

Book Trust, India, New Delhi, for the year 1993-94 together with Audit Report thereon.

- (iii) A copy of the Review (Hindi and English versions) by the Government of the working of the National Book Trust, India, New Delhi, for the year 1993-94.

- (10) Statement (Hindi and English versions) showing reasons for delay in laying the papers mentioned at (9) above.

[Placed in Library See No. LT 7993/95]

12.36 hrs.

STANDING COMMITTEE ON LABOUR AND WELFARE

Fifteenth Report and Minutes

[English]

SHRIMATI CHANDRA PRABHA URS (Mysore) : Sir, I beg to present the Fifteenth Report (Hindi and English versions) of the Standing Committee on Labour and Welfare on the Trade Unions (Amendment) Bill, 1994 and Minutes of the sitting of the Committee relating thereto.

12.36½ hrs.

COMMITTEE ON HOME AFFAIRS

Twenty-second Report

[English]

SHRI SAIFUDDIN CHOUDHURY (Katwa) : Sir, I beg to lay on the Table a copy (Hindi and English versions) of the Twenty-second Report of the Committee on Home Affairs on the Pondicherry (Administration) Amendment Bill, 1995.

12.37 hrs.

STATEMENTS BY MINISTER

- (i) **Services negotiations under the World Trade Organisation.**

[English]

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM) : Hon'ble Members are aware that liberalisation of trade in services was one of the areas which was negotiated in the Uruguay Round. Our objective in these

negotiations was to offer entry to foreign service providers in sectors in which such entry was considered to be most advantageous for us in terms of capital inflows, technology and employment. In return we sought greater access for our skilled personnel to the markets of our major trading partners.

The results of the negotiations which concluded in December 1993 in the area of movement of natural persons on the one hand and financial services on the other were considered unsatisfactory. Members therefore proposed and obtained Ministerial Decisions on establishing separate Negotiating Groups on further negotiations on the movement of natural persons and financial services.

The negotiations which were to conclude on 30th June, 1995 as required by the Ministerial Decisions, had to be extended until 28 July 1995 on account of the stand taken by the U.S on financial services. In the meeting of the Committee on financial services on 29th June, 1995, the US announced that they were not in a position to undertake an MFN (most favoured nation) obligations that covers new activities in banking, securities, insurance, fund management and other financial services.

In order to deal with the situation created by the U.S. decision, the European Union (E.U.) proposed that the rest of the members conclude a 'temporary fixed term MFN agreement' in the framework of GATS. This required the maintenance of the best offers indicated during the negotiations on financial services and not seeking a general MFN exemption. The term of this agreement was initially proposed to be 4-5 years.

As it has finally emerged, however, this temporary fixed term agreement will be valid only till 31 December 1997 after which members will be at liberty to withdraw their commitments and/or take an MFN exemption. Under this arrangement members have tabled their modified market access schedules in the financial services sector, with improvements in certain cases. In the case of some countries, these schedules are subject to certain limitations vis-a-vis the MFN principle. India has done likewise by making a moderate improvement in its offer. India has also retained its December 1993 MFN exemption schedule and built in additional safeguards in the market access schedule as well.

The advantage or implications of the agreement for India should be considered in the light of the fact that India was not a major demandor in the financial services negotiations but was looking for improvements in market access opportunities in the sphere of Movement of Natural Persons. Movement of Natural Persons or Service providers takes place either with Commercial Presence or without Commercial Presence. While the offers tabled in December 1993 by our major trading partners