

Remittances of Foreign Exchange and Investment in Foreign Exchange Bonds (Immunities and Exemptions) Act, 1991

Chapter III - Investment in Foreign Exchange Bonds

(1) In this Chapter, unless the context otherwise requires,--

(a) "Foreign Exchange Bonds" means the Bonds, issued by the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955) in accordance with such scheme as the Reserve Bank of India may, by notification in the Official Gazette, specify in this behalf, the investment wherein is made on or after the date of commencement of this Act but before the specified date.

Explanation.--For the purposes of this clause, "specified date" means the 1st day of December, 1991 or such other later date as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(b) "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is resident outside India.

Explanation 1.--A person shall be deemed to be of Indian origin if

(i) he, or either of his parents or any of his grand parents, was a citizen of India by virtue of the Constitution or the Citizenship Act, 1955 (57 of 1955) ; or

(ii) he at any time, held an Indian passport :

Provided that the nationals of Pakistan or Bangladesh shall not be deemed to be of Indian origin.

Explanation 2.--A spouse (not being a national of Pakistan or Bangladesh), of a person of Indian origin shall also be deemed to be of Indian origin ;

(c) "overseas corporate body" means any institution, association or body, whether incorporated or not, established under the laws of a country outside India wherein any non-resident Indian has any interest;

(d) all other words and expressions used in this Chapter but not defined and defined in the Foreign Exchange Regulation Act, 1973 (46 of 1973), shall have the meanings respectively assigned to them in that Act.

(2) The Central Government shall cause the scheme notified under clause (a) of sub-section (1) to be laid, as soon as may be after it is notified, before each House of Parliament.

Section 6 - Immunities

(1) Notwithstanding anything contained in the Wealth-tax Act, 1957 (27 of 1957), the Gift-tax Act, 1958 (18 of 1958), the Income-tax Act, 1961 (43 of 1961), the Foreign Exchange Regulation Act, 1973 (46 of 1973) and the Foreign Contribution (Regulation) Act, 1976 (49 of 1976),--

(a) no non-resident Indian or overseas corporate body who or which owns the Foreign Exchange Bonds or any person resident in India to whom a gift of such Bonds has been made by such non-resident Indian or overseas corporate body, shall be required to disclose, for any purpose whatsoever, the nature and source of the investment in such Bonds;

(b) no inquiry or investigation shall be commenced against any of the persons referred to in clause (a) under any of the said Acts on the ground that such person owns such Bonds;

(c) the fact that any of the persons referred to in clause (a) owns such Bonds shall not be taken into account and shall be inadmissible as evidence in any proceedings relating to any offence or the imposition of any penalty under any of the said Acts.

(2) Nothing in sub-section (1) shall apply to foreign exchange which is required to be brought into India under any of the provisions of--

(i) the Foreign Exchange Regulation Act, 1973 (46 of 1973); or

(ii) the Income-tax Act, 1961 (43 of 1961), read with the Foreign Exchange Regulation Act, 1973 (46 of 1973),

if the period within which such foreign exchange is to be brought into India has not expired or where such period has been extended, in any manner, by the Central Government or the Reserve Bank of India or any other authority, such extended period has not expired on the date of commencement of this Act.

Section 7 - Foreign Exchange Bonds not to be taken into account In certain cases

Without prejudice to the generality of the provisions of section 6,--

(a) the provisions of the Income-tax Act, 1961 (43 of 1961), shall not apply to any interest accruing in relation to the Foreign Exchange Bonds;

(b) the provisions of the Wealth-tax Act, 1957 (27 of 1957) shall not apply in relation to the Foreign Exchange Bonds :

(c) the provisions of the Gift-tax Act, 1958 (18 of 1958) shall not apply where any non-resident Indian becomes a resident in India and makes a gift of the Foreign Exchange Bonds.