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Ministry of Finance**

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**Joint Statement issued After the Sixth China-India Financial Dialogue at Beijing;
Both Sides agree to Strengthen Regular Communication and Coordination at Various Levels on Macro-Economic
Policies and Major International Economic and Financial issues**

Based on the Memorandum of Understanding (MoU) on 'Launching the Financial Dialogue between the People's Republic of China and the Republic of India' signed in April, 2005, the two sides have successfully held five rounds of dialogues in April of 2006, December of 2007, January of 2009, September of 2010 and November of 2011. The Sixth China-India Financial Dialogue was held yesterday in Beijing.

During this Dialogue, the two sides held in-depth discussions on new challenges facing the global economy, macro-economic situations and policies in China and India, progress on structural reforms in both countries, cooperation under multilateral frameworks as well as bilateral financial cooperation. Both sides agreed to strengthen regular communication and coordination at various levels on macro-economic policies and major international economic and financial issues.

Macro-economic situation and policy

Both sides recognized that global economic recovery was still fragile with downside risks remaining high. Volatility in financial markets has also intensified. With growth picking up in advanced economies, there is a need for them to collaborate with Emerging Market Economies (EMEs) on the pace and timing of recalibration of their unconventional monetary policies and strengthen communication with the market to avoid negative spillovers. As a group, the EMEs have continued to grow but the pace of growth has slowed in several countries. Under these circumstances, China and India called for greater international coordination on economic policies, particularly in the implementation of policy measures adopted by the G20 to boost growth and employment for promoting strong, sustainable and balanced growth of the world economy.

Macro-economic Policy and Structural Reforms in China and India

Both sides recognized the importance of sound macro-economic policies and sustained structural reforms for improving long-term growth prospects. The overall economic situation in China is stable and has the foundations to sustain sound development as new progress has been made in structural adjustment, consumption has realized steady growth, prices have maintained stability and employment situation has remained sound. The fiscal policy has focused on adjusting the expenditure structure, reducing administrative spending, supporting structural adjustment and improvement of people's well-being, and providing tax incentives to small and micro enterprises. With enhanced liquidity management, the monetary policy has neither been relaxed nor tightened. The Chinese government will continue to strive for economic development while maintaining stability, and keeping the continuity and stability of the macroeconomic policies as well as making these policies more targeted and coordinated. The government will also fine-tune the policies at an appropriate time and by an appropriate degree according to changes in the economic performance. China will constantly deepen reform and opening up, promote economic transformation and upgrading, release domestic demand potential, stimulate market vitality and enhance the quality and efficiency of the economic development.

Notwithstanding the persistence of global economic meltdown, India's economic fundamentals remain strong. India has adopted bold macro-economic and fiscal management policies that seek to attain the twin objectives of inclusive development and high, sustained economic growth. The Union Budget (2013-14) renewed the Government's commitment towards fiscal responsibility. It also incorporated a slew of measures aimed at boosting investments, controlling inflation, creating high quality infrastructure and ensuring comprehensive social security for the poor. The Government is continuously undertaking initiative to improve the performance of the manufacturing sector. In a recent review of this, the Government has also liberalized several sectoral caps in FDI. Several monetary measures have already been taken by the Reserve Bank of India. The effects of persistent economic reforms undertaken in the last year have started to manifest and the full effect will eventually be seen in the overall GDP growth. India remains committed towards strengthening and deepening its reform process.

The two sides agreed to actively explore opportunities for cooperation in the process of their respective structural reforms.

Cooperation under Multilateral Frameworks

Both sides acknowledged the effectiveness of bilateral coordination under multilateral frameworks such as the G-20, BRICS and international financial institutions. Both sides agreed to work together to promote the implementation of the important consensus reached in the G-20 St. Petersburg summit, strengthen the momentum of global recovery, push for faster economic growth, generate better jobs, and build on the foundation for long-term growth. Both countries agreed to intensify cooperation with other BRICS member countries towards tangible results on the initiatives on BRICS Development Bank and Contingency Reserve Arrangement in the next BRICS summit. Both sides are committed to pushing forward reforms in the international financial institutions and urge other countries to fulfil their commitment of implementing the 2010 IMF Quota and Governance Reform expeditiously and to complete the next general quota review by January 2014. Both sides urged the international financial institutions to increase their lending capacity to developing countries so as to expand the global aggregate demand.

Bilateral Financial Cooperation

Both sides recognized the importance of strengthened fiscal and financial cooperation in the expansion of bilateral trade and investment. The two sides agreed to maintain close communication, and work for more opportunities and better environment to enhance bilateral financial cooperation. Financial regulators from both countries exchanged views on market access regulation policies for foreign banks, agreed to support banks to establish branches and subsidiaries in each other's market, and advocated deeper cooperation between financial institutions from the two countries, especially in areas of infrastructure investment and financing.

Both sides reiterated their commitment to strengthen the China-India Financial Dialogue, enhance mutual cooperation, deepen mutual trust, and promote bilateral fiscal and financial communication and cooperation. Both sides agreed to hold the 7th India-China Financial Dialogue in 2014 in New Delhi.

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