

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3738  
ANSWERED ON:11.12.2009  
POLICIES ON INVESTMENT INFLOWS  
Adsul Shri Anandrao Vithoba

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Union Government has constituted a working group to recommend changes in the existing policies on Foreign Institutional Investor (FII) inflows and Participatory Notes (PNs), with a view to attracting more foreign portfolio investments;
- (b) if so, the details thereof;
- (c) whether the group will also examine the rationale of securities transaction tax and stamp duty;
- (d) if so, the details thereof;
- (e) whether there are contrasting views from the Reserve Bank of India and the Finance Ministry; and
- (f) if so, the steps taken by the Union Government in this regard?

**Answer**

MINISTER OF STATE FOR FINANCE(SHRI NAMONARAIN MEENA)

(a) and (b): With a view to rationalising the present arrangements relating to foreign portfolio investments by Foreign Institutional Investors (FIIs)/ Non Resident Indians (NRIs) and other foreign investments like Foreign Venture Capital Investor (FVCI) and Private Equity entities etc. the Government has issued an office order No 10/5/ECB-2009 dated 19th November 2009 constituting a working group on Foreign Investment in India.

(c) and (d): The terms of reference of the said working group inter-alia include the reexamination of the rationale of taxation of transactions through the Securities Transactions Tax (STT) and stamp duty.

(e) and (f): Policies on Foreign Investment in India are framed by the Government in consultation with the Reserve Bank of India (RBI) and Securities and Exchange Board of India. The policies are framed after due deliberations and reaching consensus between the Government and the regulators.