

To further improve the Investment climate, there has been continuing and sustained effort to make the FDI Policy more liberal and investor-friendly under which FDI upto 100% is permitted under the automatic route in most sectors/activities. The release of the consolidated FDI Policy Circular periodically, the latest being effective from April 2012, provides the updated FDI Policy.

The Government has also set up 'Invest India', a joint venture company between the Department of Industrial Policy and Promotion and FICCI as a not-for-profit single window facilitator for prospective overseas investors and to act as a structured mechanism to attract investment.

**Types of accounts operated by overseas branches of Indian Banks**

\*272. SHRI RANGASAYEE RAMAKRISHNA: Will the Minister of FINANCE be pleased to state:

- (a) whether in the current context of the economy, Government attaches importance to remittances by overseas Indians;
- (b) if so, whether overseas branches of Indian banks are authorised to open and operate Non-Resident (Ordinary) Account (NRO) Non-Resident (External) Rupee Account (NRE) Non-Resident (Foreign Currency) Account (FCNR) accounts;
- (c) if not, the reasons therefor; and
- (d) the corrective steps, if any, under consideration for improving the situation?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The Government attaches importance to remittances, which play a key role in financing current account deficit (CAD). The private transfers (remittances) to India during 2011-12 amounted to US\$ 66.1 billion as compared to US\$ 55.6 billion in 2010-11. As per the latest World Bank data for 2011, India retained the number one position globally in attracting remittances.

(b) to (d) In terms of Regulation 5 of Notification No. FEMA 5/2000-RB dated May 3, 2000, an Authorised Dealer in India may accept deposit under Non-Resident (External) Rupee Account (NRE)/Non-Resident (Foreign Currency) Account (FCNR) (B) and Non-Resident (Ordinary) Account (NRO). As the rupee is not convertible on capital account, Indian Banks operating abroad are not allowed to maintain NRI deposits with them. FCNR (B) is also stipulated to be opened with Indian on-shore branches only in order to encourage foreign currency inflows into India. These

deposits otherwise would form part of local deposits of the respective offshore banks.

With a view to providing greater flexibility to banks in mobilizing non-resident deposits and also in view of the prevailing market conditions, the interest, rates on savings deposits and term deposits of maturity of one year and above under Non-Resident (External) Rupee (NRE) Deposit accounts and savings deposits under Ordinary Non-Resident (NRO) Accounts were deregulated w.e.f. December 16, 2011. However, interest rates offered by banks on NRE and NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits. The ceilings on interest rates on FCNR (B) deposits were raised w.e.f. May 4, 2012.

The Non-Resident Indian (NRI) deposit flows have increased from US\$ 3.2 billion in 2010-11 to US\$ 11.9 billion in 2011-12. The flows were US\$ 6.5 billion in the Q1 (April-June 2012) of current fiscal 2012-13 *vis-a-vis* US\$ 1.2 billion during the corresponding period in 2011-12.

#### **Development of International Law at grassroot level**

\*273. DR. E.M. SUDARSANA NATCHIAPPAN: Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether there is a need of developing International law at grassroot level, as the present International laws are touching every citizen with rights, duties and State obligations, implantable in the spirit of law through Union, State and Panchayati Raj and Nagar Palika Administration; and

(b) if so, whether the Indian Society of International Law (ISIL), an Institution developed by Pandit Jawaharlal Nehru and headed by then External Affairs Minister V.K. Krishna Menon would be involved in this effort by formulating clear road map to achieve the development of International Law by opening the Zonal Chapters in Mumbai, Chennai and Kolkata?

THE MINISTER OF EXTERNAL AFFAIRS (SHRI S.M. KRISHNA): (a) Yes, Sir. International law primarily governs relations between States. However, International Conventions, such as those on human rights, International trade and business and environment also touch upon rights and obligations of citizens and individuals as well as States. In India, wherever required, the provisions of such International Conventions are implemented by enacting appropriate domestic legislation, either by amending existing laws or adopting new laws.