

**READY RECKONER
FOR NON-RESIDENT INDIANS (NRIs)
INVESTMENT**

**INVESTMENT PROMOTION & INFRASTRUCTURE DEVELOPMENT CELL
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION
MINISTRY OF COMMERCE & INDUSTRY
GOVERNMENT OF INDIA**

March, 2005

This Ready Reckoner for Non-resident Indians(NRIs) Investments is intended to provide information on investment opportunities at a glance, available to non-resident Indians(NRIs)/ Persons of Indian Origin(PIO)& does not purport to be a legal document. In case of any variance between what is stated in this Ready Rekoner and the provision contained in the relevant Act, Rules, Regulations, Policy statements etc, the latter shall prevail.

THE READY RECKONER

The Ready Reckoner has been designed to provide information at a glance on the various investment opportunities, which are available to Non-resident Indians (NRIs) & Persons of Indian Origin (PIOs). For further information, relevant guidelines and instructions of the Reserve Bank of India and other Government Department may be consulted.

March, 2005

WEBSITE

<http://dipp.nic.in>

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| <p style="text-align: center;">Non Resident Indians (NRIs)/Persons of Indian Origin (PIOs)</p> |
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Who is a Non Resident Indian (NRI)?

Non Resident Indian (NRI) means a person who has gone out of India or who stays outside India, in either case for or on taking up employment outside India, or for carrying on outside India a business or vocation outside India, or for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period. Simply, it means a person resident outside India who is a citizen of India or is a Person of Indian Origin.

Who is a Person of Indian Origin (PIO)?

1. For the purposes of availing of the facilities of opening and maintenance of bank accounts and investments in shares/securities in India,

Person of Indian Origin means any person:

- a) who at any time, held an Indian passport; or
- b) he/she or either of his/her parents or any of his /her grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955(57 of 1955) or
- c) the person is a spouse of an Indian citizen or a person referred to in clause (a) or (b) above.

2. For investments in immovable properties;

Person of Indian Origin means an individual (not being a citizen of Pakistan or Bangladesh or Afghanistan or Bhutan or Sri Lanka or Nepal or China or Iran):

- a) who at any time, held an Indian passport or
- b) who or either of whose father or whose grandfather was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955).

What are the facilities available to the OCBs?

Prior to 29.11.2001 and 16.9.2003, OCBs enjoyed the investment facilities available to NRIs . W.e.f 29.11.2001, OCBs have been prohibited from making investments under Portfolio Investment Scheme. OCBs have been de-recognized as a class of investor entity w.e.f. September, 16, 2003.

However, OCBs which had prior to Sept, 16, 2003 availed of investment facilities under various schemes have general permission-

- To continue to hold their existing investments in shares/convertible debentures/securities of Indian companies. Indian companies can allot bonus shares accruing to the OCBs.
- To continue to hold shares /convertible debentures purchased under portfolio Investment Scheme till such time they are sold on recognized stock exchange;
- To transfer, by way of sale, the shares/convertible debentures held (other than held under the Portfolio Investment Scheme) on recognized stock exchange;
- To transfer, byway of gift /sale, the shares/ convertible debentures held (other than held under the Portfolio Investment Scheme) in favour of a non-resident Indian (NRI) only;
- To transfer, byway of gift/sale , the shares/convertible debentures held (other than held under the portfolio Investment Scheme) in favour of a resident;
- To maintain existing NRE Term Deposit/Recurring Deposit/FCNR (B) Deposits till maturity;
- To continue to maintain NRO (Current) Account, OCBs not maintaining NRO (current) Account may open the same with ;the specific approval of RBI.

OCBs which had prior to September 16, 2003 availed of investment facilities under various schemes are not permitted to make fresh investment in Indian companies after September 16, 2003. However, such of those which are incorporated in the host country and are not under adverse notice of RBI may be considered, for undertaking fresh investments, as incorporated non-resident entities by RBI/Government on case-by-case basis.

OCBs which had prior to September 16, 2003 not availed of investment facilities under any of the schemes are permitted to make investment in India as per FDI policy of the Government of India as incorporated non-resident entities.

What are the various facilities available to NRIs?

NRIs are granted the following facilities:

1. Maintenance of bank accounts in India.
2. Investment in securities/shares of, and deposits with Indian firms/companies.
3. Investments in immovable properties in India.

BANK ACCOUNTS

NRIs/PIOs are permitted to open bank accounts in India out of funds remitted from abroad, foreign exchange brought in from abroad or out of funds legitimately due to them in India, with Authorised Dealer.

Such accounts can be opened with banks specially authorised by the Reserve Bank in this behalf [Authorised Dealer (AD)].

There are three types of non-resident accounts:

RUPEE ACCOUNTS

1) Non-Resident (External) Rupee Accounts (NRE Accounts)

NRIs and PIOs, are eligible to open NRE Accounts. These are rupee denominated accounts. Accounts can be in the form of savings, current, recurring or fixed deposit accounts. Accounts can be opened by remittance of funds in free foreign exchange. Foreign exchange brought in legally, repatriable incomes of the account holder, etc. can be credited to the account. Joint operation with other NRIs/PIOs is permitted. Power of attorney can be granted to residents for operation of accounts for limited purposes.

The deposits can be used for all legitimate purposes. The balance in the account is freely repatriable. Interest lying to the credit of NRE accounts is exempt from tax in the hands of the NRI.

Funds held in NRE accounts may be freely transferred to Foreign Currency Non Resident (FCNR) accounts of the same account holder. Likewise, funds held in FCNR accounts may be transferred to NRE accounts of the same account holders.

2) Ordinary Non-Resident Rupee Accounts (NRO Accounts)

These are Rupee denominated non-repatriable accounts and can be in the form of savings, current, recurring or fixed deposits. These accounts can be opened jointly with residents in India. When an Indian National/PIO resident in India leaves for taking up employment, etc. outside the country, other than Nepal or Bhutan his bank account in India gets designated as NRO account.

The deposits can be used to make all legitimate payments in rupees. Interest income, from NRO accounts is taxable. Interest income, net of taxes is repatriable. Authorised Dealers may allow remittances up to US \$ 1 million, per calendar year, out of balances held in NRO account for any bonafide purpose.

FOREIGN CURRENCY ACCOUNTS

3) Foreign Currency Non Resident (Banks) Accounts (FCNR (B) Accounts)

NRIs/PIOs are permitted to open such accounts in US Dollars, Sterling Pounds, Japanese Yen and Euro. The account may be opened only in the form of term deposit for any of the three maturity periods viz; (a) one year and above but less than two years (ii) two years and above but less than three years and (iii) three years only.

Interest income is tax free in the hands of NRI until he maintains a non-resident status or a resident but not ordinarily resident status under the Indian tax laws.

FCNR(B) accounts can also be utilised for local disbursements including payment for exports from India, repatriation of funds abroad and for making investments in India, as per foreign investment guidelines.

GENERAL PERMISSIONS

Reserve Bank has granted general permission to NRIs/PIOs, for undertaking direct investments in Indian companies, under the Automatic Route, purchase of shares under Portfolio Investment Scheme, investment in companies and proprietorship/partnership concerns on non-repatriation basis and for remittances of current income. NRIs/PIOs do not have to seek specific permission for approved activities under these schemes.

The Reserve Bank of India has now further simplified financial transactions by NRIs/PIOs by granting general permissions to:

1. To resident individuals, partnership/proprietorship concerns to avail of interest bearing rupee loans from NRIs/PIOs out of funds remitted by them from abroad or out of funds held in their bank accounts in India, on non-repatriation basis, subject to certain conditions; one of them being that the rate of interest on such loans should not exceed Bank Rate plus two percentage points.
2. NRIs/PIOs to transfer by way of gift shares held by them in Indian companies and to transfer by way of gift immovable property held by them in India subject to compliance with other applicable rules/regulations including the provisions of Foreign Contribution Regulations Act, 1976 by the charitable trust/organisation concerned.
3. All domestic public/private sector mutual funds for issue of Units to NRIs/PIOs on both repatriation as well as non-repatriation basis.
4. NRIs/PIOs to place deposits with Indian firms, on non-repatriation basis and with Indian companies including Non-banking financial companies on non-repatriation basis out of domestic sources.
5. NRIs/PIOs for sale of shares acquired under direct investment Schemes on stock exchanges in India.
6. NRIs /PIOs for transfer of shares, by way of sale under private arrangement to another NRI or to a resident.

NRIs/PIOs have been granted General Permission to invest in Government Securities and Treasury Bills.

Taking into account the facilities that are already available, and the above new measures, NRIs/PIOs will not have to seek specific permission of the Reserve Bank for a whole variety of approved financial/investment transactions. This should considerably reduce paper work and time taken for undertaking such transactions.

After the above changes come into effect, the areas in which facilities available to NRIs/PIOs will be the same as available to domestic residents except relating to investment by NRIs/PIOs in real estate/agriculture and plantation business, Chit Funds, Nidhis or Print Media.

DIRECT INVESTMENT OPPORTUNITIES

NRIs can invest in India as under:

1. Investment under Automatic Route with repatriation benefits
2. Investment with Government approval
3. Other investments with repatriation benefits
4. Investments upto 100% equity without repatriation benefits
5. Other investments by NRIs without repatriation benefits.

1 AUTOMATIC ROUTE OF RBI WITH REPATRIATION BENEFITS

NRIs can invest in shares/convertible debentures of Indian companies under the Automatic Route without obtaining Government or RBI permission except for a few sectors where FIPB permission is necessary, or where the investment can be made only upto a certain percentage of paid up capital.

For full details of the Automatic Route, investors may see the website of Department of Industrial Policy & Promotion (<http://dipp.nic.in>)

2 INVESTMENT WITH GOVERNMENT APPROVAL

Investments not eligible under the Automatic Route, are considered by the Foreign Investment Promotion Board (FIPB), a high Powered inter-ministerial body under the chairmanship of Secretary, Department of Economic Affairs, subject to sectoral limits/norms. These investments also enjoy full repatriation benefits.

3 OTHER INVESTMENTS WITH REPATRIATION BENEFITS

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| 1. | Investment in units of domestic mutual funds | NRIs are permitted to invest in the securities with repatriation benefits. |
| 2. | Investment in bonds issued by public sector undertakings | |
| 3. | Purchase of shares of public sector enterprises being disinvested by GOI. | |
| 4. | Investment in government dated securities (other than bearer securities) or Treasury Bills | |

4 INVESTMENT UPTO 100% EQUITY WITHOUT REPATRIATION BENEFITS

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| 1. | Capital contribution to any proprietary or partnership concern | NRIs can invest by way of capital contribution in any proprietary or partnership concern in India provided the firm or the proprietary concern is not engaged in any agricultural/plantation activities or real estate business or print media on non-repatriation basis subject to certain conditions. |
| 2. | New issues of shares/debentures of Indians companies | NRIs has been granted general permission to subscribe to the shares/convertible debentures of an Indian company on non-repatriation basis, and to an Indian company to issue shares or convertible debentures by way of new/rights/bonus issue to NRIs on non-repatriation basis provided that the investee company is not engaged in agricultural/plantation activities or real estate business (excluding real estate development i.e., development of property or construction of houses) or chit fund or is not a Nidhi company. |

5 OTHER INVESTMENTS BY NRIs WITHOUT REPATRIATION BENEFITS

- (i) Investment in Non Convertible Debentures
- (ii) Money Market Mutual Funds
- (iii) Deposits with companies
- (iv) Commercial Papers

PORTFOLIO INVESTMENT (PI)

NRIs are permitted to make portfolio investment in shares/debentures (convertible and non-convertible) of Indian companies (except print media sector), with or without repatriation benefit provided the purchase is made through a stock exchange and also through designated branch of an authorised dealer. NRIs are required to designate only one branch authorised by Reserve Bank for this purpose.

GENERAL CONDITIONS FOR PURCHASE WITH REPATRIATION OR NON-REPATRIATION RIGHTS

- Investment in equity shares and convertible debentures is permitted subject to an overall ceiling of (a) 10 per cent of the total paid-up equity capital of the company concerned; and (b) 10 per cent of the total paid-up value of each series of the convertible debentures issued by the company concerned for all NRIs taken together both on repatriation and on non-repatriation basis.
- The purchase of shares and debentures under the scheme is required to be made at the ruling market price.
- Indian companies listed on recognised stock exchanges in India are however permitted to allow NRIs to acquire shares/debentures up to 24% instead of the 10% limit after a resolution in General Body and necessary information to RBI.

INVESTMENT ON NON-REPATRIATION BASIS

NRIs intending to invest on non-repatriation basis should submit the application to a designated branch of an Authorised Dealer (AD). The AD will grant general permission to purchase shares/debentures to NRI subject to the condition that the payment for such investment is received through inward remittance or from the investor's NRE/FCNR/NRO Account.

Securities acquired by NRIs under PI scheme on a non-repatriation basis can be sold without any permission on the floor of a stock exchange.

Dividend and interest income is fully repatriable.

INVESTMENT ON REPATRIATION BASIS

NRIs intending to invest with repatriation benefits should submit the application to the designated branch of AD. The AD will grant to NRI permission for purchase of shares/debentures subject to the conditions that -

- The payment is received through an inward remittance in foreign exchange or by debit to the investor's NRE/FCNR account.
- Investment made by any single NRI investor in equity/preference shares and convertible debentures of any listed Indian company does not exceed 5% of its total paid-up equity or preference capital or 5% of the total paid-up value of each series of convertible debentures issued by it.
- NRIs take delivery of the shares/convertible debentures purchased and give delivery of the shares/convertible debentures sold under the Scheme.

NRIs can freely sell securities acquired by them with repatriation benefits, without any permission, through a stock exchange. Dividend and interest income is also fully repatriable.

INVESTMENT IN THE UNITS OF DOMESTIC MUTUAL FUNDS ON NON-REPATRIATION/REPATRIATION BASIS

Same procedure as indicated in paragraphs for Investment on Non-Repatriation Basis and Repatriation Basis above is applicable. However, approvals already granted for portfolio investment in shares/debentures of Indian companies will also be valid for purchase of units of domestic mutual funds.

INVESTMENT IN PRINT MEDIA SECTOR

The following FDI participation (including NRI/PIO) in Indian entities publishing News Papers and periodicals is permitted:

- (i) FDI upto 74% in publishing scientific/technical and speciality magazines/periodicals/journals; and
- (ii) FDI upto 26% in publishing News Papers and Periodicals dealing in News and Current Affairs subject to verification of antecedents of foreign investor, keeping editorial and management control in the hands of resident Indians and ensuring against dispersal of Indian equity.

INVESTMENT IN REAL ESTATE

1. All persons, whether resident in India or outside India, who are citizens of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan, require prior permission of Reserve Bank for acquiring or transferring any immovable property in India.
2. A person resident outside India, who has been permitted by Reserve Bank to establish a branch, or office, or place of business in India (excluding a Liaison Office), has general permission of Reserve Bank to acquire immovable property in India, which is necessary for, or incidental to, the activity. However, in such cases a declaration, in prescribed form (IPI), is required to be filed with the Reserve Bank, within 90 days of the acquisition of immovable property.
3. An Indian citizen resident outside India does not require any permission to acquire any immovable property in India other than agricultural/plantation property or a farm house.
4. An Indian citizen resident outside India does not require any permission to transfer any immovable property, to a citizen of India who is resident in India.
5. An Indian citizen resident outside India does not require any permission to transfer any immovable property other than agricultural or plantation property or farm house, to a person who:-
 - a) is a citizen of India resident outside India, or
 - b) is a person of Indian origin resident outside India
6. A person of Indian origin resident outside India does not require any permission to acquire any immovable property other than agricultural land/farm house/plantation property in India by purchase, from out of funds:
 - i) received in India by way of inward remittance through banking channel from any place outside India, or
 - ii) held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank under the Act.
7. A person of Indian origin resident outside India does not require any permission to acquire any immovable property in India other than agricultural land/farm house/plantation property by way of gift from a person resident in India or from a person resident outside India who is a citizen of India or from a person of India origin resident outside India.
8. A person of Indian origin resident outside India does not require any permission

- to acquire any immovable property in India by way of inheritance from a person resident outside India who had acquired such property in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of these Regulations or from a person resident in India.
9. A person of Indian origin resident outside India does not require any permission to transfer any immovable property in India other than agricultural land/farm house/plantation property, by way of sale to a person resident in India.
 10. A person of Indian origin resident outside India does not require any permission to transfer agricultural land/farm house/plantation property in India, by way of gift or sale to a person resident in India who is a citizen of India.
 11. A person of Indian origin resident outside India does not require any permission to transfer residential or commercial property in India by way of gift to a person resident in India or to person resident outside India who is a citizen of India or to a person of India origin resident outside India.
 12. Repatriation outside India, including credit to RFC, NRE or FCNR account, of sale proceeds of any immovable property situated in India, requires prior permission of the Reserve Bank except in circumstances stated in paragraph 13 below.
 13. In the event of sale of immovable property, other than agricultural land/farm house/plantation property in India by a person resident outside India, who is a citizen of India, or a person of Indian origin, the Authorised Dealer may allow repatriation of the sale proceeds outside India, provided all the following conditions are satisfied:-
 - (i) the immovable property was acquired by the seller in accordance with the provisions of the Exchange Control Rules/Regulations/Law in force at the time of acquisition, or the provisions of the Regulations framed under the Foreign Exchange Management Act, 1999;
 - (ii) the amount to be repatriated does not exceed
 - a) the amount paid for acquisition of the immovable property in foreign exchange received through normal banking channels or out of funds held in foreign currency non-resident account or
 - b) the foreign currency equivalent, as on the date of payment, of the amount paid where such payment was made from the funds held in non-resident external account for acquisition of the property; and
 - (iii) in the case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties.
 14. All requests for acquisition of agricultural land/plantation/property/farm house by any person resident outside India or foreign nationals may be made to the Chief General Manager, Reserve Bank of India, Central Office, Foreign Exchange Department, Foreign Investment Division , Mumbai – 400 001.

15. The NRIs/PIOs can freely rent out their immovable property in India without seeking any permission from the Reserve Bank. The rental income being a current account transaction is freely repatriable outside India.

Notes:

For the purposes of transactions, i.e., transfer, sale, purchase, etc., dealing with immovable property in India, a person of Indian origin is defined as under:

“an individual (not being a citizen of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Nepal or Bhutan),

- i) who at any time, held Indian passport; or
- ii) who or either of whose father or whose grandfather was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955).”

PIO CARD SCHEME

The Government of India has revised the PIO Card Scheme, which was launched in 1999, aimed at making the journey back to your roots, simpler, easier, flexible and absolutely hassle free. The PIO Card will entitle you to a set of privileges. The Government has launched a comprehensive Scheme for the Person of Indian Origin-called the 'PIO Card Scheme'. Under this Scheme, Persons of Indian Origin up to the fourth generation (great grand parents) settled throughout the world, including a spouse of a citizen of India except for a few specified countries, would be eligible. The Card would be issued to eligible applicants through the concerned Indian Embassies/High Commissions/Consulates and for those staying in India on a long term visa, the concerned Foreigners Regional Registration Officer (Delhi, Mumbai, Kolkata, Chennai and Amritsar and also from the Ministry of Home Affairs, Foreigners Division, Lok Nayak Bhawan, Khan Market, New Delhi-110 003) would do the same. The fee for the card, which will have a validity of 15 years, would be Rs.15,000/- (or its equivalent in local foreign currency of the country concerned).

WHO IS ELIGIBLE?

Any person:

- who at any time held an Indian Passport; or
- he/she or either of his/her parents or grand parents or great grand parents was born in an permanently resident in India as defined in the Government of India Act, 1935 and other territories that became part of India thereafter provided neither was at any time a citizen of any country as may be specified by Central Government from time to time; or
- who is a spouse of a citizen of India or a Person of Indian Origin as mentioned above.

The scheme is broad-based, covers up to four generations and also the foreign spouse of a citizen of India or a PIO.

WHAT BENEFITS ACCRUE TO A PIO CARD HOLDER?

- No visa required for visiting India.
- No separate "Student Visa" or "Employment Visa" required for admissions in Colleges/Institutions or for taking up employment respectively.
- A PIO Card holder will be exempt from the requirement of registration if his stay on any single visit in India does not exceed 180 days.
- In the event of continuous stay in India of the PIO Card holder exceeding 180 days, he/she shall have to get himself/herself registered within 30 days of the expiry of 180 days with the concerned Foreigners Regional Registration Officer/Foreigners Registration Officer
- Parity with non-resident Indians in respect of facilities available to the latter in economic, financial and educational field.

- All PIOs including PIO Card holders shall enjoy parity with NRIs in respect of all facilities in the matter of acquisition, holding, transfer and disposal of immovable properties in India except in matters relating to the acquisition of agricultural/plantation properties. No parity shall be allowed in the sphere of political rights.
- Facilities available to children of NRIs for getting admission to educational institutions in India including medical colleges, engineering colleges, Institute of Technology, Institute of Management, etc. under the general categories.
- Admission to PIO Card holders in educational institutions on the strength of the PIO Card-separate visa not required.
- Facilities available under the various housing scheme of LIC, State Government and other Government Agencies.
- Special counters at the immigration check posts for speedy clearance.

HOW TO APPLY?

An application for issue/renewal of a PIO Card shall be made in the prescribed form and shall be accompanied by documentary evidence to show that the applicant is a person of Indian origin as defined. Prescribed application form can be obtained from the office of Indian Embassies abroad, Foreign Regional Registration Officer, Delhi/Mumbai/Kolkata/Chennai/ Amritsar and also from the Ministry of Home Affairs, Foreigners Division, Lok Nayak Bhawan, Khan Market, New Delhi-110 003. This form can also be downloaded from Website: <http://mha.nic.in/>. Photocopies of the application form can also be used.

WHERE TO APPLY FOR THE PIO CARD?

(i) An application for issue of a PIO Card shall be made to an Indian Mission in the country where the applicant is ordinarily resident.

(ii) Applications already in India on Long Term Visa (more than one year) shall make the application for issue of a PIO Card to the following authorities:

(A) Those residing in:

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|-------------|---|
| (a) Delhi | Foreigners Regional Registration Officer, Level –II, East Block VIII, R.K. Puram Sector – I, New Delhi. Telefax: 011-26102622 |
| (b) Mumbai | Foreigners Regional Registration Officer, Annexe – II, Commissioner of Police, Craw Ford Market, Mumbai – 400001. Tel: 022-2621169 |
| (c) Kolkata | Foreigners Regional Registration Officer, 237, Acharya Jagdish Chandra Bose Road, Kolkata – 700020. Tel: 033-2470549 |

- (d) Amritsar Additional Deputy Director,
Bureau of Immigration ,
B/123 Ranjeet Avenue, Amritsar.
Tel: 0183-58250
- (e) Chennai Chief Immigration Officer,
Bureau of Immigration, Shastri Bhavan Annexe,
No. 26, Haddows Road, Chennai – 600006.
Tel: 044-28240338

Those residing in areas other than (A) above:

Joint Secretary (Foreigners),
Ministry of Home Affairs,
1st floor, Lok Nayak Bhavan,
Khan Market, New Delhi – 110003.
Tel: 24693334

WHAT IS THE VALIDITY OF THE PIO CARD?

A PIO Card shall be valid for a period of fifteen years from the date of issue, subject to the validity of the passport of the applicant.

WHAT IS THE FEE PAYABLE FOR OBTAINING THE PIO CARD?

The fee for a PIO Card would be Rs. 15000/- (or its equivalent in local foreign currency of the country concerned), payable alongwith the application. PIO Card to children upto the age of 18 years will be issued at a fee of Rs. 7,500/- (or its equivalent in local foreign currency of the country concerned) for a fifteen year card.

Mode of payment of fee:

The prescribed fee shall be paid by way of a Demand Draft drawn in favour of the Indian Mission Concerned/FRRO, Delhi, Mumbai, Kolkata, Amritsar and Chennai, where the application for issue of PIO-Card is required to be submitted. Applications required to be submitted to Joint Secretary, (foreigners), Ministry of Home Affairs, 1st Floor, Lok Nayak Bhawan, Khan Market, N. Delhi 110003, shall be accompanied with a Bank Draft of the required amount drawn in favour of FRRO, Delhi.

WHAT WILL BE THE STATUS OF PIO CARDS ISSUED EARLIER AS PER PIO CARD SCHEME (1999)?

PIO Cards issued earlier for US \$ 1000 will continue to remain valid and no refund shall be admissible. However, the validity of such cards shall be extendable by 10 more years without charging any fee.

WHO ARE ELIGIBLE FOR ISSUE OF GRATIS PIO CARD?

Gratis PIO Card may be issued to an exceptionally eminent person of Indian Origin who plays an important role in building bridges between India and the country of his/her adoption, if he/she expresses a desire to obtain the PIO Card.

Acquisition of Duplicate PIO Card in case of loss etc:

On a request supported by FIR and other documents, a duplicate PIO card shall be issued on depositing a fee of US \$ 100. Duplicate PIO cards will be issued by the same office that issued the original one.

For more details please get in touch with:

Any Indian High Commission/Embassy or Consulate

or

The Ministry of Home Affairs

Foreigners Divisions

Lok Nayak Bhawan, New Delhi 110003

Phone: 91-11-269 3334 Fax: 91-11-2462 1543, 2 461 1430

Telex: 231-66724

Website: <http://mha.nic.in/>

FACILITATION AGENCIES

The main regulatory and facilitation agencies involved in the matters related to NRIs investment are Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Authority for Advance Rulings (AAR), Secretariat for Industrial Assistance (SIA), Ministry of Commerce & Industry; and Office of the Chief Commissioner (Investments & NRIs). Briefly their areas of activities are as under:

RESERVE BANK OF INDIA (RBI)

Reserve Bank of India regulates the investment by persons resident outside India. In order to simplify the regulations and procedures they issue 'general permission' from time to time so that no specific permission are required for the activities covered under the 'general permission'. The specific permission as required under Foreign Exchange Regulations are granted by Foreign Investment Division, Foreign Exchange Department or the concerned Regional office of RBI depending upon the nature of permission required. The permissions are granted in a time bound manner. RBI maintains a comprehensive Website with latest updates, notifications, forms at www.rbi.org.in.

The RBI has introduced the Banking Ombudsman Scheme since 1995 to provide a mechanism for redressal of grievances relating to customer services offered by Indian Banks. Ombudsmen have been appointed to receive complaints relating to provision of banking services, including complaints from NRIs having accounts in India in relation to their remittances from abroad and other bank related matters.

Securities and Exchange Board of India (SEBI)

The Overseas Investor Cell of SEBI provides answers to queries on registration procedures, formalities and other investment related issues pertaining to SEBI to all overseas investors including NRIs through its website at www.sebi.gov.in/.

Authority for Advance Rulings (AAR) for Income Tax

The Authority for Advance Rulings enables non-residents to obtain, in advance, a binding ruling on the issues that could arise in determining their Income Tax liabilities. Therefore, time consuming and expensive legal disputes can, thus, be avoided. The Authority is empowered to determine any question of law or of fact as specified in the application made before it in respect of a transaction, which has been undertaken or is proposed to be undertaken, by a non-resident.

The ruling pronounced by the Authority is binding only on the applicant who sought it, in respect of transaction in relation to which the ruling had been sought; and on the commissioner and the income tax authorities subordinate to him, in respect of the applicant and the said transaction.

Any Non Resident person, company, firm, association of persons or other body corporate, can make an application for seeking an advance ruling.

The applicant is entitled to represent his case before the Authority either personally or through an authorised representative.

Authority for Advance Rulings (AAR) for Customs and Central Excise

The Scheme of Advance Rulings allows a non-resident investor setting up a joint venture in India in collaboration with a non-resident or a resident, or a resident setting up a joint venture in India in collaboration with a non-resident to seek, in advance, a ruling from the Authority for Advance Rulings. Advance ruling are in respect of, classification of goods under the Customs Tariff Act, 1975 and the Central Excise Tariff Act, 1985, principles of valuation under the Customs Act, 1962 and the Central Excise Act, 1944 and on applicability of duty exemption notification issued under Section 25 of the Customs Act and Section 5A of the Central Excise Act. These rulings would indicate, in advance, the duty liability in respect of an 'activity', viz., import, export, production or manufacture of goods proposed to be undertaken by the joint venture. Advance Ruling is statutorily required to be delivered by the Authority within ninety days.

Advance rulings would facilitate foreign investors by enabling them to have certainty as regards their indirect tax duty liability for a proposed venture in India. Certainty in indirect tax liability is an important pre-requisite to take a decision on FDI. Significantly, advance rulings pronounced by the Authority are binding on the concerned revenue authorities and are also not appealable by the department or the applicant under Customs & Central Excise law. The Authority is a high level quasi-judicial body to be headed by a retired judge of the Supreme Court and two Members of Additional Secretary level, experts in technical and legal matters.

The process of seeking a ruling is very simple, inexpensive, expeditious and transparent. All accepted judicial norms are followed before a ruling is given.

Secretariat for Industrial Assistance (SIA)

SIA has been set up by the Government of India in the Department of Industrial Policy and Promotion in the Ministry of Commerce & Industry to provide a single window for entrepreneurial assistance, investor facilitation, receiving and processing all applications which require Government approval, conveying Govt. decisions on applications filed, assisting entrepreneurs and investors in setting up projects, (including liaison with other organisations and State Govt.) and in monitoring implementation of projects. For details refer website at <http://dipp.nic.in>.

Foreign Investment Implementation Authority (FIIA)

Foreign Investment Implementation Authority (FIIA) was established in Department of Industrial Policy & Promotion, Ministry of Commerce & Industry on 09.08.1999, to assist the foreign investors in getting necessary approvals and thereby facilitating quick

translation of Foreign Direct Investment (FDI) approvals into implementation.

Fast Track Committees have been set up in 30 Ministries/Departments for regular review of FDI mega projects (with proposed investment of Rs.1 billion and above), and resolution of any difficulties in consultation with the concerned Ministries/State Governments. Unresolved issues are brought before FIIA. Details of the Fast Track Committees set up in various Ministries/Departments and the online proforma for making reference to FIIA for sorting out the operational problems in the implementation of FDI approvals, is available at the website <http://dipp.nic.in>.

RBI FORMS

NRIs/PIOs do not have to seek specific permission for approved activities covered under 'General Permission' schemes. The activities relating to NRIs/PIOs not covered under those schemes either require declaration to RBI or permission from RBI. The activities requiring Declaration/Permission along with corresponding forms are as under:

| | |
|-------|---|
| FCTRS | Transfer of Shares/Debentures by Non-residents to Residents and by Residents to Non-residents |
| FNC 1 | Permission to establish a branch office in India by an Overseas Company, establishing a Representative Office by Overseas Company for Liaison Activities, to open a Project/Site Office in India. |
| IPI | Company/Individual (declaration) acquiring property |

ABBREVIATIONS

| | |
|------------------|--|
| AAR | Authority Advance Rulings |
| ADs | Authorised Dealers |
| ADRs | American Depository Receipts |
| ECB | External Commercial Borrowings |
| FCCB | Foreign Currency Convertible Bond |
| FCNR (B) Account | Foreign Currency (Non-Resident) Accounts (Banks) |
| FEMA | Foreign Exchange Management Act |
| FII | Foreign Institutional Investors |
| FIIA | Foreign Investment Implementation Authority |
| FIPB | Foreign Investment Promotion Board |
| GDR | Global Depository Receipt |
| IPO | Initial Public Offer |
| NRE Account | Non-Resident (External) Rupee Accounts |
| NRIs | Non Resident Indians |
| NRO Account | Ordinary Non-Resident Rupee Accounts |
| OCBs | Overseas Corporate Bodies |
| PI | Portfolio Investments |
| PIO | Person of Indian Origin |
| QIB | Qualified Institutional Buyer |
| QII | Qualified Institutional Investor |
| SIA | Secretariat for Industrial Assistance |
| TCC | Tax Clearance Certificate |

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