



FIPB to be phased-out in the next fiscal, Bill to be tabled in Parliament soon to crack down on ponzy schemes High net worth NBFCs can now participate in IPOs at par with Banks and Insurance Companies

Computer Emergency Response Team for Financial Sector to be set up

Posted On: 01 FEB 2017 1:53PM by PIB Delhi

While presenting the General Budget 2017-18 in Lok Sabha here today, the Union Finance Minister, Shri Arun Jaitley proposed that the Foreign Investment Promotion Board (FIPB) will be phased-out in the next fiscal. Expressing concern over dubious deposit schemes, Shri Jaitley said that a Bill will soon be tabled in Parliament to protect the poor and gullible investors.

Stating that the Government has already undertaken substantive reforms in FDI policy in the last two years and more than 90% of the total FDI inflows are now through the automatic route, Shri Jaitley said that the FIPB has successfully implemented e-filing and online processing of FDI applications and now reached a stage where FIPB can be phased out. Therefore, FIPB will be abolished in 2017-18, he added.

Pointing out that there is an urgent need to protect the poor and gullible investors from dubious deposit schemes, operated by unscrupulous entities, the Finance Minister said that a draft bill to curtail the menace of illicit deposit schemes has been placed in the public domain and will be introduced in parliament shortly after its finalisation. This Act will be amended in consultation with various stakeholders, as part of our 'Clean India' agenda, he added.

Dealing with the markets, the Finance Minister proposed that high net worth NBFCs can also now participate in IPOs just like the banks and insurance companies. Shri Jaitley said he proposed to allow systemically important NBFCs regulated by RBI and above a certain net worth, to be categorised as Qualified Institutional Buyers (QIBs) by SEBI at par with the banks and insurance companies, making them eligible for participation in IPOs with specifically earmarked allocations. This will strengthen the IPO market and channelize more investments, he added.

Shri Jaitley said that a common application form for registration, opening of bank and demat accounts, and issue of PAN will be introduced for Foreign Portfolio Investors (FPIs). SEBI, RBI and CBDT will jointly put in place the necessary systems and procedures. This will greatly enhance operational flexibility and ease of access to Indian capital markets. The commodities and securities derivative markets will be further integrated by integrating the participants, brokers, and operational frameworks, he added.

In effort to improve the ease of doing business, the Finance Minister said the process of registration of financial market intermediaries like mutual funds, brokers, portfolio managers, etc. will be made fully online by SEBI. Steps will be taken for linking of individual demat accounts with Aadhar, he added.

To check bank NPAs and enhance capital flows into the securitisation industry, Shri Jaitley said that the listing and trading of Security Receipts issued by a securitisation company or a reconstruction company under the SARFAESI Act will be permitted in SEBI registered stock exchanges.

Stating that in the Financial Sector, the Government's focus is on building stable and stronger institutions, Shri Jaitley said this thrust will be continued with several new measures as part of the reforms agenda. Shri Jaitley said that the Cyber security is critical for safeguarding the integrity and stability of our financial sector and a Computer Emergency Response Team for our Financial Sector (CERT-Fin) will be established. This entity will work in close coordination with all Financial Sector Regulators and other stakeholders, he added.

DSM/PK/BK/GB 2017-18/Financial Sector 1

(Release ID: 1485432) Visitor Counter : 42

