

F.No. 10/5/ECB-2009
Ministry of Finance
Department of Economic Affairs
(Capital Markets Division)

North Block, New Delhi
19th November, 2009.

OFFICE ORDER

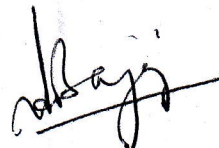
Sub: Working group on Foreign Investment in India.

With a view to rationalising the present arrangements relating to foreign portfolio investments by Foreign Institutional Investors (FIIs)/ Non Resident Indians (NRIs) and other foreign investments like Foreign Venture Capital Investor (FVCI) and Private Equity entities etc. it has been decided to set up a working group with the following composition:

1.	Shri U K Sinha, CMD, <u>UTI Asset Management</u> Company, Chairman
2.	Dr. K.P. Krishnan, Joint Secretary(CM), Member
3.	Shri Arbind Modi, JS(TPL) Member
4.	Shri Govind Mohan , JS(I&I) Member
5.	Shri K.N. Vaidyanathan , Executive Director, SEBI, Member
6.	Shri A.M. Bajaj, Dir(EM), Member
7.	Shri C.K.G. Nair, Dir(PM), Member
8.	Shri C.S. Mohapatra, Dir(SM), Member
9.	Shri P.K. Bagga, OSD (CM&I), Member
10.	Prof Ajay Shah, NIPFP-DEA research programme, Permanent Invitee
11.	Prof Ila Patnaik, NIPFP-DEA research programme, Permanent Invitee
12.	Shri Ravi Narain, Managing Director & CEO, NSEIL, Permanent Invitee
13.	Shri Bahram Vakil, Founder Director, AZB & Partners, Permanent Invitee
14.	Shri Bobby Parikh, Managing Partner, BMR Advisors, Permanent Invitee
15.	Shri Anand Pathak, Managing Partner, P&A Law Offices, Permanent Invitee
16.	Shri Somasekhar Sundaresan, J. Sagar Associates, Permanent Invitee

2. The Terms of Reference (TOR) of the working group will be as follows:

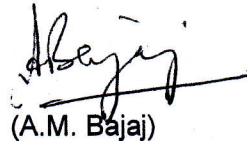
- i. To review the existing policy on foreign inflows, other than Foreign Direct Investment (FDI), such as foreign portfolio investments by Foreign Institutional Investors (FIIs)/ Non Resident Indians (NRIs) and other foreign investments like Foreign Venture Capital Investor (FVCI) and Private equity entities and suggesting rationalisation of the same with a view to encourage foreign investment and reducing policy hurdles in this regard while maintaining the Know Your Customer (KYC) requirements.
- ii. To identify challenges in meeting the financing needs of the Indian economy through the foreign investment. Foreign investment for this purpose to be understood broadly and can include investment in listed and unlisted equity, derivatives and debt including the markets for government bonds, corporate bonds and external commercial borrowings.
- iii. To study the arrangements relating to the use of Participatory Notes and suggest any change in the policy if required from KYC and other point of view.



- iv. To reexamine the rationale of taxation of transactions through the STT and stamp duty.
- v. To review the legal and regulatory framework of foreign investment in order to identify specific bottlenecks impeding the servicing of these financing needs.
- vi. To suggest specific short, medium and long term legal, regulatory and other policy changes in respect to foreign investment keeping in view of the suggestions expert committee reports such as the Committee on Fuller Capital Account Convertibility, the Committee on Financial Sector Reforms and the High Powered Expert Committee on Making Mumbai an International Financial Centre.
- vii. Any other matter the working group may consider relevant.

3. CM Division will provide administrative support to the Working Group. Expenditures as may be required for the activities/ meeting etc. of the working group shall be met by the National Institute of Public Finance and policy (NIPFP) out of the NIPFP-DEA research programme funds. The NIPFP-DEA research programme team will also provide appropriate research assistance to the working group.

4. The working group shall submit its report to Ministry of Finance within four months.



(A.M. Bajaj)

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1. Shri U K Sinha, CMD, UTI Asset Management Company, Chairman
2. Dr. K.P. Krishnan, JS(CM), Department of Economic Affairs
3. Shri Arbind Modi, JS(TPL)
4. Shri Govind Mohan , JS(I&I)
5. Shri K.N. Vaidyanathan , Executive Director, SEBI
6. Shri A.M. Bajaj, Dir(EM)
7. Shri C.K.G. Nair, Dir(PM)
8. Shri C.S. Mohapatra, Dir(SM)
9. Shri P.K. Bagga, OSD (CM&I)
10. Shri Ravi Narain, Chairman and Managing Director, National Stock Exchange of India
11. Prof Ajay Shah, NIPFP
12. Prof Ila Patnaik, NIPFP
13. Shri Bahram Vakil, Founder Director, AZB & Partners, Mumbai
14. Shri Bobby Parikh, Managing Partner, BMR Advisors, Mumbai
15. Shri Anand Pathak, Managing Partner, P&A Law Offices, New Delhi
16. Shri Somasekhar Sundaresan, J. Sagar Associates, New Delhi

Copy for information to:

- 1) Governor , RBI
- 2) FS
- 3) Chairman, SEBI
- 4) Director, NIPFP