



Non-Resident Nepali Association International Coordination Council (NRNA - ICC)

NRN ID Card Evaluation Committee (IDCEC) Committee Report

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Report Submitted to the President of NRNA

Preface

This NRN/PNO ID Card Evaluation Committee was constituted by NRNA President Mr. Dev Man Hirachan to evaluate the benefits of, and any associated problems with, the new NRN/PNO (called NRN ID Card) regime, promulgated by the Government of Nepal in 2009, and to provide recommendations to improve the Card regime.

President Hirachan asked me to chair the committee and in consultation with several ICC members, I constituted a committee with the members shown in the appendix. Our committee also prepared a "terms of reference" for the task and sought input and comments from all ICC members and NCC presidents.

This report has been prepared based on the committee members' assessment of the benefits and problems of the ID card, and also taking into consideration the wide feedback we received from NRN around the world. Since only a few NRN have so far actually been issued these IDs, many potential problems with the card yet remain undiscovered.

This report provides the committee recommendations on improving the value of the ID Cards to the NRNs and PNOs who obtain them.

I wish to thank President Hirachan for trusting me and our team to undertake this important task. I am grateful to all the members of the committee who have fully supported me and provided comments in the preparation of this brief report. In particular, I wish to thank committee members Ram Babu Nepal and Goba Katuwal for helping me in the initial draft of this report. I am also grateful for Mr. Sharda Thapa, NRNA Advisor, for his review and edits to the report.

I hope this report will provide useful information and recommendations related to the NRN ID Card regime. In future, with additional experience and a wider feedback, NRNA would be able to revise and improve the evaluation of the NRN Card system.

On behalf of the NRN ID Card Evaluation Committee

Sincerely,



Ambika P. Adhikari, Dr. Des., AICP
Chair, NRN ID card Evaluation Committee
Regional Coordinator for Americas, NRNA ICC
Phoenix, AZ, USA, September, 2010

NRN ID Card Evaluation Committee (IDCEC) Committee Report

Summary of Findings

1. The Government of Nepal in 2009 (2066 B.S.), implemented the ID Card for NRNs. The system includes two types of ID cards: one for Nepali citizens living abroad (say NRN Card) and the other for PNO (Persons of Nepali Origin) who have taken foreign citizenship (say PNO ID Card). Both PNOs and NRNs bring economic, cultural and other benefits to Nepal, and thus the ID card system helps facilitate this process.
2. The ID Cards for PNOs (PNO ID Card) serves a useful purpose for PNO who need the card to frequently visit Nepal, invest in Nepal or to live and work there. Without the availability of such an ID Card, the current Nepali visa system creates significant discouragement and hassles in traveling to, working and investing in Nepal for these PNO.
3. For NRN with Nepali citizenship, the ID Card (NRN ID Card) provides various benefits relating to their investment and conducting business in Nepal. These card holders are allowed to repatriate the money to the country of their residence and a Card holder also obtains tax and tariff benefits related to his/her business and investment in Nepal.
4. The current system of the ID cards is, however, fraught with several problems. Some of the information sought in the application for the card is irrelevant, and unduly infringes upon individual privacy which can discourage people from applying. The form, quality and size of the card are inappropriate and obsolete.
5. One major problem with the current ID card regime is that it does not have any provisions for providing PNO ID Cards to the non-Nepali spouses of the NRN or PNO. This creates a major hindrance to some NRN and PNO families in moving to Nepal and working there. In the globalized society of today, the non-Nepali spouses and immediate family need the same level of benefits as the NRN/PNO, in order for the family to enjoy those advantages properly.
6. The NRN ID Card Evaluation Committee has made several recommendations for improvements in the ID Card system. These recommendations include suggestions on how to make the Cards more useful, how to simplify the application process, and how to create a standard-sized and more attractive card which is easier to carry and use.
7. The major recommendations are tabulated later in the report. The principal recommendations seek to eliminate unnecessary and privacy-infringing questions from the application, reducing the fees for the ID Cards, ensuring that a ten year visa is automatically available to the card holders, extension of the ID card benefits to the non -Nepali spouses and immediate families, streamlining the

process and cutting the red-tape related to repatriation of funds from investments, improving the physical look and quality of the card itself. Recommendations include a separate NRN desk at the immigration counter at the airport, and at Nepali Embassies. The Committee also recommends a periodic review of the effectiveness of the card for the NRN and PNOs.

8. The NRN ID card benefits compare favorably with the PIO (Person of Indian Origin) card, although the current NRN Card fees are much higher.
9. Although, a full-fledged dual citizenship remains a cherished goal of NRNA, as an interim arrangement, and for some PNOs, the ID Card can provide valuable benefits. NRNA is ultimately seeking the retention of the Nepali citizenship for the Nepali citizens who take up the citizenship of a new country.
10. The NRN/PNO ID card system will also help the Government of Nepal to raise some revenue, promote investments, business and tourism in Nepal.

Introduction and Overview

- 1.1 In July 2010, NRNA President Mr. Dev Man Hirachan created an NRN ID Card Evaluation Committee under the chairmanship of Dr. Ambika Prasad Adhikari, Regional Coordinator for Americas. The mandate of the committee was to review the problems and benefits of the ID Card system, and to recommend improvements in the administration of the Card. The composition of the committee, and terms of reference for the committee are attached in Annex I of this report.
- 1.2 The NRN ID Card regulations were promulgated by the Government of Nepal in 2009 (B. S. 2066) as a part of implementation of the NRNA act of 2064. As NRNA has been diligently working towards attaining dual citizenship, the NRN ID card system was received in the NRN community with mixed reactions. For some PNO (Persons of Nepali Origin), the immediate availability of PNO ID Card is a welcome development and a few have already obtained these cards. For many other NRN, the ID card system as adopted by the Government of Nepal has been less than satisfactory because of several problems associated with the card as described below. There is a further concern among some groups that by accepting the ID cards, NRNA might entirely forgo the opportunity for obtaining dual citizenship, the cherished goal of NRNA.
- The card will be of great value to several groups of people. One is for the PNO who hold the citizenship of a country that does not allow dual citizenship, such as Japan, Singapore, South Korea, Malaysia, Sweden, and Belarus. PNO citizens of such countries will gain much from obtaining the PNO ID Card as it allows them to visit Nepal as often as they want without a visa and to live in Nepal as long as they desire. They can own land, work and establish businesses and repatriate foreign currency from businesses in Nepal in accordance with the law. This is a great facility for PNO who wish to use this privilege.
 - The card is also valuable to PNO citizens of countries that allow dual citizenship, but where the PNO does not wish to obtain Nepali citizenship as the second citizenship. The reason for such decisions may include the fact that once one is a dual national the laws of the country of which one is a citizen apply first if one is in that country. Thus, for example, a Canadian who also holds a passport of another country gets into legal trouble in that particular country, the Canadian consulate or embassy may not be able to provide any help to that individual. There are also tax implications for dual nationals unless there are tax treaties between the countries of which that individual is a citizen.
 - For NRNs who are citizens of Nepal, the NRN ID Card allows them to repatriate foreign currency and may also help them to pay taxes in a single country. Besides, there are benefits in terms of customs and tariffs applicable

when importing and exporting goods and services for their businesses in Nepal.

2. Review of the Problems with the ID Card and Committee Recommendations

2.1 The Appropriate Amount of Fees

- 2.1.1 The NRN *niyamawali* (regulation) has proposed two types of fees, one for registration and another to receive an ID Card for a NRN or a PNO.
- 2.1.2 NRN Regulations require that NRN pay a fee to register their names at the embassies in the countries they live in. They should not be charged fees just for registration since a person is not entitled to any kind of benefit except that the Embassy will have that person in a data base. We consider it to be a basic duty of an Embassy to keep a list of Nepalis people living within its jurisdiction to the best of its ability to do so. Some Embassies, such as the one in Canada, have begun to keep records of Nepalis living in Canada free of charge. Diaspora members could voluntarily input their information (only as much as they want) through the embassy website. According to the annex of the NRN regulations, the registration fee alone is about US \$ 20 per person without any family discounts. This is not the right approach to encourage people to register at the Embassies. Therefore, this Committee strongly recommends that there be absolutely no registration fees just to record a person's name in the data base of any Nepali Embassy.
- 2.1.3 There is a provision that the NRN ID Card will be issued initially for a two-year period and subsequently for the period of the foreign stay of a NRN. If there is a clear indication that the NRN has to stay for more than two years, that person should be issued an identity card for the entire period of his/her stay abroad. There is no specific rationale for issuing NRN ID card for a lesser period if there is a clear indication that the individual will stay outside Nepal for a longer period. For example: Ph. D. students may live in a foreign country for three to five years. Similarly, persons employed in international organizations may be issued a three- year contract. They should be issued ID Cards for the full period of their stay at the first application. The Committee recommends that NRN ID card should be issued for the duration which is known in advance or which can be safely estimated.
- 2.1.4 The fee required for the ID Cards is \$500 per person for PNO in developed countries, \$250 for PNO in less-developed countries, and \$50 for NRN ID Cards. Fees for PNO cards are higher commensurate with the benefits they bestow on the card holder. Even for considering the other benefits that the card provides to the holder and family, the total cost of obtaining the PNO ID cards for an average family is high making it difficult for the PNO to get the cards for the entire family. For example, if a PNO normally visits Nepal once a year

he/she can get visa by paying \$30. On this basis he/she has to pay \$ 300 for 10 visits in 10 years. If a PNO is using the card mostly to visit Nepal, the card fees are too high. The Committee recommends that the fee structure be rationalized and that the PIO fees in effect be used as a reliable comparison.

2.2 Questions Asked in the ID Card Application

2.2.1 Some of the questions included in the ID Card application seek sensitive and private information and are not necessary or appropriate.

The following questions in the application for NRN ID Cards are inappropriate or irrelevant and should be taken out from the application forms.

- Annual volume of business
- Acquired skills and education
- Area of interest for investment in Nepal, and estimated investment
- Income
- Information related to employment
- Profession

The following questions in the application for the PNO ID Cards are inappropriate or irrelevant and should be taken out from the application forms.

- Annual volume of business
- Acquired skills and education
- Area of interest for investment in Nepal, and estimated investment
- Income
- Information related to employment
- Profession
- Date of renouncement of Nepali citizenship
- Information about the renounced citizenship certificate
- Narrative on work and profession
- Budget for investment in Nepal

Normally, people do not wish to disclose their income to authorities except for tax or credit purposes. In addition, the Embassy or the Government of Nepal has nothing useful it can achieve with the income information. If the applicant is a bona fide NRN or PNO, the embassy should register the person; accept the application and issue the identity card irrespective of income, if other requirements are met. Dependent family members may not have any income and they are entitled to get registered or be issued an identity card if they meet other requirements. Therefore, no questions should be asked related to average annual turnover or monthly/annual remuneration. Similarly, the question

relating to investment in Nepal is also irrelevant. An NRN or PNO is entitled to get registered with or without any plan to invest in Nepal.

Even more annoying is the question on when the applicant's Nepali citizenship was renounced. PNO's reluctantly parted with their citizenship only because Nepali law states that by acquiring foreign citizenship, the PNO's Nepali citizenship is automatically lost. The question on when Nepali citizenship was relinquished should not be asked in the application for an ID Card.

2.3 Duration of the Validity of Card

- 2.3.1 Ten years is an acceptable time of ID card for the PNO but the fee should be reduced drastically or the validity could be extended to 15 years as is the case with the Indian PNO Card. For NRN, the ID card should be issued for the known period of stay abroad and not just for two years initially. The NRN should declare what validity he or she seeks for the card and provide substantiating documentation
- 2.3.2 When a NRN returns to Nepal, there is no need for the NRN to use the card, as the foreign abode is no longer valid, and there is no need any more for tax and other benefits between two countries of residence.
- 2.3.3 For a NRN, the ID Card should be issued for the period of his/her job contract or residency permit and should not be made dependent on the duration of visa granted by a foreign government.

2.4 Physical Size and Form of the Card

- 2.4.1 The current card is of an odd size (Approximately five inches by 3 and half inches) and does not conform to any international standard. Consequently, it is hard to carry this card in a wallet. The best card will be the size of a credit card or an international driver license which easily and conveniently fits in a wallet.
- 2.4.2 The card includes hand written and typed information with a picture that is glued. This system is completely obsolete. Nepali passports now are required by ICAO to be machine-readable and the ID Card should be compatible with such a standard.
- 2.4.3 This Committee recommends that the card be made of plastic which is sleek and glossy with electronically imprinted information, with image and other biographical information that is printed and easily readable. We emphatically recommend against hand written information on low quality paper. Attractive colors and graphics with Nepali themes will give additional aesthetic value to the card.

2.5 The Benefits Given to the Bearer

- 2.5.1 Currently, the ID Card benefits have become a somewhat contentious topic. NRNA has been discussing with the Government of Nepal about dual citizenship with limited or full rights. Should this issue be settled and dual citizenship granted by the Government of Nepal with full rights, the ID Card will have no value to many PNO's but will still be useful for PNO whose adopted lands do not allow multiple citizenship. The NRN ID Card will, however, continue to have benefits to a bearer regardless.
- 2.5.2 In our view, some restrictions imposed on repatriating investment and dividends may not be practical. Repatriation of profits and investment from Nepal requires that the final audited balance sheet be submitted. This restriction may not be practical in some cases when an individual cannot influence the process of auditing, which may be the responsibility of some governing body. If such governing body is not capable of completing the audit, an individual investor should not be penalized.
- 2.5.3 On the whole, the investment process prescribed in the regulations appears to be overly bureaucratic requiring a significant investment of time and energy to complete. An investor needs to get approvals from many Government agencies in Nepal, many of which are significantly impacted by red-tape and could thus really discourage the investor from making an investment in Nepal. We recommend that this process be simplified and streamlined.
- 2.5.4 Present regulations do not authorize a non-PNO spouse or family member (such as adopted children) to obtain a PNO card. Present regulations are also completely silent on the issue of long-term NRN, still holding Nepali passports, married to non-Nepalis. While children from the latter category may qualify as PNO, there appears to be no provision to accord the spouse any recognition as if they were of Nepali origin, unlike in the NRI provisions. These are major oversights in the regulation and they should be rectified to allow ID Cards to the spouse and children of both NRN and PNO who fall under this category, with the exact same benefits as accorded to the NRN or PNO. The rights accorded to foreign-national spouses of NRN and PNO have to be thought through carefully.
- 2.5.5 There should also be some thought given to the issue of divorce, death and inheritance as it relates to the rights of non-Nepali spouses and their children. While the rights of children of short-term marriages may not be an issue, the rights of ex-spouses may have to be given some consideration in matters of inheritance, alimony, etc.

2.6 Comparison of NRN ID Card with PIO (Person of Indian Origin) Card

As Non-Resident Indians have faced similar problems and opportunities as the NRN, it is useful to compare the NRN act and facilities accorded to them, with the NRI Act and the facilities that India is providing to its Diaspora.

While the NRN ID Card and PIO Card are similar in many ways, they differ in validity periods and PIO Card is valid for 15 years, while the NRN ID Card is valid only for ten years. The NRN ID Card paradoxically is more expensive.

A detailed comparative information is tabulated in the Appendix A.

3. Recommendations

Some of the committee recommendations are included in the analysis parts in the text in the report. The following table gives a synopsis of the some major recommendations in improving the process and value of the ID Cards to NRN and PNO.

Topic	Recommendations
Questions asked in the application form	<p>Irrelevant questions asked in the application form, such as income, and place of work should be eliminated. There should be no question on when Nepali citizenship was renounced.</p> <p>The only information to be asked should relate to identity of the individual; but unnecessary information should not be asked. Accordingly, the application form should only ask the following: Name, date and place of birth, address in foreign country, contact phone or e-mail, and if available (address in Nepal). See text above.</p>
Size and quality of the card	<p>The card should be the size of a standard credit card or drivers license, so that it could be conveniently tucked into a wallet. It should be plastic card with picture embedded; it should have some Nepali cultural themes in the background.</p>
Fees	<p>The fees for PNO card in more developed countries should be reduced from \$500 to \$200 per person. For other countries, the PNO card fee should be \$100 per person. The current fee of \$50 for NRN ID Card is reasonable.</p>
Validity	<p>The ten year validity period is fine, but like the PIO card it could be made valid for 15 years.</p>
Visa requirement	<p>The card should automatically qualify as a visa for 10 years from the date of issue. Or, upon presentation of the card at immigration, a ten year multiple-visa stamp should be put on the holder's passport. The PNO Card should be somewhat like the Permanent Resident Card given by many countries.</p>
ID Card to be made available to any non-PNO Spouse and children of the PNO	<p>The current NRN Regulations (2006) have not foreseen that many NRN and PNO have non-Nepali, non-PNO spouses and some may have adopted children who are also non-PNO. The regulations should be amended to allow such immediate family members the same benefits as PNOs and those family members should also be able to receive the PNO ID Cards.</p>

Benefits to be spelt out	Government of Nepal should clearly state the benefits of the card. The benefits should be: right to work in Nepal (except for the government positions), right to remain in Nepal for a total of 10 years continuously or intermittently for the duration of the card. Right to open business in Nepal and transfer foreign currencies, right to retain, sale or dispose of any ancestral and acquired properties in Nepal, right to purchase, sale or use land within the prescribed limits
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APPENDIX A

Comparison between NRN Act and NRI Act

NRN Act	NRI Act
<p>A. Non-resident Nepali (NRN) “Non-resident Nepali” means a foreign citizen of Nepalese origin and it also includes a Nepalese Citizen residing abroad.</p> <p>‘Nepalese citizen residing Abroad’ means a Nepalese citizen residing abroad at least for two years by carrying out any business, occupations or employment other than a Nepalese citizen residing in member countries in SAARC, deputed in any diplomatic mission or consulate general office abroad by the Government of Nepal and a Nepalese citizen studying in foreign educational institutions.</p>	<p>A. Non-resident Indian (NRI) An Indian Citizen who stays abroad for employment/ carrying on business or vacation outside India or stays abroad under circumstances indicating an intention for an uncertain duration of stay abroad is a non-resident. (persons posted in U.N. organizations and officials deputed abroad by Central/ State Government and Public Sector Undertakings on temporary assignments are also treated as non-resident) Non-resident foreign citizens of Indian Origin are treated on par with non-resident Indian citizens.</p>
<p>B. A Person of Nepali Origin(PNO)/Foreign Citizen of Nepalese Origin</p> <p>‘Foreign Citizen of Nepalese Origin’ means a person who originally himself or his father, mother, grandfather or grandmother being a Nepalese citizen later has taken the citizenship of foreign country, other than the member countries in SAARC.</p>	<p>B. A Person of Indian Origin(PIO)</p> <p>a. For the purpose of availing of the facilities of opening and maintenance of bank accounts and investments in shares/ securities in India:</p> <p>A foreign citizen (other than a citizen of Pakistan or Bangladesh) is deemed to be of Indian Origin, if,</p> <p>i. he, at any time, held an Indian passport, ii. he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1956(57 of 1955)</p> <p>Note: A spouse (not being a citizen of Pakistan or Bangladesh) of an Indian Citizen or of a person of Indian Origin is also treated as a person of Indian origin for the above purpose.</p> <p>b. For Investment in immovable properties:</p> <p>A foreign citizen (other than a citizen of Pakistan, Bangladesh, Afghanistan, Bhutan, Sri Lanka or Nepal), is deemed to be of Indian</p>

	<p>origin if,</p> <p>(i) he held an Indian passport at any time, OR (ii) he or his father or paternal grand-father was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955).</p>
Comparison of benefits and facilities between NRN (PNO) Card and NRI (PIO) Card	
NRI (PIO Card)	NRN (PNO) ID Card
No visa required for visiting India during the period of validity of PIO Card.	Similar
Exemption from the requirement of registration if stay in India does not exceed 6 months. Should the continuous stay exceed six months, registration will be required within 30 days of the expiry of six months with the concerned Foreigners Registration Officer.	Silent
Right to open account in convertible foreign currency -Any Non-resident Nepali may open an account in convertible foreign currency with the amount earned in convertible foreign currency at any financial institutions licensed to carry out financial transactions by Nepal Rashtira Bank.	Similar
Parity with non-resident Indians in respect of facilities available to the latter in economic, financial and educational fields.	Similar (not expressly articulated though)
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.	Limited property right for residential purposes only
Facilities available to children of Non Resident Indians for getting admission to educational institutions in India including medical colleges, engineering colleges, Institutes of Technology, Institutes of Management etc. under the general categories.	Silent
Facilities available under the various housing schemes of State Governments and other Government agencies.	Silent
Persons with a PIO are not allowed to vote and are not eligible for an inner line permit to travel in some parts of the country. They have to apply for a protected area permit.	Not Specifically mentioned
<u>Fees:</u> The PIO Card fees are US \$365 for adult applicants and US \$180 for applicants younger than 18 years.	<u>Fees:</u> NRN ID Card fees are US \$500 for applicants of all ages from North America, Europe, Australia, New Zealand, Japan and South Korea and US \$250 for applicants from elsewhere. The fees are higher than for the PIO card, Further, it is inappropriate that the

<p><u>Validity of Card</u> 15 Years</p>	<p>fees should be the same for children and for adults.</p> <p><u>Validity of Card</u> 10 Years</p>
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ANNEX I



NRNA- ICC

Composition and Terms of Reference for the ID Card Evaluation Committee NRN ID Card Evaluation Committee (IDCEC)

1. Composition

- 1.1 The Government of Nepal has recently begun to issue ID Cards for NRN and PNO. The cards bestow some important benefits and rights to the holders. They can be acquired after paying fees and by filling out application forms. NRNA has felt that some of the questions asked in the application are irrelevant and also the fees for obtaining the card seem high. For these reasons, only a few NRNs and PNO's have actually obtained the ID Cards so far.
- 1.2 President Hirachan created the IDCEC under the chairmanship of Ambika P. Adhikari to review the ID card provisions for NRN and PNO. The IDCEC comprised of the following members:
 - (a) Dr. Ambika P. Adhikari (USA), Regional Coordinator, Americas - Chair
 - (b) Dr. Drona P. Rasali (Canada), Dy. Regional Coordinator, Americas - Member
 - (c) Mr. Goba Katuwal (Australia), Regional Coordinator, Oceania - Member
 - (d) Mr. Yem Gurung (Hong Kong), President, NRN NCC Hong Kong - Member
 - (e) Mr. Ram Babu Nepal (Netherlands), Former ICC Member - Member
 - (f) Mr. Krishna Lamichhane, Community Leader, USA – Member
 - (g) Mr. Karma Sherpa (USA), President Federation of Indigenous People of Nepal (FIPNA), USA – Member

2. Terms of Reference (TOR)

- 2.1 The TOR of the committee was as follows: Review the amount of appropriate fees for the ID Cards,
- (a) Review the questions asked in the application,
 - (b) Analyze the appropriateness of the duration of the validity for the ID card, and its physical size and quality,
 - (c) Assess the benefits given to the bearer,
 - (d) Analyze is relationship of the ID Cards system with the eventual dual citizenship provisions that the Government of Nepal might allow,
 - (e) Evaluate the logistics of obtaining the ID Cards,
 - (f) Make comparison with similar cards in India,
 - (g) Provide recommendations to the Government of Nepal to enhance the benefits of the ID Card.
- 2.2 Although the task of the Committee is to prepare the above mentioned review for the ID Card program, the committee will also continue to monitor the popularity of the scheme and assess the benefits and problems with the implementation of this system.
- 2.3 It is assumed that this ID Card scheme might be a stop gap measure for some PNO's who are eligible to receive an eventual dual citizenship, in the event the Government of Nepal approves it. For PNO's who do not qualify for dual citizenship because their adopted country does not allow dual citizenship, and for the NRN's, the ID Cards will be an excellent alternative for their personal and business linkages in Nepal. Further, even when some PNO's qualify for obtaining a dual citizenship, when the Government of Nepal allows it, some PNO's might chose just to obtain the ID Card and not take the dual citizenship.