

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA UNSTARRED QUESTION NO. 1371**

TO BE ANSWERED ON MONDAY, 6<sup>th</sup> DECEMBER, 2021/ AGRAHAYANA 15, 1943 (SAKA)

**P –Notes**

**1371: SHRI THIRUMAAVALAVAN THOL:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the details of persons whose money is invested through P-Notes in India is available with the Government;
- (b) if so, the details thereof;
- (c) whether the Government's initiative of curbing Black Money, Money laundering will be defeated by the investments through P-Notes; and
- (d) if so; the measures taken to control the investment through P-Notes?

**ANSWER**

**MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)**

(a)&(b) The details of the holders of P-Notes/ Offshore Derivative Instruments (ODIs), as well as Beneficial Owners of holders of ODIs, identified in terms of Rule 9 of the Prevention of Money laundering (Maintenance of Records) Rules, 2005, are reported to SEBI on a monthly basis by ODI issuing Foreign Portfolio Investors (FPIs). Further, ODIs issuing FPIs are required to maintain with them at all times the KYC documents regarding ODI subscribers and make them available to SEBI on demand. The KYC requirement applicable for ODI subscribers is given below:

	<b>Document required</b>
<b>ODI Subscriber</b>	Constitutive Documents
	Proof of Address
	Board Resolution
<b>Beneficial Owner (BO) of ODI subscriber</b>	List
	Proof of Identity
	Proof of Address
<b>Senior Management (Whole Time Directors/ Partners/ Trustees etc.)</b>	List

(c)&(d) In order to ensure transparency SEBI has been constantly tightening norms for taking exposure in Indian Capital Markets through ODI/ PN route. The measures taken by SEBI include allowing only Category I FPIs to issue ODIs and only to persons eligible for registration as Category I FPIs, monthly reporting of details of holders and Beneficial Owners of holders of ODI by ODI issuing FPIs, monthly reporting of details of intermediate transfers during the month, reconfirmation of the ODI positions on a semi-annual basis, imposition of regulatory Fee of US\$1000, mandatory KYC for all ODI subscribers, filing of suspicious transaction with the Indian Financial Intelligence Unit by ODI issuing FPIs.

Further, the Income Tax Department takes appropriate steps against the persons indulging in various modes of tax evasion, including tax evasion through undisclosed investment through P-Notes. Such steps/ actions under the direct tax laws include, inter-alia, conducting search and seizure actions, surveys, summons, assessment and reassessment of income, levy of penalties and filing of prosecution complaints before criminal courts, wherever applicable.