

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1724
ANSWERED ON:16.08.2013
TAXING INCOME OF FOREIGN INVESTORS
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Will the Minister of FINANCE be pleased to state:

- (a) whether General Anti Avoidance Rules have been included in the term of registration of Foreign Institutional Investors (FIIs) in the country and if so, the details thereof;
- (b) the status of implementation of the same till date and its impact in the market; and
- (c) the details of the role played by Reserve Bank of India in the matter?

Answer

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

(a) & (b): Foreign Institutional Investors (FIIs) investments in Indian securities market are governed primarily under SEBI (Foreign Institutional Investors) Regulations, 1995 and Foreign Exchange Management Act, 1999 and various circulars issued from time to time under these regulations by SEBI and RBI respectively.

The taxation framework including GAAR for FIIs is governed by Income tax Act which is administered by CBDT, Department of Revenue. Hence, GAAR provisions are not included in investment restrictions prescribed under SEBI FII Regulations.

(c): Reserve Bank of India frames the guidelines for the investment by FIIs in the debt and equity markets. RBI has granted general permission to SEBI Registered FIIs to invest in India under the Portfolio Investment Scheme (PIS) under regulation 5(2) of FEMA Notification No.20 dated May 3, 2000, as amended from time to time.