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GOVERNMENT OF INDIA

**INDIA- UK REAFFIRMS THEIR COMMITMENT TO STRENGTHEN
THEIR ECONOMIC AND FINANCIAL RELATIONS**

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UK Chancellor of the Exchequer Mr. George Osborne and the Union Finance Minister Shri Pranab Mukherjee, attended the fourth round of Ministerial level India - UK Economic and Financial Dialogue, which was held yesterday in London. Both the Leaders were assisted by Senior Officials of their respective Ministries and regulatory bodies. They discussed ways to strengthen mutual cooperation and further boost trade and investment between the two countries.

The text of the Joint Statement issued at the end of the aforesaid Dialogue is given below:

“In the past few years, the global economy has experienced a profound shock. And as the economic recovery progresses, the UK and India are committed to securing improved living standards for all our citizens through strong economic and job growth. The recovery remains fragile and we are alert to the continuing challenges facing businesses and individuals from rising food and fuel prices, fiscal imbalances and volatile capital flows. In an increasingly globalised world economy, we can not tackle these challenges alone. We are committed to multilateral co-operation through the G20 and International Financial Institutions. This is more vital than ever before.

The UK and India are taking determined action to address our respective fiscal imbalances and are working to strengthen the business environment. Both countries are committed to the implantation of credible, medium-term fiscal consolidation plans as we meet our commitments through the G20 Framework for strong, sustainable and balanced growth. We have agreed to work together in the G20, the IMF, the FSB and the other international financial institutions in the key areas of strengthening economic surveillance, capital flow management and financial sector reform, to increase the resilience of the global economic and financial system. We also agreed to deepen our dialogue and

technical cooperation to reduce distortions in commodity markets through the G20.

It is in both our interests to have a strong, legitimate IMF as an anchor of global economic stability and prosperity. We welcome the recent review of IMF quotas and executive board reforms which will significantly increase the share and representation of dynamic emerging markets, like India, in the IMF and call on all members of the fund to ratify this agreement as soon as possible.

Both economies are sharing the gains from increased trade and investment flows. Both sides are fully committed to ensure the conclusion of an ambitious and balanced broad-based EU-India Free Trade Agreement by the end of the year, and remain committed to achieving a development-focused outcome on the Doha round.

On education and skills, we noted the good work already in hand through the UK India skills forum and UK India Education and Research Initiative to support partnerships between our countries in this field, including the work of UK colleges and businesses already cooperating with Indian counterparts to help deliver the growth demand for vocational skills in India.

The Government of India has targeted an infrastructure investment of one trillion dollars in its twelfth Five Year Plan, which starts next year. The dialogue welcomed the strong partnership between the UK and India which is working on ways to help meet this demand. Finance Minister Shri Mukherjee announced that the Infrastructure sector in India.

We discussed the steps that are proposed to be taken to widen the financial sector in India in order to develop a more efficient distribution of domestic saving into long term financing. Both sides welcomed the many vibrant partnerships and joint ventures between the UK and India in the insurance sector and looked forward to the widening and deepening of partnerships in these areas.

Finance Minister Shri Mukherjee mentioned the substantial presence of banks from the UK which comprise nearly 50 per cent of all foreign banks' branches in India. Chancellor Osborne welcomed the fact that the UK was now home to more branches of Indian Banks than any other country in the world. Both sides discussed the vital role that foreign banks play in both our countries in driving innovation, furthering inclusion and bringing new technology into our markets. Both sides welcomed the Reserve Bank of India's paper on foreign banks. The UK looked forward to the opportunity for its banks to grow businesses in India on a level playing field if they were to locally incorporate.

The Ministers noted with approval the recent agreement on the future shape of the United Kingdom's development programme in India.

Today's dialogue reaffirmed the continued strength of the UK-India economic and financial relations. We will continue to work closely throughout the year to follow through on our commitments and are very much looking forward to the next round of talks in 2012."

DSM/SS