

**MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

LOK SABHA
UNSTARRED QUESTION NO. 1114

TO BE ANSWERED ON JULY 22, 2016 / ASHADHA 31, 1938 (SAKA)

“Competitiveness of Indian Financial Sector”

QUESTION

1114: SHRI NANA PATOLE

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government appointed Standing Council of Experts to assess and make recommendations on global competitiveness of the Indian financial sector, has submitted its report, if so, the details thereof along with the main recommendations made by the Council;
- (b) whether the Government has accepted all recommendations of the panel;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the further steps taken by the Government in this regard and the likely benefits of these recommendations after their implementation?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)**

(a) Standing Council of Experts on Indian Financial Sector has submitted its first report recommending policy proposals for improving the international competitiveness of currency, equity and commodity derivatives markets of India. The main recommendations made by the Council are Annexed.

(b) & (C) The report has been circulated among all financial sector regulators and concerned Government agencies to examine and take necessary action.

(d) Improving the competitiveness of the Indian financial sector will drive Indian exchanges and Indian financial firms towards becoming more efficient in producing and delivering financial services. These productivity gains will feed back to all users of Indian finance, both domestic and foreign.

Annex referred to in part (a) of the Lok Sabha unstarred question no. 1114 to be answered on July 22, 2016

- (i) For foreign participants, eliminate the regulatory uncertainty regarding the Singapore and Mauritius tax treaties.
- (ii) Rationalize Know your customer (KYC) and compliance requirements for non-resident participants in line with Customer Due Diligence (CDD) requirements under Financial Action Task Force (FATF).
- (iii) Allow access to all foreign participants that meet the FATF CDD requirements.
- (iv) Eliminate the regulatory uncertainty about availing treaty benefits under the proposed General Anti Avoidance Rules (GAAR).
- (v) Remove regulatory constraints on banks and Mutual Funds to participate in commodity derivatives.
- (vi) Remove regulatory restrictions on domestic Financial Institutions's participation in equity derivatives.
- (vii) Devolve margins, position limits, trading time, product innovation etc. linked decisions to exchanges, with suitable monitoring by Securities and Exchange Board of India.
- (viii) Enhance regulatory capacity and resources at Forward Markets Commission (FMC)
- (ix) Focus on implementing Goods and Services Tax (GST)
- (x) Rationalise stamp duty by amending the Indian Stamp Act,
