

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1920
ANSWERED ON:02.12.2011
REQUIREMENT OF A FOREIGN INVESTOR
Sukur Shri Jadhav Baliram

Will the Minister of FINANCE be pleased to state:

(a) whether Foreign Institutional Investors (FIIs) or foreign nationals have to obtain a Permanent Account Number (PAN) and separately meet Know Your Customer (KYC) requirements prescribed by the market regulator before investing in shares;

(b) if so, the details thereof;

(c) whether the Government has recently relaxed norms for foreign nationals and FIIs to obtain PAN that could also double as KYC compliance for any investment they make in Indian stocks; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a)&(b): Foreign Institutional Investors (FIIs) are required to obtain Permanent Account Number (PAN) to transact in Indian securities market. Further, as per the requirements prescribed by the Securities and Exchange Board of India (SEBI), the market intermediaries are required to undertake KYC/ Customer Due Diligence for all clients - whether Indian nationals or foreign nationals.

(c)&(d): Government has permitted Qualified Foreign Investors (QFIs) which also include foreign individuals, to invest, subject to certain conditions, in Mutual funds (MFs) schemes. In order to facilitate QFIs, FIIs etc. to meet tax and KYC requirements, Government has notified a new Form 49AA for obtaining PAN. The details of relevant notification and PAN Form 49AA are available at:
http://law.incometaxindia.gov.in/DITTaxmann/IncomeTaxRules/pdf/Not58_2011.pdf
<http://law.incometaxindia.gov.in/DITTaxmann/IncomeTaxRules/pdf/itr62form49aa.pdf>