

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6053
ANSWERED ON:03.05.2013
EASING OF FUND TRANSFER NORMS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) proposes to ease the fund transfer norms for incorporation of companies by non-residents;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the likely impact of the proposed move on the current account deficit as well as overall economy of the country?

Answer

Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) Yes sir;

(b) Generally Non-residents investors are not well versed with the documentation / other requirement for registration of companies in India with Registrar of Companies and prefer appointing consultants who oversee the process of incorporation of companies and other formalities. Thereafter the shares are transferred to Non-residents. Such a practice often leads to violations of provisions of Foreign Exchange Management Act (FEMA). This matter was discussed and accordingly, RBI is in the process of finalizing a draft notification in consultation with the Government for facilitating process of registration of companies by Non-residents.

(c) It will have a positive impact on the economic scenario.