

India, US propose free trade deal

Agence France Presse

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NEW DELHI - Indian and US business leaders have proposed a free trade agreement in the services sector that would boost India's outsourcing industry while further opening its economy, an official said.

The outline for a deal was drafted by the Indo-US Joint Business Council, a group of executives from the two countries.

"An idea (for an agreement) has been floated at JBC level," India's Trade and Industry Minister Kamal Nath told the Press Trust of India news agency.

"(But) it has not even come up at the ministry level. Let us see how it develops," he said.

The Business Standard newspaper meanwhile said the deal would relax visa restrictions on the movement of Indian engineers, software programmers, scientists, accountants and other professionals to the United States.

India in turn would have to open up to US players its retail, legal, accounting and other sectors which have largely fought against allowing foreign competition, the report said.

Developed countries including the United States have considered ways to control the booming outsourcing industry, under which companies shift work to countries such as India where English-literate professionals earn a fraction of their Western counterparts.

India's outsourcing revenues jumped 46% to \$3.6 billion in the fiscal year to March 2004, according to official figures.

The JBC proposal came after a breakthrough last week in World Trade Organisation negotiations.

India has championed the cause of developing nations in trade talks, demanding the United States and European Union slash subsidies for agricultural exports.

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