

**WORLD TRADE  
ORGANIZATION**

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**GATS/SC/42/Suppl.4**

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**Trade in Services**

**INDIA**

**Schedule of Specific Commitments**

**Supplement 4**

(This is authentic in English only)

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This text replaces the Financial Services section contained in document  
GATS/SC/42/Suppl.1.

**INDIA**  
**SCHEDULE OF SPECIFIC COMMITMENTS**

| Modes of supply:   | 1) Cross-border supply  | 2) Consumption abroad                                     | 3) Commercial presence            | 4) Presence of natural persons |                        |  |  |  |  |
|--|---|---|-----------------------------------|--------------------------------|------------------------|--|--|--|--|
| Sector or Sub-sector   | Limitations on Market Access  |   | Limitations on National Treatment |                                | Additional Commitments |  |  |  |  |
| <b>FINANCIAL SERVICES</b>  |   |   |                                   |                                |                        |  |  |  |  |
| The commitments in financial services are made in accordance with the General Agreement 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. |   |   |                                   |                                |                        |  |  |  |  |
| A. <u>Insurance and Insurance-related services</u>   |   |   |                                   |                                |                        |  |  |  |  |
| Non-life, limited to insurance of freight<br>Ex. 5(a)(i)(B)  | (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. | (1) Unbound   |                                   |                                |                        |  |  |  |  |
|  | (2) Unbound   | (2) Unbound   |                                   |                                |                        |  |  |  |  |
|  | (3) Unbound   | (3) Unbound   |                                   |                                |                        |  |  |  |  |
|  | (4) Unbound except as indicated in the horizontal section   | (4) Unbound except as indicated in the horizontal section |                                   |                                |                        |  |  |  |  |

| Modes of supply:             | 1) Cross-border supply<br>2) Consumption abroad<br>Ex. 5(a)(ii)  | 3) Commercial presence<br>4) Presence of natural persons   |                        |
|------------------------------|--|--|------------------------|
| Sector or Sub-sector         | Limitations on Market Access   | Limitations on National Treatment  | Additional Commitments |
| Reinsurance and retrocession | <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),(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>(1) Unbound</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> |                        |

| Modes of supply:   | 1) Cross-border supply   | 2) Consumption abroad | 3) Commercial presence   | 4) Presence of natural persons |   |
|--|--|-----------------------|--|--------------------------------|---|
| Sector or Sub-sector   | Limitations on Market Access   |                       | Limitations on National Treatment                                |                                | Additional Commitments                                    |
|  | <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> |                                | (4) Unbound except as indicated in the horizontal section |
| B. <u>Banking and other financial services (excluding insurance)</u>           |  |                       |  |                                |   |
| 1.(i) Acceptance of deposits and other repayable funds from the public 5(a)(v) | (1) Unbound  | (2) Unbound           | (1) Unbound  | (2) Unbound                    |   |

| Modes of supply:   | 1) Cross-border supply  | 2) Consumption abroad  | 3) Commercial presence  | 4) Presence of natural persons   |                        |
|--|---|--|---|--|------------------------|
| Sector or Sub-sector   | Limitations on Market Access  |  | Limitations on National Treatment   |  | Additional Commitments |
| (ii) Lending of all types, including consumer credit, mortgage credit and financing of commercial transactions but excluding factoring<br>Ex. 5(a)(vi) | (3) (i) Only through branch operations of a foreign bank licensed and supervised as a bank in its home country.<br><br>(ii) Grant of licence as permissible under existing laws.<br><br>(iii) A limit of twelve licences per year both for new entrants and existing banks. | (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 approval.<br><br>(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.<br><br>(v) Guarantees and commitments<br>5(a)(ix) | (ii) Public sector enterprises can invest surplus funds in term deposits only with scheduled commercial banks incorporated in India.<br><br>(v) Trading for own account of:<br><br>(a) money market instruments<br>(b) foreign exchange<br>(c) transferable securities<br>Ex. 5(a)(x)(A)(B)(E)<br><br>(vi) Portfolio management, custodial and trust services<br>Ex. 5(a)(xiii) | (v) Investments in other financial services 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. |                        |

| Modes of supply:  | 1) Cross-border supply   | 2) Consumption abroad   | 3) Commercial presence  | 4) Presence of natural persons |                        |
|---|--|---|---|--------------------------------|------------------------|
| Sector or Sub-sector  | Limitations on Market Access   |   | Limitations on National Treatment   |                                | Additional Commitments |
| (vii) Clearing services for other banks for cheques, drafts and other instruments<br>Ex. 5(a)(xiv)  | <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>(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>(4) Unbound except as indicated in the horizontal section</p> <p>(1) Unbound</p> <p>(2) Unbound</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<br>5(a)(xi) |  | <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> |                                |                        |
| 3. Stock broking<br>Ex. 5(a)(x)(E)  |  | <p>(1) Unbound</p> <p>(2) Unbound</p>   | <p>(1) Unbound</p> <p>(2) Unbound</p>   |                                |                        |

| Modes of supply:             | 1) Cross-border supply  | 2) Consumption abroad   | 3) Commercial presence  | 4) Presence of natural persons                            |                        |
|------------------------------|---|---|---|---|------------------------|
| Sector or Sub-sector         | Limitations on Market Access  |   | Limitations on National Treatment   |   | Additional Commitments |
| 4.                           | (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.<br><br>(4) Unbound except as indicated in the horizontal section | (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   | (1) Unbound<br><br>(2) Unbound                            |                        |
|                              | (1) Unbound<br><br>(2) Unbound  | (3) (i) Allowed for foreign bank branches licensed to do banking business in India.<br><br>(ii) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent. | (3) Unbound except for entities established in accordance with the limitations specified in the market access column. | (1) Unbound<br><br>(2) Unbound                            |                        |
|                              | (4) Unbound except as indicated in the horizontal section   | (4) Unbound except as indicated in the horizontal section   | (4) Unbound except as indicated in the horizontal section   | (1) Unbound<br><br>(2) Unbound                            |                        |
| 5. Factoring<br>Ex. 5(a)(vi) | (1) Unbound<br><br>(2) Unbound  | (3) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.<br><br>(4) Unbound except as indicated in the horizontal section                            | (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 |                        |

| Modes of supply:                  | 1) Cross-border supply   | 2) Consumption abroad  | 3) Commercial presence  | 4) Presence of natural persons  |   |                        |
|-----------------------------------|--|--|---|---|---|------------------------|
| Sector or Sub-sector              | Limitations on Market Access   |  |   |   | Limitations on National Treatment   | Additional Commitments |
| 6. Financial leasing<br>5(a)(vii) | (1) Unbound<br>(2) Unbound<br>(3) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.<br>(4) Unbound except as indicated in the horizontal section   | (1) Unbound<br>(2) Unbound<br>(3) Unbound except for entities established in accordance with the limitations specified in the market access column.<br>(4) Unbound except as indicated in the horizontal section   | (1) Unbound<br>(2) Unbound<br>(3) Unbound except for entities established in accordance with the limitations specified in the market access column. | (1) Unbound<br>(2) Unbound<br>(3) Unbound except for entities established in accordance with the limitations specified in the market access column. | (1) Unbound<br>(2) Unbound<br>(3) Unbound except for entities established in accordance with the limitations specified in the market access column. |                        |
| 7. Venture capital                | (1) Unbound<br>(2) Unbound<br>(3) (i) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.<br><br>(ii) Funding has to be entirely out of equity.<br>(4) Unbound except as indicated in the horizontal section | (1) Unbound<br>(2) Unbound<br>(3) (i) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.<br><br>(ii) Funding has to be entirely out of equity.<br>(4) Unbound except as indicated in the horizontal section | (1) Unbound<br>(2) Unbound<br>(3) Unbound except for entities established in accordance with the limitations specified in the market access column. | (1) Unbound<br>(2) Unbound<br>(3) Unbound except for entities established in accordance with the limitations specified in the market access column. | (1) Unbound<br>(2) Unbound<br>(3) Unbound except for entities established in accordance with the limitations specified in the market access column. |                        |