

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3043
ANSWERED ON:07.08.2015
Modifications in Foreign Exchange Regulations
Malyadri Shri Sriram

Will the Minister of FINANCE be pleased to state:

- (a) The details of remittances/private transfers by Indian workers abroad/nonresident Indians during each of the last three years and the current year, country-wise;
- (b) The steps taken by the Government to further enhance the flow of foreign remittances through this route to India;
- (c) Whether the Government has imposed service taxes on such remittances causing hardships to poor unskilled workers, I so, the details thereof and the reasons therefor; and
- (d) The action taken/proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) The details of remittances/private transfers by Indian workers abroad/Non-Resident Indian as recorded in India's balance of payments statistics are as follows

Table 1: Remittances (Private Transfers) received by India

Year	Gross	Net
2012-13	67,627	64,342
2013-14	69,638	65,481
2014-15	69,831	66,275

Country-wise information on remittances is not available, Survey based region-wise information on remittances/private transfers as provided by RBI is at Annex.

(b) To further enhance the flow of foreign remittances to India, it has been decided to amend the definition of Non Resident Indian as contained in the FDI policy, and also to provide that for the purposes of FDI policy, investment by NRIs under Schedule 4 of FEMA (Transfer or issue of Security by Persons Resident Outside India) Regulations will be deemed to be domestic investment at par with the investment made by residents. Further Non-resident Indians are allowed to subscribe, through banking channel and on non-repatriation basis, to chit funds, without limit subject to the conditions stipulated by the Reserve Bank of India. I

(c) Remittances being a transaction in money do not constitute "service" for the purpose of levy of service tax. Therefore, remittances per se do not attract service tax, Service tax would apply only to a taxable activity, if any, undertaken in the taxable territory, by a service provider in relations to such remittances.

(d) Does not arise in view of reply to (c) above.

Annex referred to in part (a) of Lok Sabha Unstarred Question No. 3193 to be answered on Friday, August 7, 2015

Region-wise Distribution of Private Transfer

Receipts in India

Period Gulf Countries North America South America Europe Africa East Asia Others Total

1 2 3 4 5 6 7 8 9

2009-10 16,431 15,934 2,197 10,446 1,731 2,250 4,647 53,636

2010-11 20,506 19,097 1,449 6,794 1,618 3,734 2,421 55,618

2011-12 24,382 22,706 1,723 8,078 1,923 4,440 2,878 66,129

2012-13 24,934 23,220 1,762 8,260 1,967 4,541 2,943 67,627