

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:799
ANSWERED ON:05.12.2003
INVESTMENTS BY OCBs
JYOTIRADITYA MADHAVRAO SCINDIA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India had lately imposed a ban on investments by Overseas Commercial Banks (OCBs) in the equity markets, FDI, mutual funds schemes, units of UTI, real-estate, company fixed deposits and debentures;
- (b) if so, the main objectives for imposing such a ban; and
- (c) the extent up to which it is purported to prevent or restrict NRI investments and mobilization of NRI funds?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) Yes, Sir.

(b) The decision to derecognise the Overseas Corporate Bodies (OCBs) is a follow-up of the review of investment activities of OCBs in India carried out by the RBI on the recommendations of the Joint Parliamentary Committee on Security Market Scam.

(c) The measure would not restrict or prevent NRI investments as Non-Resident Indians (NRIs) continue to enjoy all the facilities available to any other foreign investor, including automatic route for foreign direct investment.