

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:3912  
ANSWERED ON:13.12.2002  
FDI IN DOMESTIC MONEY TRANSFER  
DR. KIRIT SOMAIYA

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether the Government have taken the final decision in regard to allowing FDI in Domestic money transfer business;
- (b) if so, the details thereof;
- (c) whether the Western Union Financial Services International has started such business;
- (d) whether this company had entered into any MoU with Postal Department; and
- (e) if so, the details thereof alongwith the reasons for granting permission without having proper guidelines, regulatory authority and network?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) & (b) : In terms of the Indian Post Office Act, unlike the exclusive privilege for conveyance of `letters`, no exclusivity is conferred upon the Government involving money transfer. There is no statutory restriction for a private operator to enter the field of money transfer.

(c) to (e) : Western Union Financial Services International (WUFSI) was granted a foreign collaboration approval in December 2001, in consultation with the Department of Economic Affairs (who had consulted the Reserve Bank of India) and the Department of Posts for carrying out domestic money transfer activity subject to applicable regulatory framework and NBFC minimum capitalisation norms of US\$ 50.00 million for 100% FDI. Subsequently, in April 2002, RBI Mumbai has advised all companies who have applied to the Bank for permission to conduct the business of domestic money transfer, not to undertake the activity till the Bank takes a policy decision in this regard in the light of a case (Writ Petition) pending before the Hon`ble High Court of Madhya Pradesh. Accordingly, the Secretariat for Industrial Assistance (SIA) has directed Western Union Financial Services International not to undertake domestic money transfer activity till such time. As regards Western Union`s tie-up with the Department of Posts, it has been reported by the Department of Posts that they have an alliance with Western Union for International Money Transfer Services which imply only inward remittance of money into the country.