Financial Dialogue (EFD). At today's meeting, we discussed how, notwithstanding the UK's triggering of Article 50, India and the UK can work together to: strengthen our existing economic partnership in order to further boost trade and investment and; build on the bold vision for the India-UK Strategic Partnership set out by our Prime Ministers during Prime Minister May's November 2016 visit to India.

Global economy and policy responses

We welcome the strength of the economic outlook for both countries. Whilst economic confidence has increased and global growth is forecast to rise in 2017, we recognise that political risk and policy uncertainty in some parts of the world remain heightened and share concerns around policy space to respond to future shocks. The UK and India agree that globalisation has had positive impact on the world, and remain strong advocates for free markets and free trade. We agree that international cooperation is vital to make the global economy work for everyone and address shared global challenges. Both sides commit to work together to strengthen our co-operation in the G20, IMF, World Bank and other multilateral bodies to that end.

The UK and India share a common commitment to addressing cross-border tax evasion and avoidance and agree to collaborate in determining the status of wealth deposited in foreign financial accounts by nationals of both countries. We look forward to enhanced cooperation in this area. The two sides encourage timely implementation of the G20/OECD Base Erosion and Profit Shifting Project outputs and call on other countries to meet their commitments. The UK and India have committed to the Common Reporting Standards on Automatic Exchange of Tax Information and will begin to exchange information in 2017.

We also support work to strengthen the Global Financial Safety Net, with a strong, quota-based and adequately resourced IMF at its centre. We urge all members to work towards the IMF completing the 15th General Review of Quotas by Spring or no later than the Annual Meetings of 2019. We will also work with the World Bank to ensure progress of commitments under the Forward Look as per the roadmap agreed at the 2015 Annual Meetings. We recognise the importance of international cooperation on financial stability, and remain committed to supporting the implementation of agreed reforms under the auspices of the Financial Stability Board and Basel Committee of Banking Supervision. We also look forward to finalising the remaining elements of the regulatory framework.

India and the UK reiterate their concern at the threat posed by antimicrobial resistance and underline the need to explore evidence-based ways to mitigate resistance. Both sides agreed to work together to ensure effective implementation of FATF's anti-money laundering and counter-terrorist financing standards globally.

India and the UK have agreed to continue sharing economic knowledge and expertise, including through the India-UK Economic Policy and Prosperity Partnership (EPPP). Under this Partnership Programme, both countries welcomed the success of the first annual Exchange Programme between officials from the Indian Economic Service and UK Government Economic Service. They committed to developing EPPP so that it further deepens institutional ties and helps to improve economic policymaking in both countries. It is proposed to co-host an economic conference in India this year, which will provide a forum for exchanging ideas and taking forward shared priorities.

The UK and India also welcomed the selection of the first Chevening Standard Chartered Financial Services Fellows - eight top Indian financial services leaders of the future - who will attend an eight week intensive course in financial services in London in the spring; and the inauguration of the IMF's South Asia Regional Training and Technical Assistance Centre (SARTTAC) in February 2017. India and the UK are both founder members of this centre. This centre will further strengthen macroeconomic and financial capacity.

Trade and investment

The trade and investment relationship between India and the UK is flourishing and continues to expand and deepen. We reaffirmed our Prime Ministers' commitment to building the 'Closest possible commercial and economic relationship'.

We reviewed progress made since Prime Minister May's visit to India in November 2016. In particular, we noted the success of the Joint Working Group on trade, which held its second meeting between senior officials in March 2017. Both sides were encouraged by the work of the Joint Trade Review, which seeks to identify steps to strengthen our trade relationship, now and as the UK leaves the EU.

Investment is a particularly important part of this economic and commercial partnership. The UK and India reaffirmed non-discriminatory treatment of foreign investors and committed to ensure an environment in which investors can continue to invest with confidence. The UK and India agreed to work together swiftly to encourage sustainable bilateral investment that benefits both countries, including through the Joint Working Group.

Both sides welcomed the recent launch of a Fast Track investment promotion mechanism, which provides a single window to help UK companies when establishing and expanding their business in India.

Improving the business environment

We are committing to taking forward measures to improve the regulatory environment in India, following the signing of a Memorandum of Understanding in November 2016. Reforms in India, including the GST and Insolvency legislation, are significant steps towards improved business conditions in India. Both sides welcomed UK's support to India in implementing these reforms, drawing upon the UK's experience to share knowledge, best practices and build capacity in areas including regulation, Insolvency and tax administration.

The UK and India recognise the social and economic benefits of a dynamic, vibrant and balanced national Intellectual Property regime including as a driver for growth. Both countries exchanged a Memorandum of Understanding to commence bilateral cooperation in November 2016 and look forward to now agreeing to a work plan setting out a range of bilateral activities aimed at improving administration, outreach, use and enforcement of IP.

Financial services relationship

Both governments welcomed the impressive progress by the India-UK Financial Partnership (IUKFP), under its co-chairs Mr Uday Kotak and Sir Gerry Grimstone, since its establishment as part of the 2014 Economic and Financial Dialogue. The two Finance Ministers recognised the success of this government initiated and private-sector led partnership in deepening links between our countries and generating commercial opportunities for both sides. Both sides welcomed the publication of further reports on financial inclusion, responsible shareholder engagement, rupee internationalisation and green finance. The Finance Ministers also agreed to renew the IUKFP's mandate and looked forward to future papers on bank restructuring, fintech, disinvestment, India-UK trade and investment relationship - recommendations from financial and professional services - and ease of doing business in financial and professional services.

Recognising the crucial role of insurance and reinsurance to manage

the complex risks in the economic system, the UK and India welcomed the opening of Lloyd's of London's first Indian branch to underwrite re-insurance business. Both sides also agreed to work to boost cooperation and collaboration between the regulatory authorities and industries in both countries to foster sharing of best practices.

Both sides recognised the importance of developing strong pension systems, agreeing that India and UK can share experiences in this area.

Financing India's growth

Both sides recognised London's position as the world's leading financial centre and the crucial role its markets will continue to play in raising capital for investment in India. We applauded the successful issuances by HDFC (INR 3,000 crore or £366 million) and NTPC (INR 2,000 crore or £244 million), the first ever masala bonds to be issued by Indian entities. Both sides also welcomed the issuance in London by the Canadian province British Columbia, the first foreign sub-national entity to issue rupee-denominated bonds.

The two Finance Ministers welcomed that the proposal of National Highways Authority of India (NHAI) to issue a Masala Bond in London in next few months. They also welcomed IREDA's plans to issue a green bond in London and list their masala bonds on the London Stock Exchange within six months. They also looked forward to other Indian entities, including Energy Efficiency Services Limited (EESL) and Indian Railway Finance Corporation (IRFC) preparing to issue Masala Bonds in London in the coming months.

Given the increasingly important role the rupee will play in the global economy in years to come, we also welcomed the City of London Corporation's establishment of a Rupee Initiative to bring together market experts and leverage the UK's position as the world's number one foreign exchange centre to further develop this market.

The two Finance Ministers were pleased with the strong progress being made to establish the joint India-UK fund under the National Investment and Infrastructure Fund (NIIF). Technical Assistance from the UK has played

an important role in the initial phase of the NIIF and in establishing its readiness to raise and manage funds. The joint UK-India fund aims to leverage private sector investment from the City of London to finance Indian infrastructure projects. Both governments reaffirmed their commitment to anchor invest up to £120 million each in the joint fund which aims to raise around £500 million, and has the potential to unlock much more in future. The two Finance Ministers announced that the fund will focus initial investments on India's rapidly growing energy and renewables market and that a fund manager is expected to be selected by the Autumn. Progress will be accelerated by starting the process of appointing a fund manager now with early market engagement via the publication of a blueprint, with the aim to identify additional and complementary sectors for fund investments.

The UK and India recognised the importance of combating climate change, supporting the mobilisation of finance from a variety of sources, instruments and channels to mitigate its effects alongside generating economic opportunities. We welcome the work of the G20 Green Finance Study Group promoting green finance and encouraging the issuance of green bonds, among other forms of green finance, to aid this objective. The UK welcomed India's efforts to promote green finance, including the steps taken by the Securities and Exchange Board of India by issuing a concept paper on issuance of Green Bonds and the issuance of the first ever green masala bond by an Indian entity, NTPC. As such we agreed to set up a Forum to share experiences and best practices, with representation from the RBI, Ministry of Finance, Ministry of Power, Ministry of Renewable Energy, SEBI, Bank of England and HM Treasury, with a view to extending membership in due course.

The Ministerial India-UK Energy for Growth Dialogue on April 7th, 2017 will identify further opportunities for the UK to engage in the India's highly successful green finance sector.

Developments in FinTech

The UK and India highlighted the vital role of technology in improving the provision of accessible, secure, high-quality financial services. In an era of unprecedented technological change, FinTech can improve outcomes for consumers, increase financial inclusion, and monitor and stem flows of black money. Both sides recognised the important role that FinTech will play in supporting both Digital India and Make in India, particularly following India's move towards a less cash society.

Both sides agreed to deepen bilateral collaboration on FinTech and explore the possibility of a regulatory cooperation agreement between the FCA and the RBI in the second quarter of 2017, which will enable the regulators to share information about financial services innovations in their respective markets, including emerging trends and regulatory issues. The feasibility of a UK-India FinTech Bridge would also be explored.

Both sides welcomed the FinTech delegation joining the Chancellor in India and highlighted the major India-UK Fintech Conference due to take place in Mumbai on 5 April, 2017.

The UK and India look forward to the next dialogue in London in 2018.

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(Release ID: 1486653) Visitor Counter : 85

