CHAPTER - FIRST
1.1 INTRODUCTION

Migration of people from India to different parts of the world is an ancient phenomena. To facilitate the understanding of this phenomena, it can be discussed in four distinct phases.

Phase One:

Saints and seers from India moved to different directions of the world five thousand years ago. Their objective was to spread knowledge, philosophy and the rich Indian cultural heritage. The impact of their visit evident in Indonesia, Cambodia, Vietnam & the entire South East Asian countries even today.

Emperor Ashoka sent his son & daughter to spread the gospel of Buddhism & achieved outstanding success in Sri Lanka, Tibet, China, Japan & many other South East Asian countries.
Phase Two: -

The second phase of Indian migration relates to the trading. The Indian silk traders of spices from southern India moved to as far as Italian, France and Europe.

The silk route is famous and well known. The Indian traders sold their commodities on alien lands and came back to their one counting.

Indian traders never had imperial motives, unlike east India company.

Third Phase: -

The third phase of migration started during the British period. Slavery was abolished by the British parliament in 1830. The white colonial trade wanted cheap labour for their colonies. A system of recruitment known as indenture system was introduced whether white plantation owners. The system characterises ruthless exploitation of Indian carousers in Mauritius, South Africa, Fiji and Carrabean Ice lands.

Fourth Phase: -

The last phase of Indian migration situated in post independent's Era. The intelligent and knowledgeable professionals – Doctors, Engineers, Chartered Accountants moved abroad to find material comforts and security. They belong to affluent sections and their migration was free from troubles. They had knowledge and expertise to support them. Many of them become the citizen to their land of choice was USA and UK.

In recent years, there has been a mushroom growth in the migration of Indian professionals in IT field. These migrants are extremely influential persons. Some of them have entered the parliaments and significantly influence the policies of the Govt. in U.K. and USA. It is heartening to note that the Love and admiration for
India has not diminished their number is approximately estimated to be 20 million NRI, PIOs inclusive.

Today, India is the 11th industrialized country with the 10th highest Gross Domestic Product (GDP) in the world. It is projecting itself as a modern, vibrant economy.

India has embarked upon an ambitious programme of economic reforms to unshackle the economy from Government controls, which will help in exploiting its rich natural resources and realizing its tremendous potential. India, today, is a tiger uncaged, a giant who has awakened. It is widely accepted that India has the potential to achieve economic growth, higher than the growth achieved by newly industrialized countries in the Asia Pacific region.

The structural changes in Indian Economy, recently introduced, seek to create an environment of opportunity and challenge, freedom and excitement. The Government's present medium term structural adjustment programme is impressive. The emphasis is to convert the crisis into an opportunity to push through economic reforms. The fundamentally sound Indian economy can easily be put into a high growth orbit with these initiatives.

The Non Resident Indians, who are residing abroad can play a vital role in bringing the technological advancement and capital investment into the country to give impetus to the industrial growth in the counties.

1.2 NON RESIDENT INDIAN'S – CONCEPT OF NRI

The Indian Diaspora

The term "diapora" is derived from the Greek work "dia" (through) and "speiro" (to scatter). The literal meaning of "diapora" is "scattering or dispersion". It was first used in the context of the experience of the jews in exile after Nebuchadnezzar's Babylonian
conquests in 597 BC and 587 BC who were scattered “in-exile” all over because of the absence of a homeland.

Diasporas can be classified into different types such as victim, trade, cultural, imperial and labour/service. Perhaps, the Indian diaspora is the only one that fits into all the analytic subtypes. With globalisation, the language of diaspora is used frequently in world politics.

In the Indian context, emigration has been a continuous process since pre-colonial times when it was for the purposes of trade and the propagation of religion. During the colonial period, emigration to the British, French and Dutch colonies was by way of indentured labour to Mauritius, Trinidad Guyana, Surinam and Myanmar (Burma). By the end of the 19th century, the number of emigrants who left India was nearly 1.6 million.

Post-independence, the first set of professional migrants went mainly to the United States and the UK followed by the labour emigration to West Asia in the 1970s, and then by the most prominent and ongoing—that of software engineers and other professionals. While the emigrants of the colonial period have lost touch with most relatives back home, the last wave of professional migrants are not only mobile but also keep in touch, scouting for business opportunities back home.

The adaptable nature of the Indian diaspora and their initiative to play a significant role in their country of origin have made them a force to reckon with for both the host country and the country of origin. Second and third generation members of the Indian diaspora hold prominent positions in economic, political and other spheres.

Generally speaking, a Non Resident Indian means an Indian Citizen who stays abroad for employment or carrying on business or vocation outside India or stays abroad under circumstances indicating an intention for an uncertain duration of stay abroad. The persons
posted in the United Nation organizations and officials deputed abroad by the Central. Government or any of the state Governments as well as the public sector undertakings on temporary assignments are also treated as non residents.

Non resident foreign citizens of Indian origin are treated at par with the non-resident Indian citizens. The citizenship and the residence has been always distinguished.

Salmod said in his article on "citizenship and Allegiance."

"In all civilized communities the title of state membership is twofold and the members of the body politic are of two classed accordingly. The two titles are citizenship and residence, the former being a personal the latter merely territorial, bond between the staff and the individual. The former is a title of permanent, the latter one of temporary, membership of the political community. The state, therefore, consists in the first place, of all those who by virtue of this personal and permanent relationship are its citizens or subjects and in the second place of all those who by virtue of this personal and permanent relationship are its citizens or subjects and in the second place of all those who for the time being reside within its territory and so passes a temporary and territorial title to state membership. Both classed are equally members of the body politic. So long as their title last: for both have claims to the protection of the laws and government both alike owe obedience and fidelity."

CITIZEN OF INDIA

Article 5 of the constitution of India defines the expression "Citizen of India". Accordingly, every person, is a citizen of India, who had his domicile in the territory of India and –

(a) Who was born in the territory of India, or
(b) Either of whose parents was born in the territory of India, or
Who has been ordinarily resident in the territory of India for not less than 5 years immediately preceding the commencement of the constitution.

Article 6 and 7 of the constitution further provide for the rights of citizenship of certain persons who migrated to India from Pakistan and right of citizenship of certain migrants of Pakistan respectively.

Article 8 confers right of citizenship on the persons of Indian origin residing outside India.

Article 9 provides that any person who has voluntarily acquired citizenship of a foreign state would automatically cease to be citizen of India.

Article 10 grants right to a citizen of India to continue to be such citizen.

Article 11 empowers the parliament to legislate on the acquisition and termination of citizenship.

Accordingly, the citizenship Act, 1955 has been enacted by the parliament.

1.3 DEFINITION OF N.R.I. IN DIFFERENT STATUTES.

Non-resident Indian has been considered as the person who is an Indian not residing in India. However, a person of Indian Origin non resident in India is also considered Non-Resident Indian.

The expression has got legal significance in different law in different manner. The definitions given in “The Foreign Exchange Management Act, 1999” and the Income Tax Act, 1961 are important.

MEANING OF EXPRESSIONS UNDER FOREIGN EXCHANGE MANAGEMENT ACT, 1999

The expression Non-Resident Indian has not been defined in the FEMA, 1999. Any person resident outside India is a non-resident. There can be classified three categories of non-residents as under –
(i) Non-resident Indian Nationals.

(ii) Non-resident persons of Indian Origin.

(iii) Non-resident foreign Nationals.

**Section 2 (iv) of the FEMA, 1999** – defines the “Person Resident Outside India” as “a person who is not resident in India”.

**Section 2 (v)** defines the “Person Resident in India” to mean:

(i) A person residing in India for more than one hundred and eighty two days during the course of the preceding financial year but does not include–

(A) A person who has gone out of India or who stays outside India, in either case

(a) for or on taking up employment outside India, or

(b) for carrying on outside India a business or vocation outside India, or

(c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period.

(B) A person who has come to or stay in India, in either case, otherwise than

(a) for or on taking up employment in India, or

(b) for carrying on in India a business or vocation in India, or

(c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period.

(ii) Any person or body-corporate registered or incorporated in India.

(iii) An office, branch or agency in India owned or controlled by a person resident outside India:
(iv) An office, branch or agency outside India owned or controlled by a person resident in India:

A “Person of Indian Origin” shall be deemed to be of India origin, if –

(a) He at any time, held Indian Passport

(b) He or either of his parents or any of his grand parents was an Indian and a permanent resident in undivided India at any time.

A wife of a citizen of India or of a person of Indian Origin shall also be deemed to be Indian origin even though she may be of Non-Indian parentage.

**MEANING OF THE EXPRESSION UNDER INCOME TAX ACT 1981**

A resident has been defined under Sec 2 (42) as a person who is resident in India within the meaning of Sec. 6(1), which provides that an individual is said to be resident in India in any previous year, if he satisfies any of the two following conditions:

(i) He stayed in India for a period or period amounting in all to 182 days or more in the relevant previous year or

(ii) He stayed in India for 60 days or more during the relevant previous year and has been in India for 364 days or more four previous years immediately preceding the relevant previous year

**Exceptions:** In case of an individual who is an Indian citizen or a person of Indian Origin coming on a visit to India and in case of an Indian origin coming on a going abroad for an employment during the previous year only the condition of stay of 182 days or more shall apply.

**Section 6(6)** of the Act also defines the expression “Not ordinarily Resident” and accordingly a person is said to be not ordinarily resident in India in any previous year if such person is an individual
who has not been resident in India in nine out of ten previous years preceding that year or has not during the seven previous years preceding that year has been in India for a period of or periods amounting in all to seven hundred and thirty days or more.

The stay in India for the above criteria may be continuous or intermittent.

**Sec 2(30)** considering all the definitions and various view points it may be concluded that Non-resident Indians fall under the following broad categories:

1. Indian citizen who stays abroad for employment or for carrying on a business or vocation or for carrying on a business or vocation or for any other purposes in circumstances indicating the intention to stay outside India.

2. Indian citizens working abroad on assignments with foreign governments, government agencies or international regional agencies such as UNO, IMF, World Bank etc.

3. Officials of Central and State Government and Public sector undertakings deputed abroad on temporary assignments or posted to their offices including diplomatic mission abroad.

The non-resident Indian become residents of India only when they come back to the country for employment or for carrying on in India any business or vocation or for any other purpose indicating an indicating an indefinite period of stay in India. They are not regarded as persons resident in India during their short visits to India. say for holidays, business visits etc. India citizens who take up jobs on completion of their higher studies abroad are regarded as non residents only from the time they take up jobs abroad².

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² I.B.I.D. Page 13
1.4 PROSPECTS FOR NRI INVESTMENT IN INDIA

India is witnessing a dramatic forward move in policies for trade, industrial and economic development. India has shifted gears from the past structure of rigid industrial and import licensing to a new freer and more flexible development policy framework. These policy changes have opened up significant opportunities for overseas firms to expand business opportunities in India. The recent economic reforms make it much easier and simple for foreign firms and NRIs to enter the Indian Market.

The foreign investors, including non residents Indian, have gained a happy experience with India in terms of profitability, low cost of operations, growth of sales, assets, remittances by way of projects, dividends, know how fees and royalties.

The investment in India has proved to be profitable and compares favourably well with the other industrially advanced nations. Some of the other favourable facts for investing in India are as under:

(i) Abundant availability of raw materials:

(ii) A large reservoir of English speaking skilled labour force and third largest pool of scientific and technical manpower next only to the USA and USSR.

(iii) Extensive industrial infrastructure.

(iv) A vibrant capital market and a strong financial system with a large network of commercial banks all over the country.

(v) Responsive entrepreneurs class;

(vi) Huge market of about a billion people, out of which 250 million people belong to medium and high levels of income which forms and effective and an expanding market for all types of consumer goods and commodities;
(vii) Over the years India has emerged as one of the largest producers of many industrial products including scooters, bicycles, chemicals, engineering goods, electric goods and cotton yarn.

(viii) In agriculture and mining, India occupies a leading position in respect of several items such as tea, coffee, sugar, iron ore and other minerals.

Besides above the new economic reforms and policy pronouncements offer a significant opportunity for investing in India. The Government of India has liberal policy for the promotion of investment by non resident Indians and overseas corporate bodies with at least 60% non-resident Indian holding to invest in India. They have been provided a wide range of facilities and incentives for direct investment in firms and companies.

**Rupee Convertibility:**

Liberalised Exchange Rate Management System (LERMS) has made the Rupee Fully Convertible, accordingly, all foreign exchange earnings including remittances will be converted at market determined exchange rate as against the earlier system dual exchange rates.

**FOREIGN INVESTMENTS**

The Government of India has a liberal policy for the promotion of investment by non resident Indians and overseas corporate bodies with at least 60% non-resident Indian holding to invest in India. They have been provided a wide range of facilities and incentives for direct investment in firms and companies. These schemes are basically of two category viz.

(i) Investment on Repatriation basis; and

(ii) Investment on non repatriation basis
INVESTMENT BY NRI ON REPATRIATION BASIS IN SHARES/CONVERTIBLE DEBENTURES

Non-resident Indians (NRIs) have been permitted to make investments in the shares/convertible debentures of an Indian company under the Portfolio investment Scheme. Investments under the scheme would have to be made in the form of purchase from the open market, that is, through recognized Stock Exchange and not in the initial issues by and Indian company. The rules governing such investments are specified in the Schedule-3 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Conditions for purchase of shares by NRIs under the Scheme

The following conditions apply for purchase of shares under the scheme:

(a) The shares/convertible debentures can be purchased only through a registered Broker on a recognized Stock Exchange.

(b) The NRI should designate d branch of an authorised dealer for routing of the investment transactions.

(c) The total investment by each NRI under the scheme shall not exceed 5% of the paid-up value of the shares of the Indian company concerned. This limit would be common to acquisitions under repatriation/non-repatriation schemes.

(d) The investment in regard to the convertible debentures shall not exceed 5% of each series of convertible debentures issued by the Indian company.

(e) The total aggregate paid-up shares of any company purchased by all NRIs shall not exceed 10% of the paid-up capital of the company. However, the aggregate ceiling of 10% may be raised 24% if a special Resolution to this effect
is passed under the Companies Act, 1956 by the General Body of the Members of the Indian Company concerned.

The investment must involve taking deliveries of the shares purchased and giving deliveries of shares sold.

In other words, there must be actual purchase and actual sale under the scheme. The idea is to curb speculative purchase and sales not involving actual delivery of securities.

Where the NRI who or which has invested under the scheme desires to sell shares/convertible debentures as the case may be, acquired under the scheme, the same is permitted, the net sale proceeds will also be allowed by the designated branch of the bank to be credited.

INVESTMENTS BY NRIS/ OCBs IN SHARES/ CONVERTIBLE DEBENTURES ON NON-REPATRIATION BASIS

NRIs/OCBs have been permitted to purchase Shares/Convertible debentures of an Indian Company on non-repatriation basis subject to certain conditions.

Types of investment prohibited under the scheme

No purchase of shares or convertible debentures of an Indian company shall be made under this scheme if the company concerned is chit fund or a Nidhi company or is engaged in agricultural/plantation activities (except tea) or real estate business or construction of farm houses or dealing in Transfer of Development Rights.

For this purpose, "Real estate business" shall not include development of township, construction of residential/commercial premises, roads, bridges etc.
No limit applicable for permissible investments without repatriation benefits

A Non-resident Indian or an Overseas Corporate Body may without any limit, purchase on non-repatriation basis, shares or convertible debentures of an Indian company issued whether by public issue or private placement or right issue.

Method of payment by NRI/Ocb

The amount of consideration for purchase of shares or convertible debentures of and Indian company on non-repatriation basis, shall be paid by way of inward remittance through normal banking channels from abroad or out of funds held in NRE/FCNR/NRO/NRSR/NRNR account maintained with and authorised dealer or as the case may be with an authorised bank in India.

The amount invested in shares or convertible debentures under this Scheme and the capital appreciation thereon shall not be allowed to be repatriated abroad.

AUTOMATIC ROUTE FOR FOREIGN INVESTMENT THROUGH RESERVE BANK OF INDIA.

Under the FEMA, foreign direct investment schemes under the automatic route of the Reserve Bank of India are governed by the foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000. Accordingly, the following come within the automatic route (RBI route) of foreign direct investment scheme.

MANUFACTURING/SERVICE ACTIVITIES:

In respect of manufacturing/Service activities, foreign direct investment is permitted in an Indian company (equity and convertible debentures) which is not engaged in any of the activities listed in the following List.
LIST-1

List of activities or items for which automatic route of reserve bank for investment from persons resident outside is not available.

1. Banking
2. NBFC's activities in Financial Services Sector
3. Civil Aviation
4. Petroleum including exploration/refinery/marketing
5. Housing & Real Estate Development sector for investment from persons of other than NRIs/OCBs.
6. Venture Capital fund & venture Capital Company
7. Investing companies in Infrastructure & Service Sector
8. Atomic Energy & related projects
9. Defence and strategic industries
10. Agriculture (including plantation)
11. Print Media
12. Broadcasting
13. Postal services

In other words, that is a negative list in respect of which Reserve Bank of India does not have any powers to grant any approval for any investment by a non-resident. In respect of activities other than the above, the Reserve Bank of India can give automatic approval for foreign investment subject to sectoral caps as indicated in following List.

3. Foreign Exchange Management (Transfer & Issue of security by a person resident outside India.) Regulations 2000
### LIST - 2

#### Sectoral Cap On Investment By Persons Resident Out India

<table>
<thead>
<tr>
<th>Sector</th>
<th>Investment cap</th>
<th>Description of Activity/Items/Conditions</th>
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<tbody>
<tr>
<td>1. Tele-communications</td>
<td>49%</td>
<td>(i) In basic, Cellular Mobile, paging and Value Added Services, and Global Mobile Personal Communications by Satellite subject to the licence from Department of Telecommunication of Government of India.</td>
</tr>
<tr>
<td>2. Housing and Real Estate</td>
<td>100%</td>
<td>(ii) Only NRIs/OCBs are allowed to invest in the areas listed below:</td>
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- (iii) Internet service provider with Gateways. Radio Paging and End-to-end bandwidth subject to Licensing and security requirements. |

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<tr>
<th>Sector</th>
<th>Investment cap</th>
<th>Description of Activity/Items/Conditions</th>
</tr>
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<tbody>
<tr>
<td>2. Housing and Real Estate</td>
<td>100%</td>
<td>Only NRIs/OCBs are allowed to invest in the areas listed below:</td>
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- (a) Development of serviced plots and construction of residential premises |
- (b) Investment in real estate covering construction of residential and commercial premises including business centres and offices |
- (c) Development of townships. |
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<th>3.</th>
<th>Coal and Lignite</th>
<th>49%</th>
<th>(d) City and regional level urban infrastructure facilities, including both roads and bridges. (e) Investment in manufacture of building materials (f) Investment in participatory venture (a) to (e) above</th>
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<tr>
<td></td>
<td></td>
<td>50%</td>
<td>(i) in Public Sector Undertakings (PSU) and (ii) In other than PSUs</td>
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<td>4.</td>
<td>Drugs &amp; Pharmaceuticals</td>
<td>100%</td>
<td>a) Where Private Indian companies are setting up or operating power projects as well as coal or lignite mines for captive consumption: b) For setting up coal processing plants provided the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing. c) For exploration or mining of coal or lignite for captive consumption.</td>
</tr>
<tr>
<td>5.</td>
<td>Hotel &amp; Tourism</td>
<td>100%</td>
<td>(i) Hotels include restaurants, beach resorts, and other tourist complexes providing accommodation and/or catering and food facilities to tourists. (ii) Tourism related industry includes travel agencies, tour operation agencies and tourist transport</td>
</tr>
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operating agencies and tourist transport operating agencies, units providing facilities for cultural, adventure and wildlife experience to tourists, surface, air and water transport facilities to tourists, leisure, entertainment amusement, sports, and health units for tourists and Convention/Seminar units and organisations.

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<tr>
<td>6. Mining</td>
<td>74%</td>
<td>Exploration and mining of diamonds and precious stones</td>
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<td>7. Advertising</td>
<td>74%</td>
<td>Advertising sector</td>
</tr>
<tr>
<td>8. Films</td>
<td>100%</td>
<td>Film industry (i.e., film financing, production, distribution, exhibition, marketing and associated activities relating to film industries associated activities relating to film industry) subject to the following.</td>
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<td>9. Any other sector/activity (other than those included in Annexure A)</td>
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<tr>
<td>10. Airports</td>
<td>100%</td>
<td>FDI through Automatic route</td>
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<tr>
<td>11. Courier Service</td>
<td>100%</td>
<td>FDI in courier service with prior approval of the Government</td>
</tr>
<tr>
<td>12. Mass Rapid Transport Systems</td>
<td>100%</td>
<td>FDI through Automatic route</td>
</tr>
</tbody>
</table>

It is important to note from the above that the sectoral caps are applicable to specific industries listed from 1 to 7 in List – 1 above.
whereas in the residuary sector, Reserve Bank is empowered to permit even 100% foreign investment i.e. investment by non-residents. This is apart from the films sector in which 100% investment is permitted expressly. In order that the investments as above are under the automatic route of Reserve Bank of India, the following further conditions must also be satisfied:

(i) Wherever applicable, compliance with the provisions of Industrial Policy and Procedures as notified by the secretariat for Industrial Assistance in the Ministry of Commerce and Industry. Government of India should be ensured.

(ii) The activity of the Indian company in which the foreign investment is proposed does not require an Industrial Licence under the provisions of the Industries (Development and Regulations) Act, 1951 or under the Locational Policy notified under Industrial Policy of 1991; and

(iii) The shares or convertible debentures are not being issued by the Indian company with a view to acquiring the existing shares in an Indian company that is, the proposal should relate to initial or fresh issue of shares/convertible debentures only.

EXPANSION PROGRAMMES

The foreign investment in an Indian company which proposes to embark on an expansion programme in the activities listed in List -1 under the automatic route is permitted subject to the cap on investment percentage indicated in List - 2

INVESTMENT IN TRADING COMPANIES:

Foreign investment in trading companies incorporated in India is permitted under the Automatic route in shares or convertible debentures to the extent of 51% of the capital of the Indian company
subject to the condition that remittance or dividend to the shareholders outside India is made only after the company has secured registration as an export/trading/star trading/super trading house from the Directorate of Foreign Trade Government of India, New Delhi.

**INVESTMENT IN SMALL SCALE UNITS**

Foreign investment in small scale industrial units is permitted under the automatic route provided the activity is not one which is in the negative list (13 activities listed in List – 1). In addition, for investment in SSI units there is a cap of 24%0 of the paid up capital of the SSI. However, this 24% cap is not applicable if:

(i) the unit has given up its small scale status:

(ii) does not engage or does not propose to engage in manufacturing of items reserved for small scale sector:

(iii) It complies with ceilings specified in List – 2 for foreign investment under the automatic route.

Alternatively SSI unit attracting foreign investments beyond 24 per cent may continue to manufacture items reserved for small scale sector after obtaining an industrial licence carrying a mandatory export obligation of 50 per cent would be required.

A SSI unit, set up as an Export oriented unit or set up in Free Trade Zone or in an Export Processing Zone or in a software Technology Park or in Electronic Hardware Technology Park, may issue shares and debentures to non-residents in excess of 24 per cent provided it complies with the ceiling specified in List – 2.

In order to qualify for SSI/ancillary Industrial undertaking unit, the investment limit on plant and Machinery has been reduced from Rs. 3 crores to Rs. 1 crore vide Order No. S.O. 1288 (E) dated 24/12/99 w.e.f. 24/12/1999 for a general category whereas the limit
has been raised to Rs. five crore for 41 specific items reserved for SSI sector.

**PORTFOLIO INVESTMENT SCHEME**

*Portfolio Investment Scheme for NRIs*

Schedule 3 of the Notification No. FEMA 20/2000 RB contains provision relating to Portfolio investment by NRIs. **OCBs are not allowed to make fresh investments in India under the Portfolio investment scheme vide Notification**\(^5\) However, they can continue to held and sale shares purchased before 29\(^{th}\) November, 2001. Portfolio investment is covered by general permission subject to following conditions/provision.

(i) Investment is permitted on repatriation as well as non repatriation basis.

(ii) Purchase, sale of shares (equity and preference) and/or convertible debentures are covered.

(iii) Purchase/sale is done through registered broker of a recognized stock exchange.

(iv) One bank branch must be designated by NRIs and all purchase/sale must be routed through that designated bank branch only.

(v) All transaction of sales/purchase must be delivery based. Speculative transaction are not allowed.

(vi) Mode of investment may be in any of the following ways:

(a) For investment on Repatriation basis
   - inward remittances through normal banking channels
   - out of NRE/FCNR account

(b) For investment on Non repatriation basis Besides above two, investments can be made out of NRO account.

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\(^5\) Notification No. FEMA 46 dated 29\(^{th}\) November 2001.
(vii) Ceiling on Investment

(a) Per investor (Each NRI)
5% of the paid each issue of convertible debenture of an Indian company on both repatriation and non-repatriation basis.

(b) Per investee Company
(Total holding by all NRIs put together on both repartiable as well as non-repatriable basis.)

10% of Paid up value each series of convertible debentures.

This ceiling of 10% could be increased to 24%, if the General Body of the concerned Indian Company passes a special resolution of that effect.

(viii) Repatriation of Sale/Maturity Proceeds

(a) Sales proceeds of investment held on repatriation basis can be credited to NRE/FCNR/NRO account after payment applicable taxes.

(b) If investment is non -repatriation basis, credit of sale/maturity proceeds is permitted in NRO account.

(ix) OCBs must intimate the designated bank branch immediately on the holding/interest of NRIs in the OCB becoming less than 60%.

(x) NRI and OCB, are allowed to enter into forward contracts to hedge their investment made in India.

Foreign Technology:

Technology Agreements within prescribed monetary and royalty limits are automatically approved by the Reserve Bank of India within two weeks. No RBI permission is now required for hiring foreign technicians.
1.5 GOVERNMENT POLICY FOR NRI'S VENTURES

Recognising that non resident living in different parts of the world constitute a sizeable resource in terms of finance, scientific talent and technical know-how and that distanced though they are in geographical terms their links with India continue to remain strong, the various measures adopted by the Government of India from time to time to improve the general investment climate in the Country were invariably made applicable to and generally made more attractive for investment by the non resident Indians.

The Steering Committee on FDI set up by the Planning Commission in August 2001 has submitted its report, which is currently being considered by the Government. The main recommendations of the Committee are:

- Enactment of Foreign Investment Promotion law incorporation and integrating relevant aspects for promoting FDI.

- Urge States to enact a special investment law relating to infrastructure for expediting investment in infrastructure and removing hurdles to production in infrastructure.

- Empower the Foreign Investment Implementation Authority (FIIA) for expediting administrative and policy approvals.

- Disaggregating FDI targets for the tenth plan in terms of sectors, and relevant administrative ministries/departments, for increasing accountability.

- Reduction of sectoral FDI caps to the minimum and elimination of entry barriers. Caps can be taken off for all manufacturing and mining activities (except defence), eliminated in advertising, private banks, and real estate and hiked in telecom, civil aviation, broadcasting, insurance and plantations (other than tea).
Overhauling the existing FDI strategy by shifting form a broader macro-emphasis to a targeted sector-specific approach.

Informational aspects of the FDI strategy require refinement in the light of India’s strengths and weaknesses as an investment destination and should use information technology and modern marketing techniques.

The Special Economic Zones (SEZs) should be developed as internationally competitive destinations for export-oriented FDI, by simplifying laws, rules and procedures, and reducing bureaucratic rigmarole on the lines of China.

Domestic policy reforms in power, urban infrastructure, and real estate, and de-control/de-licensing should be expedited for attracting more FDI.

**EXPORT /IMPORT POLICY**

Import and exports are governed by the EXIM policy announced for a 5 year term pursuant to conferred under the Foreign Trade (Development and Regulation) Act. 1992. It contains the prohibitions/restrictions/conditions attached to imports and exports.

*EXIM Policy for Tenth Plan (2002 – 2007)*

The Union Minister of Commerce & Industry Mr. Maran has announced EXIM Policy for Tenth Plan period (i.e. upto 31 March, 2007) on 31 March, 2002

The highlights of the policy are:

- Annual target to boost exports upto 80 billion dollars.
- Indian Share in world Trade is targeted to be 1% from the present level of 0.67%
- Elimination of Quantitative Restrictions (QRs) on exports.
- Special incentives for agricultural exports.

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6. *Yojana* May 2002
Focusing sharply on SEZs

DEPB and EPCG schemes not only retained but also made more flexible.

**Cottage Sector & SSI**

(i) Common service providers in industrial clusters can avail of EPCG scheme.

(ii) Access to market intuitive fund.

(iii) Eligibility for export house status brought down to Rs. 5 crore.

**Electronic Hardware**

(i) EHTP modified to enable IT sector to face zero duty regime under ITA - I

(ii) Domestic sales to count as export obligation where import duty is zero.

**Chemical & Petro Chem**

(i) Reimbursement of 50% of registration fees.

(ii) Free export of samples without any limit.

**Gems & Jewellery**

(i) customs duty on rough diamond imports removed. Licensing regime removed too.

(ii) Value-added norms for jewellery exports cut to 7% and 3% from 10%.

**Market Extension**

(i) Focus Africa launched. First phase will cover Nigeria, South Africa, Kenya, Ethiopia, Tanzania and Ghana.
(ii) Links with CIS countries to be revived. Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, Ukrain and Azerbaijan to be targeted.

- Transport subsidy to units in Jammu & Kashmir and the North-East to offset the disadvantage of being far from ports.

- To boost relocation of industries to India, plant and machinery allowed to be imported without a licence where the depreciated value of such relocating plants exceeds Rs. 50 crore.

- SEZs have been described as the 'best of our dream projects.' Bank branches free of CRR, SLR and priority sector lending requirements.

FIRST PRAVASI BHARTIYA DIVAS (JAN. 9 TO 11, 2003)
GOVERNMENT POLICY TO ATTRACT FOREIGN INVESTORS:

The Government of India organised the First Pravasi Bhartiya Divas to announce its policy towards the facilities offered to NRI's and PIO's to attract them to invest in India. The conference was attended by over 1,200 delegates which included former Fiji Prime Minister, Mr. Mahendra P. Choudhary, Mr. Dipak C. Jain the Dean of Kellogg School of Management, Prof. Lord Bhikhu Parekh and Nobel laureate, Amariya Sen. Conclusion of this conference was as follows:

1. The overriding opinion of the first Pravasi Bhartiya Divas conference was that the organizers should have come up with a package that would help Non-Resident Indians and People of Indian Origin to invest in the contribute to its progress in a more holistic manner.

2. The Prime Minister announced dual citizenship for the NRI's & PIO's and said that a bill in this regard would be
introduced in the Parliament soon. He said that the dual citizenship would be permitted for NRI's/PIO's in certain countries, namely USA Canada, Britain, the European Union, Australia, Singapur, Malaysia, Thailand, Japan and New Zealand as identified by the K.M. Singhvi committee.

3. The announcements made by Prime Minister Shri A.B. Bajpai included a compulsory insurance scheme for Indian workers migrating to Gulf countries Mr. Vajpayee said, "Parliament is already considering a Bill to establish a welfare fund for overseas Indian workers, To meet the educational needs of their children, we plan to reserve a certain portion of seats in academic institutions".

4. The major bonanza for the delegates was on the economic front, with the finance minister announcing a major relaxation in capital controls on the second day of the conference. This means that Indian residents, including individuals, corporates and mutual funds, can invest in the equity of companies listed on recognised overseas stock exchanges, provided these companies have at least 10% share holding in a company listed on an Indian exchange. While there is no limit on individual investments, the ceiling on corporate investment has been fixed at 25% of the net worth of the investing company and the collective ceiling for mutual funds at $1 billion.

5. Finance Minister Mr. Jaswant Singh said that the announcement of these measures was a starter on reforms, and that within a month the government world come up with more measures to provide a boost to infrastructure sectors such as ports, air ports and air lines, apart from the ongoing high way projects.

8-IBID
Throughout the conference, comparisons were made with China: the message being that the Indian diaspora should contribute to India’s development much the same way as their Chinese counterparts do. However, the paint that was missed was the fact that the investment patterns missed was the fact that the investment patterns of overseas Chinese in their homeland was not motivated by familial or cultural ties but by the opportunities that the mainland offered.

1.6 ORGANIZATIONS FOR ASSISTANCE TO NRIs

In order to encourage NRIs to invest their capital resources in India in the industrial as well as other ventures, various Departments of the Government of India as well as State Governments have made endeavour. A few separate designated institutions have also been set up for this purpose. A brief account of these organizations is as unit.

**Foreign Investment Promotion Board (FIPB)**

The Government has revamped the FIPB and transferred it to the Department of Economic Affairs (DEA). The FIPB is the nodal, single window agency for all matters relating to FDI as well as promoting investment into the country. Its objective is to promote FDI into India:

(i) by undertaking investment promotion activities in India and abroad,

(ii) facilitating investment in the country by international companies, non-resident Indian and other foreign investors,

(iii) through purposeful negotiation/discussion with potential investors,

(iv) early clearance of proposals submitted to it, and

(v) review policy and put in place appropriate institutional arrangements, transparent rules and procedures and guidelines for investment promotion and approvals.
The FIPB has played a proactive role in promoting and attracting FDI into the country and further facilitating expeditious clearance of proposals submitted to it. The FIPB has also decided to monitor implementation of mega projects to further facilitate investment and remove bottlenecks and as part of this exercise, to get studies commissioned through professional bodies and undertake other promotional measures.

**India Investment Centre**

The first endeavour of great significance by the Government of India was setting up of the India Investment Centre more than three decades ago. The Centre is a non-profit service organization for the promotion of foreign investment in India. The Centre is acting as focal point for assistance to Non-residents of India Origin. Though its Head Office is located at New Delhi, it provides package of services to NRIs by:

- Identifying suitable projects for NRIs;
- Bringing out regularly special folders relating to Non-residents of India Origin;
- Helping in filling up and submitting application forms and keeping track of them with the concerned department to obtain expeditious approvals;
- Liaisoning with the Central Governments, State Governments, Financial Institutions and other departments to speed up the implementation of projects;
- Organizing seminars, conferences in India and abroad to apprise the Non-residents of Indian Origin of the latest Schemes of the Government of India in this regard.

The IIC provides authentic information on serious, aspects of Government policy, procedures and regulations. The Centre is a nodal
agency for investment in India by non-resident Indian and provides them the necessary escort services in this connection.

It advises overseas investors on setting up industrial projects in India by providing information regarding investment opportunities in India, the Government's Industrial Policy, including that relating to foreign or non-resident Indian Investment and technology transfer, licensing procedures, taxation laws and facilities and incentives available. It also helps them in finding partners in India.

It is represented on various Central Government Committees and Boards dealing with the grant of approvals and licences and on the State Level Review Committees which monitor the implementation of the projects.

It operates through designated offices in the India Diplomatic missions for undertaking promotional work guiding non-resident Indian entrepreneurs abroad.

It is Service agency providing assistance in the establishment of joint ventures and technical collaborations in India and abroad and third country ventures between Indian and foreign entrepreneurs.

It has a well maintained reference library covering a wide range of subjects like industry, management, taxation, labour etc. A cross section of journals periodicals and magazines is available for reference country folders are maintained, containing up to date information on economy, industry, investment laws, opportunities etc. The library also maintains up to date information on the states and the Union Territories of India.

It brings out publications which provide authentic information on various aspects of Government policies procedures and regulation as also facilities, incentives and opportunities available to entrepreneurs in various industrial fields, both in India and abroad. Some of the important publications are in the fields of industrial
policy, taxation, company law, technological development and facilities to non resident Indians.

The Indian Investment Centre assists the non resident Indians or overseas corporate bodies in locating an Indian collaborator and Indian companies in locating a non resident Indian or Overseas corporate body collaborator. For facilitating this task relevant information is provided to the Indian Investment Centre by the Non resident Indians and the Overseas bodies corporate seeking Indian collaborators and by the Indian companies seeking non resident Indian or Overseas corporate body collaborator and the Centre explores the avenues and assists them accordingly.

**Foreign Investment Implementation Authority (FIIA)**

Government has set up the Foreign Investment Implementation Authority (FIIA) which function under the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry. The FIIA will facilitate quick translation of Foreign Director Investment (FDI) approvals into implementations, provide a pro-active one stop after care service to foreign investors by helping them obtain necessary approvals, sort out operational problems and meet with various Government Agencies to find solutions to problems and maximising opportunities through a partnership approach.

**Role of FIIA**

The FIIA shall take steps to:

- Understand and address concerns of investors,
- Understand and address concerns of approving authorities;
- Initiate multi agency consultations; and
- Refer matters not resolved at the FIIA level to high level on a quarterly basis, including cases of projects slippage on account of implementation bottlenecks.
Function of the FIIA

The functions of the FIIA shall be as under:

- Expediting various approvals/permissions;
- Fostering partnership between investors and government agencies concerned;
- Resolve difference in perceptions;
- Enhance overall credibility;
- Review policy framework; and
- Liaise with the Ministry of External Affairs for keeping India's diplomatic missions abroad informed about translation of FDI approvals into actual investment and implementation.

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 Government decisions on applications filed, assisting entrepreneurs and investors in setting up projects, (including liaison with other organizations and State Governments) and in monitoring implementation of projects. It also notifies all Government policy relation to investment and technology, and collects and publishes monthly production data for 213 select industry groups.

The PIO Card Scheme

In a significant step towards granting dual citizenship to overseas Indians, the Government approved the Person of Indian of origin (PIO) card scheme to permit all such individuals visa-free entry into the country. The scheme is supposed to be an answer for the
aspirations of the Indians residing abroad, who want to be closer to their country of origin and to strengthen their bonds and roots therein and who desire to participate in the development of their mother land. The scheme entitles PIO Card holders some special economic, educational, financial and cultural benefits. Under this scheme 20 million people of Indian origin living abroad would benefit.

**INVESTMENT PROMOTION AND INFRASTRUCTURE DEVELOPMENT (IP & ID) CELL**

In order to give further impetus to facilitation and monitoring of investment, as well as for better coordination of infrastructure requirements for industry, a new cell called the "Investment Promotion and Infrastructure Development Cell" has been created. The functions of the Cell include:

(a) Dissemination of information about investment climate in India;

(b) Investment facilitation

(c) Developing and distributing multimedia presentation material and other publications;

(d) Organising Symposia, Seminars, etc. on investment promotion;

(e) Liaison with State Governments regarding investment promotion;

(f) Documentation of single window systems followed by various States;

(g) Match-making service for investment promotion;

(h) Coordination of progress of infrastructure sectors approved for investment/technology transfer, power, telecom, ports, roads, etc.;
(i) Facilitating Industrial Model Town Projects, and Industrial Parks, etc;

(j) Promotion of Private Investment including Foreign Investment in the infrastructure sector;

(k) Compilation of sectoral policies, strategies and guidelines of infrastructure sector, both in India and abroad; and

(l) Facilitation preparation of a perspective plan on infrastructure requirements of industry.

Project Monitoring Wing

Project Monitoring Wing, created within the IP & ID Cell in June 1998, has now been functioning under Foreign Investment Implementation Authority Section with effect from 27.07.2001. The functions of the Project Monitoring Wing are as follows:

(i) Coordination with Central and State level Ministries/Departments concerned and related agencies for tracking monitoring approved projects, and compilation and analyses such information;

(ii) Direct contact, wherever necessary, with entrepreneurs and updating of the information on projects, and provision of necessary assistance.

Nodal Officers

The Department of Industrial Policy and Promotion has identified officers at the Deputy Secretary/Director level as Nodal officers for facilitation of all matters relation to the industrial projects pertaining to a State. For large projects involving sizeable amount of FDI, officers have been identified in the Department of Industrial Policy and Promotion and other departments concerned (e.g. the Ministry to which the investment proposal pertains) and the State Government to act as contact officers so that these projects can be
implemented within the time schedule. The officers of the Project Monitoring Wing are in touch with the contact officers.

**Focus Windows**

The Department of Industrial Policy and Promotion also has opened Country Focus Windows for countries with sizeable investment interest in India. At present, the Focus Window cover countries such as USA, Germany, France, Switzerland, UK, Australia, Japan and Korea. For each focus window a senior officer in the Department provides facilitation and assistance.

**International Centre For Alternative Dispute Resolution**

International Centre for Alternative Dispute Resolution (ICADR) has been established as an autonomous organization under the aegis of Ministry of Law, Justice and Company Affairs to promote settlement of domestic and international disputes by different modes of alternate dispute resolution. ICADR has its headquarters in New Delhi and has regional office in Lucknow and Hyderabad.

**Reserve Bank of India**

The role of the Reserve Bank of India in Non resident Indian Investments is of immense importance as a regulatory authorities. The Controller of the Exchange Control Department of the Reserve Bank of India at Mumbai, is the prime/apex authority for granting various permissions and approvals for making investments under the schemes announced for the Non resident Indians. However, various declarations etc., as required to be filed with the Reserve Bank of India are required to be filed with Regional Office of the Reserve Bank of India.

**Chief Commissioner for NRIs**

The object of setting up the Chief Commissionerate for NRIs is to facilitate interaction of NRIs with the Central Government and to serve as a focal point for NRIs. The State Governments are also
expected to follow the suit and make similar arrangements within their states.

**Department of Science & Technology**

In order to provide a single step service to Non-resident Indian wishing to set up ventures in India in emerging and frontier areas such as additional sources of energy, bio-technology, electronics etc. a special cell has been set up under the Chairmanship of the Minister of State for Science and Technology.

**Ministry of Industry**

A special cell has also been set up within the Ministry of Industry to co-ordinate and process the applications received from the Non resident Indians. The Development Commissioner is responsible and provides assistance to the non resident Indians in establishing an industrial unit in the EPZ.

**State Governments**

India is a federal country consisting of State an Union Territories. States are also partners in the economic reforms being undertaken in the country. Various State Governments in India have set up special cells to look after the Investment proposals of NRIs. They provide information, guidance and necessary assistance required for setting up their projects in the states. They facilitate single window clearance required from various state level institutions/ authorities such as securing industrial plots, construction of factories, supply of electricity, registrations and sulphodies etc.

1.7 GENESIS OF PROBLEM – NEED AND SCOPE OF STUDY

The Government of India had been pursuing till the 1980s, the policy of regulated development, in order to ensure the promotion of socialist ideals. Laws were enacted to control the size of private enterprises, prohibit free exit for industry and allow foreign investment only on the selective basis.
The information boom and the process of globalization seem to pass India by. The government undertook the policy of liberalization in 1991. The economic reforms were undertaken on the main agenda of the Government and fortunately there came to be consensus on the major economic issues and reform policies amongst the successive Governments.

The successive Governments in India have, since 1991, followed the agenda for economic reforms and the importance and need for the invitation and induction of foreign capital was recognized and continuously followed. It has been experienced that the development of infrastructure is crucial to step up the pace of economic development in the Country. The capital needs for these projects and for the development of infrastructure and core sector of the economy are immense and large.

It is a matter of great proud that about fifteen million Indians are non residents and living in various countries throughout the world. These non resident Indians constitute sizeable resources in terms of finance, scientific talent and technical know-how. It is estimated that the non-resident Indians have assets worth over US $ 500 Billion i.e. Rs. 2,25,000 Crores. Some of the Indians have earned name and acquired positions of renown Industrialists in their respective countries. The example of such Indian are:

1. Swaraj Paul of the United Kingdom.
2. Hindujas of the United Kingdom.
3. Mittlas, the Steel King.
4. Chauhans of Germany.

It is, now, the need of the time that the non-resident Indian are attracted and invited to come back to India and to invest their resources, knowledge and expertise in the growth and development of their own country, the MOTHERLAND.
Further, the international political and economic scenario is also not very happy at present and ultimate ideal home for any person could be his motherland. The country can look to her illustrious sons and daughters to come to her help in these difficult days. Investment in India is certainly going to be very rewarding in the long run. The one and half crore non resident Indian are spread over various countries of the world in USA, UK, and Canada, about 10 lacs each; in Western Europe about 1.5 lacs; in Fizi approx. 3 lacs and in Trinidad, Surinam and Tobago approx. 5 lacs. They include professionals like doctors, engineers, consultants, management experts, chartered accountants, cost accountants, industrialist and businessman as well as skilled and semi skilled workers. While some do not have any link with their motherland, other have their family as well as business contacts with India. For a several reasons all such persons are keen to invest in India. The resource potential with the NRIs is immense and with these resources coupled with associated direct foreign investment, foreign assistance, external capital offering and external commercial borrowings, non-resident Indians can play a very important role in the Industrial and Infrastructure Development of the country. Further, they will not only bring their foreign exchange savings but also the technical ability and expertise, entrepreneurship, contacts and knowledge of international market and management skill. The Government of India has already announced a number of facilities and incentives for investing in industrial ventures in India. Various policy decisions have been announced in this regard. The New Industrial Policy of 1991 is laying great emphasis on de-licensing and new trade policy with great emphasis on export promotion further widens the scope of their investment in India in industrial ventures.

The policies of the Government of India are now being liberalized, in the wake of the recognition of the role of the non-resident Indians in the development of economy. However, over a decade has passed thereafter, but the desired inflow of NRI capital has
not been achieved. The returning Indians have failed to fulfill their dreams in the Country. Although the NRI deposit in November, 1995 were aggregating US $ 165.84 Billion but the net inflow during 1995-96 was merely US $ 2.11 Billion. The brain drain has not yet stopped. Why so? It is the question which needs its answer. The issues involved are many, inter... as under:-

1. Whether the Policies of the Government have been practically adequate to provide the NRIs avenues for setting up their Ventures?

2. Whether the incentives provided to the NRIs are adequate and contributory?

3. Whether the procedure have been adequately simplified and liberalized?

4. Whether the climate for speedy industrial development has emerged and developed?

5. Whether the economic reforms are committed and supported with the political and administrative will and action to attract NRIs?

6. Whether the infrastructure facilities are adequate to provide environment for NRIs at or almost at par with the Countries where they are presently residing to attract them for returning and settling in India?

7. Whether the Laws and Regulations in force in the country are adequately simplified and made conducive for attracting NRI investments?

8. Whether the Financial Institutions and Banks are NRI friendly and supportive to assist them adequately for their venture in India?

The purpose of this study is to consolidate, to summarize and to give an analytical view about the various avenues and incentives
offered to NRIs by the Government of India for setting up new industrial ventures in India and the policy announcements, notifications, legislation and regulations made in this regard.

The study also aims to examine thoroughly, the various avenues and incentives offered under various Policies, Legislation, and Notifications and to suggest the new ideas and schemes to the Government of India to attract the NRIs to make more and more investment in the industrial ventures for economic development of the country.

The study also aims to address to the issues involved in fostering the growth of NRI investments and obtaining their contribution in the development of Indian Economy and in particular examine and find out the answers for the following:

1. What are the policy changes, necessary to provide impetus to NRI investment in the Country?
2. What are the key areas where the Governments attention is immediately required to attract NRIs.

1.9 RESEARCH METHODOLOGY

The research methodology is the process, by which the objectives of the study can be achieved. The methodology, generally, comprises of study of the historical facts and literature vis a vis the problem or the center point of study and a survey of the subject population in order to gather the opinions and views of the people involved with the subject of study.

The subject of study of the avenues and incentives available to NRIs for setting-up industrial ventures in India is a new one. The importance of NRI investment has been recognized over the years by the Government to provide impetus to the industrial and economic growth of the country and to maintain a sustainable foreign exchange reserve with the country to facilitate imports and also to make pay
outs against the external debts. No study, as such, has been found to have been made to examine the underlying importance, assess the potentiality and to find out the draw backs in the system to speed up the process. The economic reforms have definitely aimed at and catered to the need for simplification of the procedures, elimination of inspector-regime but that is not adequate.

In the circumstances no research data was available in this regard. However, the policy documents of the Government of India and various State Governments were important and the legislative framework, regulations, rules and guidelines have been available in enormous detail to examine, study and frame out the existing structure of avenues and incentives available to the NRIs for their industrial ventures in India. These sources, as detailed out in the bibliography, have been utilised for the first hand study of the existing situation.

Thus, in nutshell, for the instant study, the following research methodology was adopted:

1. Study of Legislation, regulations, rules and guidelines relating to NRIs and foreign investments in the industrial and non-industrial sector as well foreign exchange transactions.

2. Study of the NRI population and data relating to their capital resources to assess the potentiality and the impact thereof on the Indian economy.

3. Study of industrial policy for foreign investments, policy of technology transfer and policy of foreign collaborations to assess the present status of avenues and incentives to NRIs.
4. Study of various repels and conference material for evaluation the legal, social and economic perspectives of NRI investments in India.

5. Discussion with NRIs, eminent members of various corporate bodies and management executives on various issues in NRI investments.

6. Interview with eminent scholars, management consultants, and authorities for collection of opinion on various issues.

7. Interview with the executives of various financial institutions for opinion poll on various aspects of NRI investments.

8. Interview with select NRI investors for opinion poll on various matters concerning investment by NRI.

9. Interview with selected economists for obtaining their opinion on the economic aspects of NRI Investments.

10. Interview with Government officials to obtain their views and opinion in respect of policy for NRI investments and procedural aspects relating there to.

In the process of interviewing various sample groups, no questionnaire was, as such, preferred, since the entire process of meeting was discussion based. The discussion with various groups was also subjective and the aspects and subjects of discussion were largely focal and variant. Therefore, uniformalisation of the interview was found highly impractical and astray. Further, no opinion poll was in specific manner useful, due to variation in the experience of the people, who were contacted and the objects and subjects of discussion with each of them.
1.10 LIMITATIONS OF STUDY

The instant study was undertaken in the year of 1992 and it was aimed to confine its scope upto the Industrial policy of 1991. However, after undertaking the study significant policy changes came into being, specially in the wake of the economic reforms initiated by the Government of India to link the Indian economy with the Global scenario. Therefore, the time span of the study was revised and the same was extended upto 2003 commencing, inter alia, from 1991. In the background the policies of the Government of India were taken under overview since 1948 onwards. Though the study was broadly confined for minute analysis purposes upto 2003 but the all changes made subsequent there to have also been considered wherever, necessary in order to keep the facts and figure under the study updated and purposed in the contemporary perspectives.