

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2376

ANSWERED ON:07.12.2012

INVESTMENT BY NRIS

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Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government is trying to explore the potentiality of getting small investors in the arena of corporate economy of the country;

(b) if so, the details thereof; and

(c) the details of measures taken/ proposed to be taken by the Government to increase the quantum of investment in the country by Non-Resident Indians and overseas corporate bodies ?

Answer

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

(a) & (b) The Union Government has launched a number of initiatives for encouraging investments by small investors in infrastructure and industry- Some such recent initiatives are as follows:

(i) A new tax saving scheme called Rajiv Gandhi Equity Saving Scheme (RGESS), was notified on 23 November 2012, exclusively for the first time domestic retail investors in securities market. This Scheme would give 50% deduction of the amount invested from the taxable income for that year to new domestic retail investors who invest up to Rs. 50,000 and whose annual income is below Rs. 10 lakh.

(ii) 40% of the public issue of tax-free infrastructure bonds by companies for the financial year 2012-13 has been earmarked exclusively for the retail investors

(c) Overseas Corporate Bodies (OCB) have been derecognized as a class of investor entity in India with effect from September 16, 2003 and the facilities available to them have been accordingly withdrawn. With a view to encourage the Non Resident Indians (NRIs) to make investments in India or for keeping deposits either under Non-Resident (External) Rupee Account (NRE Account) or Foreign Currency Non Resident (Bank) Account (FCNR (B) Account), the Reserve Bank of India (RBI), has taken the following steps in the recent period:

(i) In September 2011, NRI have been allowed to open joint FCNR (B) / NRE Account with a resident close relative subject to certain conditions,

(ii) NRIs have been permitted to invest in IDFs set up as a Mutual Fund or Non-Banking Financial Company in India.

(iii) Since October 2011, FCNR(B) accounts have been permitted to be opened in any freely convertible currency;

(iv) Interest rates on NRE and Non-Resident Ordinary Rupee Account (NRO Account) have been deregulated since December 2011

(v) the ceiling rate of interest of FCNR(B) deposits were enhanced in May 2012