

FREQUENTLY ASKED QUESTIONS (FAQs) ON BIS EXEMPTION

1. What is the Bank for International Settlements (BIS)?

Ans: The BIS is an international financial institution owned by central banks and serves as a forum for monetary and financial cooperation among central banks globally. It also acts as a banker and asset manager for central banks and international organizations.

2. What is BISIP?

Ans: BISIP refers to the BIS Investment Pool which is a suite of collective investment schemes and fixed-income products managed by the Bank for International Settlements (BIS). It is designed exclusively to help central banks and official monetary authorities globally manage their foreign exchange reserves, diversify their portfolios, and access specific asset classes.

3. What are the changes proposed in the present ordinance?

Ans: The following income of BIS are proposed to be exempted:

- Interest income earned from Government Securities; and
- Capital gains arising on transfer or redemption of Government Securities.

4. Would all income earned by BIS in India be eligible for exemption?

Ans: No. This exemption is restricted to income in the nature of interest and capital gains arising from investments in Government Securities through the specified INR-denominated investment pool and not to other BIS operations or income in India.

5. What is the current levels of investments from BIS in G-Secs?

Ans: Nil. BIS is yet to invest in India.

6. Are there other international entities like BIS which have similar exemption in the Act?

Ans Yes. Such entities are –

- (i) European Economic Community – Income by way of interest, dividend or capital gains from investment made;
- (ii) Central bank of any country – Interest income on deposits made with scheduled banks with RBI approval
- (iii) Nordic Investment bank (Multilateral financial institution) – Interest income on specified loans
- (iv) European Investment bank -- Interest income on specified loans

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