

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:989
ANSWERED ON:05.08.2011
ILLAGAL FOREX TRADING
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Will the Minister of FINANCE be pleased to state:

- (a) whether some overseas forex trading has been introduced on a number of internet trading portals luring residents with offers of guaranteed high returns and the public is being asked to make margin payments in accounts maintained with banks in India;
- (b) if so, the details thereof for each of the last three years and the current year alongwith the measures taken by the Reserve Bank of India (RBI) to safeguard Indian citizens / investors from being defrauded; and
- (c) the action taken or proposed to be taken by RBI/Government of India against companies, agents engaged in illegal forex trading?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) Reserve Bank of India (RBI) has informed that they had received a few complaints from various sources including from the public regarding a number of internet portals advertising offers of high returns using forex trading. Most of the companies advertising the forex trading are based outside India and are on global trading platforms.

(b) & (c): RBI has informed that most of the complaints were received in 2010-11. RBI further informed that it had issued an advisory dated 21.02.2011 on Overseas Forex trading through Electronic / Internet Trading Portals. Vide this circular, RBI has clarified that remittance in any form towards overseas foreign exchange trading through electronic / internet trading portals is not permitted under the Foreign Exchange Management Act (FEMA), 1999 and the existing regulations under FEMA, 1999 do not permit residents to trade in foreign exchange in domestic / overseas markets. RBI forwards the details of complaints received to Directorate of Enforcement to carry out investigations.