

# Info Capsule

## INVESTMENTS BY NRI's AS FDI AND IN STOCK CHANGES<sup>1</sup>

Non-Resident Indians (NRIs) can invest in India as per the following regulation of Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000 dated May 3, 2000 as amended from time to time:

- I. As per Regulations 5(1), NRIs may invest in shares/Compulsorily Convertible Preference Shares (CCPS)/ Compulsorily Convertible Debentures (CCDs)/warrants/ partly paid up shares of an Indian company under Foreign Direct Investment (FDI) Scheme, subject to the terms and conditions specified in Schedule 1.
- II. As per Regulations 5(3), a NRI may acquire securities or units on a Stock Exchange in India on repatriation basis under the Portfolio Investment Scheme, subject to the terms and conditions specified in Schedule 3.
- III. As per Regulations 5(3), a NRI may acquire securities or units on a non- repatriation basis, subject to the terms and conditions specified in Schedule 4.
- IV. As per Regulations 5(4), a NRI may purchase securities, other than those permitted in regulations 5(3), subject to the terms and conditions specified in Schedule 5.
- V. As per Regulations 5(7), a NRI may invest in exchange traded derivative contract, approved by SEBI from time to time out of INR funds held in India on non-repatriation basis, subject to the limits prescribed by SEBI.
- VI. As per Regulations 5(9), a NRI may contribute foreign capital either by way of capital contribution or by way of acquisition/ transfer of profit shares in the capital structure of an LLP under FDI, subject to the terms and conditions specified in Schedule 9.
- VII. As per Regulations 5(10), a NRI may acquire, purchase, hold, sell or transfer units of an Investment Vehicle, in the manner and subject to the terms and conditions specified in Schedule 11.

The investments made by NRIs as FDI and investments made by NRIs on stock exchange during the last three years and the current year are as under-

*(Amount in Rupees crore)*

Financial Year	Investment by NRIs as FDI	NRI investments in Stock Exchanges, India	
		Purchases	
2014-15	1054.11	12629.2	
2015-16	1675.95	13406.0	
2016-17	991.95	14889.3	
April- 2017	May 78.17	3420.75	
<b>Total</b>	<b>3799.59</b>	<b>44,345.25</b>	

<sup>1</sup> Available at: <http://pib.nic.in/newsite/erelease.aspx>

## **INSURANCE SCHEMES FOR UNORGANIZED SECTOR PERSONS/PEOPLE LIVING BELOW THE POVERTY LINE<sup>2</sup>**

The Social Security Scheme namely, Aam Aadmi Bima Yojana (AABY) caters to unorganised sector persons under 48 various vocational groups such as Beedi Workers, Brick Kiln Workers, Rickshaw Pullers/Auto Drivers etc. The scheme provides insurance cover of Rs.30,000/- on natural death, Rs.75,000/- on death due to accident, Rs.37,500/- for partial permanent disability due to accident and Rs.75,000/- for total permanent disability due to accident, to such persons in the age group of 18 to 59 years for a premium of Rs.200/-, of which Rs.100/- is paid by Government of India and the balance Rs.100/- is paid by State Governments/Nodal agencies/ individuals, as the case may be.

As part of Pradhan Mantri Jan Dhan Yojana (PMJDY), all the people in the age group of 18 to 59 years who opened Jan Dhan accounts between 15.08.2014 to 31.01.2015 were covered under free life insurance of Rs. 30,000/-. The premium is borne by the Central Government. Apart from the above, the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) are universal and affordable schemes available at a very low cost, to address the insurance of life and accidental risks. Further, Rashtriya Swasthya Bima Yojana (RSBY) provides health insurance cover to persons living below the poverty line.

## **RBI SETS UP SUPERVISORY COLLEGES FOR SIX SCHEDULED COMMERCIAL BANKS WHICH HAVE SIZEABLE INTERNATIONAL PRESENCE<sup>3</sup>**

Reserve Bank of India (RBI) has informed that Supervisory Colleges have been setup for the following six Scheduled Commercial Banks which have sizeable international presence:-

State Bank of India, ICICI Bank Ltd., Bank of India, Bank of Baroda, Axis Bank Ltd. and Punjab National Bank.

The objectives of the colleges are to enhance information exchange and cooperation among supervisors, to improve understanding of the risk profile of the banking group and thereby facilitate more effective supervision of internationally active banks.

## **FEATURES OF GST<sup>4</sup>**

Goods and Services Tax (GST) is intended to bring transparency and accountability in business transactions along with the ease of doing business and rationalization in tax rates and will not pave the way for financialization of the country.

The foremost benefit of GST is to remove hurdles in inter-State transactions resulting in the setting up of a common market. This makes 'one nation, one tax and one market' true in the country. Further, in case of inter-State supply, only integrated tax is to be levied while in intra-State supplies, central tax and State tax or Union territory tax is to be levied. Thus, the plethora of taxes being levied by the Centre and the States in the erstwhile regime has been replaced by simpler and more efficient taxation system.

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<sup>3</sup> Available at: <http://pib.nic.in/newsite/erelease.aspx>

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GST will promote business and development by making the taxation structure easy and by eliminating the numerous taxes. The GST laws have been framed in such a manner that a multitude of taxes have been replaced by one tax. The details of the taxes subsumed under GST are as under.

**(A) Taxes related to Centre:**

- Central Excise duty
- Duties of Excise (Medicinal and Toilet Preparations)
- Additional Duties of Excise (Goods of Special Importance)
- Additional Duties of Excise (Textiles and Textile Products)
- Additional Duties of Customs (commonly known as CVD)
- Special Additional Duty of Customs (SAD)
- Service Tax
- Central Surcharges and Cesses so far as they relate to supply of goods or services.

**(B) Taxes related to State**

- State VAT
- Central Sales Tax
- Luxury Tax
- Octroi and Entry Tax (all forms)
- Entertainment and Amusement Tax (except when levied by the local bodies)
- Taxes on advertisements
- Purchase Tax
- Taxes on lotteries, betting and gambling
- State Surcharges and Cesses so far as they relate to supply of goods or services.

GST will improve productivity and easiness of business as the entire nation has been converted into a single market by removal of hurdles to inter-State trade. Further, uniform tax rates along with reduction in the cascading effect of taxation and increased input tax credit utilization in GST would immensely benefit the nation. There is automation of all major business processes viz., registration, payment of tax, return filing, etc.

***Team ICSI***

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