

**Appendix Table I.1: WTO and India – Schedule of Specific Commitments**

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment
<b>Financial Services</b>		
The commitments in financial services <sup>1</sup> are made in accordance with the General Agreement on Trade in Services and the Annex on Financial Services. All the commitments are subject to entry requirements, domestic laws, rules and regulations and the terms and conditions of the Reserve Bank of India, Securities and Exchange Board of India and any other competent authority in India.		
<b>A. Insurance and Insurance related services</b>		
Non-life, limited to insurance of freight Ex.5(a)(i)(B)	<p>(1) Unbound except in the case of insurance of freight, where there is no requirement that goods in transit to and from India should be insured with Indian insurance companies only. Insurance is taken by the buyer or seller in accordance with the terms of the contract. This position will be maintained. Once under a contract the Indian importer or exporter agrees to assume the responsibility for insurance such as in the case of f.o.b. contracts for imports into India or c.i.f. contracts for exports from India, insurance has to be taken only with an Indian insurance company.</p> <p>(2) Unbound.</p> <p>(3) Unbound.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) Unbound.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>
Reinsurance and retrocession 5(a) (ii)	<p>(1), (2) Reinsurance can be taken with foreign reinsurers to the extent of the residual uncovered risk after obligatory or statutory placements domestically with Indian insurance companies.</p> <p>(3) Unbound.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) Unbound.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>

1. Financial services under GATS consist of insurance services and banking and other financial services. Insurance services encompass direct insurance (life and non-life), reinsurance and retrocession, insurance intermediation, and auxiliary insurance services (including consultancy, actuarial, risk assessment and claim settlement services). Banking and other financial services are defined under GATS to include acceptance of deposits, lending, financial leasing, payment and money transmission services, guarantees and commitments, trading (in money market instruments, foreign exchange, derivative products, exchange rate and interest rate instruments, transferable securities, and other negotiable instruments and financial assets), participation in issues of securities, money broking, asset management, settlement and clearing services, provision and transfer of financial information (including data processing), and advisory and intermediation services.

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment
Insurance intermediation limited to reinsurance Ex.5(a)(iii).	<p>(1), (2) Reinsurance of domestic risks can be placed with foreign reinsurers through overseas brokers, to the extent mentioned under reinsurance and retrocession.</p> <p>(3) (i) Overseas brokers are allowed to have resident representatives and representative offices who can procure reinsurance business from Indian insurance companies to the extent mentioned above. They can also place reinsurance business from abroad with Indian insurance companies.</p> <p>(ii) Except for the business indicated above, the resident representatives and representative offices cannot undertake any other activity in India.</p> <p>(iii) All expenses of the resident representatives and representative offices have to be met by remittances from abroad and no income can be received in India from Indian residents.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) Unbound.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>
<b>B. Banking and other financial services (excluding insurance)</b>		
<p>1. (i) Acceptance of deposits and other repayable funds from the public 5(a)(v).</p> <p>(ii) Lending of all types including consumer credit, mortgage credit and financing of commercial transactions but excluding factoring. Ex.5(a) (vi)</p> <p>(iii) All payment and money transmission services including credit, charge and debit cards, travellers cheques and bankers' draft. 5(a) (viii)</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) (i) Only through branch operations of a foreign bank licensed and supervised as a bank in its home country.</p> <p>(ii) Grant of licence as permissible under existing laws.</p> <p>(iii) A limit of twelve licences per year both for new entrants and existing banks.</p> <p>(iv) Banks are allowed to install ATMs at branches and at other places identified by them. Installation of ATM at a place other than in licensed branches is treated as a new place of business and requires a licence. Licences issued for ATMs installed by foreign banks will not be included in the ceiling of twelve licences referred to in item (iii) above.</p> <p>(v) Investments in other financial services</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) (i) Foreign Banks are required to constitute Local Advisory Boards consisting, <i>inter alia</i>, of professionals and persons having expertise in areas such as small-scale industry and exports. The Chairman and members of the Local Advisory Board must be resident Indian nationals except for the Chief Executive Officer who may be a foreign national. The appointment of Chairman and members of the Board requires Reserve Bank of India's approval.</p> <p>(ii) Foreign banks are required to publish consolidated financial statements of the Indian branches as at March 31 every year.</p> <p>(iii) Public sector enterprises can invest</p>

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<p>(iv) Guarantees and commitments. 5(a)(ix)</p> <p>(v) Trading for own account of:</p> <p>(a) money market instruments.</p> <p>(b) foreign exchange.</p> <p>(c) transferable securities Ex.5(a)(x)(A)(B)(E).</p> <p>(vi) Portfolio management, custodial and trust services. Ex. 5(a)(xiii)</p> <p>(vii) Clearing services for other banks for cheques, drafts and other instruments. Ex. 5(a)(xiv)</p>	<p>companies by branches of foreign banks licensed to do banking business in India individually not to exceed 10 per cent of owned funds or 30 per cent of the invested company's capital, whichever is lower.</p> <p>(vi) Licences for new foreign banks may be denied when the maximum share of assets in India both on and off balance sheet of foreign banks to total assets both on and off balance sheet of the banking system exceeds 15 per cent.</p> <p>(vii) Foreign banks are subject to non-discriminatory resource allocation requirements.</p> <p>(4) unbound except as indicated in the horizontal section.</p>	<p>surplus funds in term deposits only with scheduled commercial banks incorporated in India.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>
<p>2. Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues. 5(a)(xi)</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) (i) Allowed for foreign bank branches licensed to do banking business in India.</p> <p>(ii) Allowed for foreign financial services companies (including banks ) through incorporation with foreign equity not exceeding 51 per cent.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) Unbound except for entities established in accordance with the limitations specified in the market access column.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>
<p>3. Stock broking. Ex.5(a)(x)(E)</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) Through establishment of locally incorporated joint venture company with foreign equity not exceeding 49 per cent. The foreign equity participation will be limited to recognized foreign stock broking companies.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) Unbound except for entities established in accordance with the limitations specified in the market access column.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>

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4. Financial consultancy services, i.e. financial advisory services provided by financial advisers, etc. to customers on financial matters, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy. Ex. 5(a)(xvi)	(1) Unbound. (2) Unbound. (3) (i) Allowed for foreign banks branches licensed to do banking business in India. (ii) Allowed for foreign financial services companies (including banks ) through incorporation with foreign equity not exceeding 51 per cent. (4) Unbound except as indicated in the horizontal section.	(1) Unbound. (2) Unbound. (3) Unbound except for entities established in accordance with the limitations specified in the market access column. (4) Unbound except as indicated in the horizontal section.
5. Factoring. Ex.5(a)(iv)	(1) Unbound. (2) Unbound. (3) Allowed for foreign financial services companies (including banks ) through incorporation with foreign equity not exceeding 51 per cent. (4) Unbound except as indicated in the horizontal section.	(1) Unbound. (2) Unbound. (3) Unbound except for entities established in accordance with the limitations specified in the market access column. (4) Unbound except as indicated in the horizontal section.
6. Financial leasing. 5(a)(vii)	(1) Unbound. (2) Unbound. (3) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent. (4) Unbound except as indicated in the horizontal section.	(1) Unbound. (2) Unbound. (3) Unbound except for entities established in accordance with the limitations specified in the market access column. (4) Unbound except as indicated in the horizontal section.
7. Venture capital	(1) Unbound. (2) Unbound. (3) (i) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent. (ii) funding has to be entirely out of equity. (4) Unbound except as indicated in the horizontal section.	(1) Unbound. (2) Unbound. (3) Unbound except for entities established in accordance with the limitations specified in the market access column. (4) Unbound except as indicated in the horizontal section.
<p>Note: The modes of supply are: (1) Cross-border supply; (2) Consumption abroad; (3) Commercial presence; and (4) Presence of natural persons.</p> <p><b>References</b></p> <p>Mattoo, A. (1998), <i>Financial Services and the WTO: Liberalization in the Developing and Transition Economies</i>, Geneva, Switzerland: World Trade Organisation.</p>		