CHAPTER SEVEN

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CHAPTER 7

FACILITIES FOR NRIs RETURNING HOME

7.1 Special import facilities

With a view to encouraging Indian Scientists, Technologists and Engineers working abroad to return to India and use their experience and skill for the industrial and technological development of the country by setting up new industrial units or participating in the expansion or diversification of existing industrial units, the Government of India have announced certain special schemes. These are:

7.1.1 Import of Capital Goods

i) Import of new capital goods listed in Appendix I, Part B of the Import-Export Policy for the period April 1988 - March 1991, as well as import of second hand machinery in respect of these items will be allowed under Open General Licence (OGL) without any value limit. Capital goods other than those in the restricted list will be allowed to be imported under OGL upto a value of Rs.35 lacs (landed cost) for the purpose of setting up an industrial unit. Where the import exceeds Rs.35 lacs the application for import should be made to the Special Approvals Committee (NRI) Ministry of Industry, New Delhi 110 001. The licence will be issued by the Chief Controller of Imports and Exports (CCIE).
ii) Import of any other second-hand machinery except paper mill and cigarette machinery will also be considered liberally and permitted on merits, provided such machinery has a residual life of at least five years and is not more than seven years old.

iii) Import of generating set of above 500 KVA rating, purchased out of the NRI's own foreign exchange earnings and resources abroad may also be allowed.

iv) Import of computer system, new or old, may be permitted in cases where the NRI has been using it abroad for at least one year before returning to India provided its CIF value is not more than Rs. 10 lacs or where the computer is an integral built-in part of the equipment being allowed for import.

v) Office equipment and furniture of a total CIF value not exceeding Rs. 1 lac and used by the NRI abroad may be imported if these are required for use in the NRI's industry in India.

vi) Import of new or second-hand professional equipment purchased out of the NRI's own foreign exchange earnings and resources abroad and used by him for at least one year may be permitted; if such equipment has not been used for at least one year its import will be restricted to Rs. 1 lac in value (CIF).

vii) Cement purchased by the NRI abroad and required for construction of factory building in India may be brought.
The following may be noted in this connection:

a) the NRI may be allowed the benefit of concessional rate of customs duty as admissible to project imports;

b) the Capital Goods imported as above shall not be sold for a period of five years from the date of import; thereafter they may be sold only with the prior permission of the Chief Controller of Imports and Exports, New Delhi.

At the time of clearance of the imported machinery through the Customs, the NRI shall furnish a declaration that:

i) the imported machinery will be used in the industry being set up by him in India or in the industry in India in which he will be investing, in accordance with the policy in force;

ii) the industry, in which the imported machinery is used, will not have a total capital investment in plant and machinery of a value more than the upper limit fixed for small scale industries (Rs. 35 lacs)

iii) the imported machinery has been purchased out of his earnings/resources abroad, and does not involve any remittance from India;

iv) the import shall be subject to "Actual User" condition and other conditions as applicable to non-resident Indians under the provisions of the import policy in force;
v) within three months of the date of clearance from the customs, he will inform the Director of Industries of the State in which the machinery is used about the import of the machinery in question.

7.1.2 Import of raw materials / components / spares / consumables

NRIs returning home and setting up industrial units or participating in the expansion or diversification of existing industrial units, within the framework of the country’s industrial policy will be eligible to import their requirements of raw materials, components, consumables and spares (except canalised items and items banned and restricted under the Import-Export Policy), for a period of 3 years (one year at a time) under a special scheme. These imports will be subject to a value of Rs.5 lacs a year and will be permitted provided they are financed by the importer’s foreign exchange earnings abroad. The first 12 months’ requirements of the permitted items may be imported under the DGL against a declaration to the Customs on the lines of the declaration required in the case of machinery imports. For their requirements from the fourth year onwards the importer has to follow the normal import policy.

7.2 Special Scheme for Electronics Industry

NRIs coming back to India and investing in the electronics industry are allowed to import machinery under the OGL without any upper value limit. This scheme covers

i) electronic components (other than LSI, VLSI)

ii) instruments
iii) tape recorders
iv) two-in-ones
v) HIFI equipment
vi) electronic teaching aids
vii) industrial and process control systems
viii) major sub-systems of radars, navigational aids and communications equipment
ix) electronic medical equipment.

Manufacture of computers is not covered under this scheme. For taking up the manufacture of radars, navigational aids and communication equipment prior clearance of the Dept. of Electronics, Govt. of India, will be required. Import of raw materials, components, consumables and spares to meet the first 12 months' requirements of the Unit set up under this scheme will also be allowed under the OGL on terms similar to those for import of raw materials/components/consumables/spares for other industries.

7.3 Establishment of Advance Diagnostic Centres
NRIs and/or persons of Indian origin have been allowed to establish Advance Diagnostic Centres in India under the 74% scheme. The Centres shall be equipped with the following equipment:-

a) Computerised Radial Tomographic Scanner; and
b) Computerised Ultra Sound Image Body Scanner
or
c) Ultra Sound Linear Sector Scanner

and fulfil the conditions listed below:
i) 25% of the facilities shall be provided free of cost to the poor and needy as recommended by the concerned State Govt;

ii) the proposed hospital/Advance Diagnostic Centre (ADC) shall always be subject to inspection by the representative of the State Government and the Directorate General of Health Services (DGHS), to ensure its satisfactory performance;

iii) in the case of the ADC, the FC approval should give details of diagnostic equipment proposed to be installed. If these are to be imported, the applicants should submit a composite (FC) and (CG) application. Indigenously available diagnostic equipment shall not be imported and at least 60% of the C.I.F. value of the diagnostic equipment imported should be financed out of the foreign exchange savings of the NRI;

iv) the diagnostic equipment allowed to be imported under the scheme shall not be sold without prior clearance from the DGHS and the Chief Controller of Imports and Exports (CCI&E);

v) concessions in payment of customs duty shall be governed by the rules and regulations laid down by Central Board of Excise and Customs. (CBEC). For charitable institutions exemption from payment of customs duty is admissible in accordance with the guidelines laid down by the CBEC;
vi) before approaching RBI for remittance of profit and dividends under this scheme, the hospital/ADC shall obtain a certificate from the State Govt. to the effect and that it has been set up to the satisfaction of the Govt.

7.4 Amusement Parks

NRIs returning home for settlement in India may also be allowed the facility of setting up amusement parks subject to the following conditions:

a) such imports are financed fully out of their own foreign exchange savings and resources abroad;

b) only new machinery/equipment will be allowed to be imported;

c) only Customs ClearancePermits (CCPs) will be issued irrespective of value;

d) no permission to sell the capital goods will be given for a period of five years from the date of import; thereafter such sale may be permitted with the prior permission of the Chief Controller of Imports and Exports, New Delhi;

e) games of chance or luck will not be permitted

f) neither the capital invested nor the profits earned will be allowed to be repatriated abroad.

The sponsoring authority through whom applications should be routed is the Dept. of Tourism, Govt. of India, New Delhi.
7.5 Applications

a) Applications for import of Capital Goods and Raw Materials should be made in the prescribed form CG(NRI) to Special Approvals Committee (NRI), Dept. of Industrial Development, Udyog Bhavan, New Delhi with necessary application fees.

An application fee @ 0.1% of the c.i.f. value of the goods up to Rs.1 crore and 0.05% thereafter proposed to be imported subject to a minimum of Rs.50/- and a maximum of Rs.25,000/- should be deposited under the head "097-Foreign Trade and Export Promotion" in any branch of Central Bank of India or with Indian Missions abroad and the receipt enclosed along with the application.

b) Applications for grant of Industrial Licence, wherever applicable and proposals for Foreign Collaboration will also be considered by the Special Approvals Committee (NRI). Applications for Foreign Collaboration should be submitted in Form FC while those for Industrial Licences should be in the form IL(NRI) with 14 spare copies. Government's decision will be communicated to the applicant within a period of 45 days.

7.6 Retention of foreign currency balances / assets abroad

NRIs desiring to come back home are normally permitted by the RBI to retain their foreign currency balances abroad for a period of five years. Alternatively, they may surrender their foreign currency balances with a right to re-transfer
the amounts so surrendered should they decide to go back to a foreign country within five years of their arrival in India.

Applications for this purpose are to be made within 90 days of the account holder’s return to India through his bank.

7.6.1 Foreign Shares and Securities

NRIs returning to India for permanent settlement should declare their holdings of foreign currency, shares and securities to the RBI within three months of their arrival in India and obtain a holding licence. The interest / dividend earned on such foreign holdings shall be repatriated to India within one month of its accrual.

7.6.2 Immovable property

NRIs returning to India for permanent settlement are required to obtain the permission of the RBI for holding or disposing of immovable property abroad. They should apply to the RBI within three months of their arrival in India.

7.7 Foreign Exchange Entitlement Scheme

NRIs and persons of Indian origin including persons employed in Indian owned organisations and Government officials posted / deputed to Indian Missions, foreign Governments or international bodies returning to India after November 1, 1977 for permanent settlement are eligible for foreign exchange entitlement for specified personal purposes to the extent of 25 percent of the amount of foreign exchange repatriated by them to India through banking channels on transfer of residence. The foreign exchange so released can
be utilised for visits to foreign countries by the entitlement holder and/or members of his family for personal purposes and medical treatment, education abroad of dependent children and wards, gifts to close relatives residing abroad and import of special appliances for professional use. The foreign exchange release will be available for drawal during a maximum period of 10 years from the date on which the non-resident returns to India.

Persons wishing to use the facility should submit applications on the prescribed form to the regional offices of the Reserve Bank of India through an authorised dealer in foreign exchange within three months of their arrival in India.

7.8 Facilities to Professionals

NRI medical practitioners/scientists etc. returning to India for permanent settlement are allowed to import professional equipment/instruments up to a value of Rs. 50,000/- without an import licence/CCP, provided:

- they have been living abroad continuously for a period of not less than 2 years;
- the imported equipment is required for their professional use;
- the equipment is purchased out of their foreign exchange earnings abroad and
they hold a post graduate degree or its equivalent in science, technology, engineering or medicine and have held a paid job abroad in the field of their specialisation for over one year.

The maximum limit of Rs. 50,000/- will, however, not apply where the equipment in question has been used by the applicant abroad for at least one year before his return to India.

7.9 Priority allotments for Scooters/Tractors

NRIs who remit or bring their savings to India in foreign exchange as well as Indian relatives of such persons who receive foreign exchange remittances from them, can make use of the money so remitted for the allotment of scooters and / or tractors on a priority basis. The amount of foreign exchange required for the priority allotment is as under:

<table>
<thead>
<tr>
<th>Scooter (Bajaj Chetak)</th>
<th>Rs. 6,000/-</th>
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</thead>
<tbody>
<tr>
<td>Tractor upto 40 HP</td>
<td>Rs. 60,000/-</td>
</tr>
<tr>
<td>Tractor over 40 HP</td>
<td>Rs. 80,000/-</td>
</tr>
</tbody>
</table>

The amount should be deposited in a ‘non-convertible account’ to be opened in the applicant’s name in an Indian Bank. The application in the prescribed form should also be submitted to the Bank where the account is opened within three months from the date of credit to the account. The bank will certify the receipt of the remittance and forward the application to the concerned authority for making the allotment.
7.10 Provision of Telephone and Telex Connection to NRI Investors on priority basis

NRI entrepreneurs are now eligible for registration of one telephone connection under OYT—Special category and one telex connection under the priority category on production of-

a) the letter of intent issued by the Special Approvals Committee (SAC) for large industrial projects or a registration certificate from the Director General of Technical Development (DGTD) or small scale industry registration in case of other projects, as the case may be, subject to the condition of a minimum investment in foreign currency equivalent to US $ 200,000 for the implementation of the project;

b) a certificate either from the RBI or any Nationalised Bank having foreign exchange dealings to the effect that the NRI has surrendered an amount in foreign exchange equivalent to US $ 6,000 for a telephone connection in metro cities, US $ 4,000 for a telephone connection in other cities/towns and US $ 8,000 for a telex connection.

After the demand for telephone/telex connection has been registered, the NRI will be provided a temporary telephone/telex connection, which will eventually be converted into a permanent connection on production of the certificate issued to the NRI by the RBI or other nationalised Bank to the effect that the NRI has completed remittance of foreign currency equivalent to US $ 200,000 on a non-repatriable basis for utilisation in the project.