

Appendix 1: Market Access Offers from India, Pakistan and Sri Lanka

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of Natural persons

Sector or Sub-sector	India	Pakistan	Sri Lanka
The commitments in financial services are made in accordance with the General Agreement on Trade in Services and the Annex on Financial Services. This is simply a comparative representation of Financial Service offers of India and Pakistan. The individual country schedules are attached for reference.			
A. All insurance and insurance-related services			
Sector or Sub-sector	India	Pakistan	Sri Lanka
a. Life, accident and health insurance services;		(1) Unbound (2) Unbound (3) (a) Bound for the existing foreign insurance services providers as to their scope of operations and equity structure. (b) Maximum of 25% of foreign shareholding in existing life insurance companies. (c) Foreign equity in new life insurance companies permitted up to 51%. (4) Unbound except as indicated under horizontal measures.	(1) Unbound (2) Unbound (3) New establishments are subject to licenses approved by the Government of Sri Lanka (GOSL). Foreign equity participation, in this sector is determined per the horizontal section. (4) Unbound except as indicated in the horizontal section.
b. Non-life insurance services;	(1) Unbound except in the case of insurance of freight, where there is no requirement that goods in transit to	(1) Unbound (2) Unbound	(1) Unbound except in the case of insurance of freight, where insurance is taken by

	<p>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>(3) Bound for the existing foreign insurance services providers as to their scope of operations and equity structure.</p> <p>(4) unbound except as indicated under horizontal measures.</p>	<p>the buyer or seller in accordance with contract.</p> <p>(2) Unbound</p> <p>(3) New establishment is subject to license approved by the Government of Sri Lanka (GOSL). Foreign equity participation in this sector determined per the horizontal section.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>
<p>c. Reinsurance and retrocession;</p>	<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) None</p> <p>(2) Unbound</p> <p>(3) Unbound</p> <p>(4) Unbound except as indicated under horizontal measures.</p>	<p>(1) Reinsurance can be taken with foreign reinsurers to the extent of the residual uncovered risk after obligatory of statutory placement with National Insurance Corporation.</p> <p>(2) Reinsurance can be taken with foreign reinsurance to the extent mentioned above.</p> <p>(3) Unbound</p> <p>(4) Unbound except as indicated in the horizontal</p>

<p>d. Services auxiliary to insurance (including broking and agency services).¹</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 can not undertake any other activity in India.</p> <p>(III) All expenses of the resident 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>		

¹ Described in A as “Insurance intermediation limited to reinsurance” on the Indian schedule (1998).

B. Banking and other financial services (excluding insurance):			
Sector or Sub-sector	India	Pakistan	Sri Lanka
a. Acceptance of deposits and other repayable funds from the public;	<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 style="padding-left: 20px;">(II) Grant of license as permissible under existing laws.</p> <p style="padding-left: 20px;">(III) A limit of twelve licenses per year both for new entrants and existing banks.</p> <p style="padding-left: 20px;">(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 license. Licenses issued for ATMs installed by foreign banks will not be included in the ceiling of twelve licenses referred to in item (iii) above.</p> <p style="padding-left: 20px;">(V) Investments in other financial services companies by branches of foreign banks licensed to do banking business in India</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) (I) Bound for the volume of deposits and other repayable funds mobilised by foreign banks in Pakistan as at the time of conclusion of the negotiations on 12 December 1997.</p> <p style="padding-left: 20px;">(II) Foreign banks (other than those already operating their branches in Pakistan as on December 1997) permitted to accept deposits and other repayable funds from public by setting up locally incorporated limited companies with foreign equity ownership upto 49%. License to undertake commercial banking business required from the central bank. The license to foreign banks will be issued on the basis of some eligibility criteria as applicable to domestic commercial banks. The minimum paid up capital required to undertake banking business by foreign banks shall not be more than what is required by the domestic commercial banks, i.e. US dollar 11.5 million .</p> <p style="padding-left: 20px;">(III) Bound for the number of branches of foreign banks operating in Pakistan as at the conclusion of the Negotiation</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) As specified in the general conditions given below.</p> <p>(4) Unbound except as specified in the horizontal commitments.</p>

	<p>individually not to exceed 10% of owned funds or 30% of the invested company's capital whichever is lower.</p> <p>(VI) Licenses 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%.</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>on 12 December 1997. Change in the controlling shareholders of the foreign banks operating their branches in Pakistan may require new license. Other foreign banks will be allowed up to three branches at the place of their choice. ATMs installed at the branch premises not treated as a separate branch.</p> <p>(IV) Prior permission in writing of the Central Bank is required by any person for holding beneficial ownership of 5% or more of the paid-up capital of any bank/financial institution.</p> <p>(v) Representation of foreign nationals on the Board of Directors allowed in proportion to their shareholding.</p> <p>(4) Unbound</p>	
<p>b. Lending of all types, including, <i>inter alia</i>, consumer credit, mortgage credit, factoring and financing of commercial transaction;</p>	<p>All provisions are similar to a.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) (I) Bound for the total volume of foreign banks' assets in Pakistan at the time of the conclusion of the negotiations on 12 December 1997.</p> <p>(II) Investments in shares of existing domestic banks permitted to foreign nationals/foreign financial institutions for trading purposes. Acquisition of management control of existing public sector banks considered on case-by-case</p>	<p>All provisions are similar to a.</p>

		<p>basis under specific Sale-Purchase Agreements to be approved by the Central Bank.</p> <p>(4) Unbound except as indicated under horizontal measures.</p>	
C. Financial leasing; ²	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51%.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Foreign leasing companies will be permitted to set up subsidiary leasing companies in Pakistan with shareholding not exceeding 51% of the total capital to undertake operational leasing including cross border leasing. Resource mobilization from the domestic market to be governed by the same rules and regulations as applicable to domestic mobilization of resources.</p> <p>(4) Unbound except as indicated under horizontal measures.</p>	All provisions are similar to a.
d. All payment and money transmission services;	All provisions are similar to a.	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Foreign banks branches operating in Pakistan at the conclusion of the Negotiation on 12 December 1997 and banks incorporated in Pakistan permitted to take all payment and money transmission services.</p>	All provisions are similar to a.

² Described as number six on the Indian schedule (1998).

		(4) Unbound except as indicated under horizontal measures.	
e. Guarantees and commitments;	All provisions are similar to a.	(1) Unbound (2) Unbound (3) Guarantees and commitments in foreign currency and those undertaken in favour or on behalf of non-resident to be governed by foreign exchange laws. (4) Unbound except as indicated under horizontal measures.	All provisions are similar to a.
f. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following;	All provisions are similar to a.		All provisions are similar to a.
- money market instruments (cheques, bills, certificate of deposit, etc.);	All provisions are similar to a.	(1) Unbound (2) Unbound (3) (I) The issue, sale and purchase of foreign currency and traveler cheques is allowed to commercial banks licensed as Authorized Dealer. (II) Foreign banks allowed to set up joint ventures with local persons with equity participation upto 50% after obtaining License from the State Bank to undertake the sale and purchase of foreign currency and traveler cheques. (III) Transmission of permissible funds including foreign currency can be	All provisions are similar to a.

		<p>effected only through authorized banking channels.</p> <p>(IV) Commercial banks incorporated in Pakistan and the branches of foreign banks in operation as on 12 December 1997 allowed to operate in call money market.</p> <p>(4) Unbound except as indicated under horizontal measures.</p>	
- foreign exchange;	All provisions are similar to a.	All provisions are similar to the money market requirements.	All provisions are similar to a.
- derivative products including, but not limited to, futures and options;			All provisions are similar to a.
- exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc.;			All provisions are similar to a.
- transferable securities;	All provisions are similar to a.	All provisions are similar to the money market requirements.	All provisions are similar to a.
- other negotiable instruments and financial assets, including bullion.	All provisions are similar to a.	All provisions are similar to the money market requirements.	All provisions are similar to a.
g. Participation in issues of all kinds of securities, including only under-writing and placement as agent (whether publicly or privately) and provision of service related to such issues; ³	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) (I) Allowed for foreign bank branches licensed to do banking</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Branches of foreign banks in operations as on 12 December 1997</p>	All provisions are similar to a.

³ Described as number two on the Indian schedule (1998).

	<p>business in India.</p> <p>(II) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51%.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>and banks (including investment banks) incorporated in Pakistan permitted to arrange and participate in any public issue and underwriting of securities up to 30% of the total paid up capital of the issuer or 30% of their respective paid up capital whichever is less. All investments in shares made as consequence of underwriting of commitments must be reported forthwith to the Central Bank, and is required to be disinvested within 30 days of the investments as approved by the Central Bank.</p> <p>(4) Unbound except as indicated under horizontalmeasures.</p>	
h. Money broking;			All provisions are similar to a.
i. Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services; ⁴	All provisions are similar to a.	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) (I) Entities licensed by the central bank and banks incorporated in Pakistan can undertake portfolio management services through their locally incorporated subsidiaries set up for the purpose with shareholding in such subsidiaries upto 51%.</p> <p>(II) Management of foreign currency asset will be governed by the foreign exchange regulations applicable from time to time.</p>	All provisions are similar to a.

⁴ Described as number one (vi) on the Indian schedule (1998).

		(4) Unbound except as indicated under horizontal measures.	
j. Settlement and clearing services for financial assets, including securities, derivative products and other negotiable instruments; ⁵	All provisions are similar to a.	(1) Unbound (2) Unbound (3) All commercial banks are required to be members of the clearing system operated /approved by Central Bank to effect interbank settlements. (4) Unbound except as indicated under horizontal measures.	All provisions are similar to a.
k. Advisory and other auxiliary financial services on all the activities listed in Article 1B of MTN.TNC/W/50, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy;	(1) Unbound (2) Unbound (3) (I) Allowed for foreign bank 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%. (4) Unbound except as indicated in the horizontal section.	(1) Unbound (2) Unbound (3) Banks incorporated in Pakistan will be permitted to undertake financial and advisory services through subsidiary companies set up for this purpose with shareholding upto 100% provided that transactions undertaken/services provided by such subsidiaries do not create any financial obligations whether contingent or otherwise on the balance sheet of the holding company or otherwise. (4) Unbound	(1) None, except as provided in the General Conditions given below. (2) None, except as provided in the General Conditions given below. (3) As specified in the General Conditions. (4) Unbound except as specified in the horizontal commitments.
l. Provision and transfer of financial information, and financial data processing and related software by providers of other financial services.		(1) Unbound, except for the provision of publicly available data and financial information on corporate entities by institutional providers having commercial presence in Pakistan.	All provisions are similar to k.

⁵ Described as number one (vii) on the Indian schedule (1998).

		(2) Unbound (3) Unbound (4) Unbound except as indicated under horizontal measures.	
C. Other			
Sector or Sub-sector	India	Pakistan	Sri Lanka
	1. 2. 3. 4.	1. 2. 3. 4.	

Not included in India

Stock Broking, Factoring and Venture Capital⁶ which have unbound restriction on all modes of supply in both market access and national treatment except for the third mode of supply in market access where limitations are limited to 5 and 6.

⁶ Described as number three, five and seven respectively on the Indian schedule (1998).

Special information for Sri Lanka:

Banking and other Financial Services (excluding insurance)

General conditions

1. The terms of the offer in banking and other financial services (excluding insurance) sub-sector are in accordance with GATS, the Annex on Financial Services and the Understanding on Commitments in Financial Services. All the commitments are subject to entry requirements, domestic laws, rules and regulations and the terms and conditions of the Central Bank of Sri Lanka, the board of Investment, the Securities and Exchange Commission and any other competent authority in Sri Lanka, as the case may be, which are consistent with Article Vi of GATS and paragraph2 of the Annex on Financial Services.
2. Financial Services in the form of operations identified at sub-paragraphs (a) to (l) in the schedule can be carried out in Sri Lanka through a locally incorporated company or branch of a commercial bank incorporated outside Sri Lanka.
 - 2.1 (a) Only licensed commercial bank, a licensed specialized bank or a registered finance company may accept deposits.
 - (b) Only a licensed commercial bank may accept deposits which are repayable upon demand.
 - 2.2 Approval, registration and licensing relating to banks and other financial institutions will be subject to an economic need test.
 - 2.3 The total foreign shareholding in any institution providing financial services is limited to 49 percent of the issued share capital.

Reference

World Trade Organization. "India: Schedule of Specific Commitments" **GATS/SC/42/Suppl.4**. (26 February 1998).