

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4021
ANSWERED ON:22.08.2003
MAURITIUS TREATY
VINAY KUMAR SORAKE

Will the Minister of FINANCE be pleased to state:

- (a) whether India's accord with Mauritius on Double-tax Avoidance is still in force;
- (b) if so, whether the Reserve Bank of India is keeping a vigil over inflow of funds from Mauritian OCBs (overseas Corporate Bodies) reported to be involved in the destabilisation of stock market operations in Indian bourses;
- (c) if so, whether it is fact that many of such OCBs from Mauritius have paid up capital of less than US \$ 100.00;
- (d) if so, whether many such OCBs manage to repatriate many times their investment on regular basis; and
- (e) if so, the details thereof and remedial measures taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) : Yes, Sir.

(b) to (e): As per the information supplied by the Reserve Bank of India (RBI), Overseas Corporate Bodies (OCBs) have been prohibited from making fresh purchases under Portfolio Investment Scheme (PIS) in India with effect from 29th November, 2001. RBI is monitoring the aggregate ceilings of overall investments by Non-resident Indians NRIs/OCBs (10% or 24% as applicable) as provided in the Portfolio Investment Scheme. RBI maintains data about the net investments made in Indian companies by the NRIs/OCBs under Portfolio Investment Scheme. RBI does not have information about OCBs from Mauritius having paid up capital of less than US \$ 100.00. However, in the sample study conducted by RBI in August, 2001, out of 471 OCBs 99 OCBs had paid up capital of USD 100 or less and 40 OCBs had paid up capital of USD 1 million or more. Country-wise inflow/outflow data in respect of OCBs is not compiled by RBI.