

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2912  
ANSWERED ON:24.07.2009  
`SS TARAPORE COMMITTEE`  
Sarvey Shri Sathyanarayana

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

- (a) whether the Government has implemented the recommendations of SS Tarapore Committee on fuller capital account convertibility;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**Answer**

MINISTER OF STATE FOR FINANCE(SHRI NAMO NARAIN MEENA)

(a) to (c): The Committee on Fuller Capital Account Convertibility was set up by the Reserve Bank of India (RBI) in March, 2006. It submitted its report to RBI on July 31, 2006. The Committee recommended certain specific set of measures relating to Foreign exchange management policy. These measures were grouped into following items and were to be implemented in 3 phases: Phase-1 (2006-07), Phase-2 (2007-09) & Phase-3 (2009-11).

**I. CORPORATES / BUSINESSES**

**A. Corporates / Businesses – Residents**

1. Financial capital transfers abroad including for opening current/ cheque-able accounts
2. External Commercial Borrowings (ECB).
3. Trade credit
4. Joint ventures/wholly owned subsidiaries abroad.
5. Establishment of offices abroad
6. Direct investment abroad by partnership firms
7. Investment in agriculture overseas by resident corporates and registered partnership firms other than through JV/WOS abroad.
8. Direct investment overseas by proprietorship/ unregistered partnership concerns
9. Exchange Earners Foreign Currency (EEFC) accounts for exporters and exchange earners
10. Project Exports

**B: Corporates - Non –Residents**

1. Foreign Direct Investment (FDI)
2. Portfolio Investment in India through stock exchanges in shares/ debentures.
3. Disinvestment
4. Multilateral institutions permitted to raise resources in India

**II. BANKS**

**A. Banks - Residents**

1. Loans and borrowings from overseas banks and correspondents including overdrafts in Nostro account.
2. Investments in overseas markets

**III. NON BANKS - FINANCIAL**

**A. Residents**

- 1 SEBI registered Indian investors (including Mutual Funds) investments overseas.

**B. Non Residents**

1. FIs

- (a) Portfolio Investment
- (b) Primary market investment/private placement.
- (c) Disinvestment
- (d) Investments in debt instruments

#### IV. INDIVIDUALS

##### A Individuals – Residents

1. Financial capital transfers including for opening Current/chequeable accounts.
2. RFC Account
3. RFC (D) Account

##### B. Individuals: Non Residents

1. Capital transfers from non repatriable assets held in India (including NRO and NRNR RD accounts)
2. Remittance of assets
3. Deposit Schemes for Non-Resident Indians (NRI)
4. Portfolio Investment in India through stock exchange

The RBI has informed that the implementation of Phase-1 and Phase-2 measures is almost over and Phase-3 measures are in the process of implementation.