

QFI route to foreign retail investment into Indian MFs: Issues

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Qualified foreign investors

- A channel to facilitate foreign investors – not institutional traders – to invest into India.
- Target audience: individuals, pension funds, insurance funds.
- Traditional paths: India dedicated funds abroad, PNs, multi-class shares.
- Now:
 - Open a demat account
 - Get UCRs against units held by an Indian custodian bank.

- Legal: what is the dispute resolution mechanism? Who has responsibility of this?
- Tax: residence vs. source based?
- Transactions costs of the Indian MF system; regulatory overlaps.
- Operationalisation hurdles within the current proposed framework – will these become insurmountable bottlenecks for QFIs?