

NRI FAQ

Q. Who is a Non resident Indian?

Non resident Indian means an individual who is born outside India or a person of Indian origin (not being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan) who resides outside India.

Q. Do Non resident Indian citizens require permission of the Reserve Bank to acquire residential/ commercial property in India?

No

Q. Do Foreign citizens of Indian origin require permission of Reserve Bank to acquire immovable property for their residential use?

Yes, however, foreign nationals of Indian origin, whether resident in India or abroad, have been granted general permission to purchase immovable property in India for their bonafide residential purchase.

Q. What should be the method of payment for purchasing immovable residential in India by foreign nationals of Indian origin under the general permission?

The purchase consideration should be met either by remittances of funds from abroad through normal banking channels or out of funds from NRE/NRO/FCNR account.

Q. What are the formalities required to be completed by Foreign Nationals of Indian origin for purchasing residential immovable property in India under the general permission?

They are required to file a declaration in Form IPI 7 with the central office of the Reserve Bank at Mumbai within a period of 90 days from the date of purchase of immovable property or final payment of purchase consideration along with a certified copy of the document evidencing the transaction and bank certificate regarding the consideration paid,

Q. Can such property be sold without the permission of Reserve Bank of India?

Yes, Reserve Bank has granted permission for sale of such property. However, where the property is purchased by another foreign citizen of Indian origin, funds towards the purchase consideration should either be permitted to India or paid out of balances in NRE/FCNR accounts.

Q. Can sale proceeds of such property if and when sold be remitted out of India?

In respect of residential properties purchased on or after May 26, 1993, the Reserve bank of India considers applications for repatriation of sale proceeds up to the consideration amount remitted in foreign exchange for the acquisition of the property for two such properties. The balance amount of sale proceeds if any or sale proceeds in respect of properties purchased prior to May 26, 1993, will have to be credited to the ordinary non-resident rupee account of the owner of the property. The Reserve Bank of India also considers repatriation of sale proceeds up to the consideration amount remitted in foreign exchange for acquisition of commercial properties.

Q. What are the conditions required to be fulfilled for repatriation of sale proceeds?

Applications for repatriation of sale proceeds are considered provided the sale takes place after three years from the date of final purchase deed or from the date of payment of final of consideration amount, whichever is later.

Q. What is the procedure for seeking repatriation?

Application for necessary permission for remittance of sale proceeds should be made in Form IPI 8 to the Central Office of the Reserve Bank of India at Mumbai within 90 days of the sale of the property.

Q. Can foreign nationals of Indian origin acquire or dispose of residential property by way of gift?

Yes. Reserve Bank has granted general permission to foreign citizens of Indian origin to acquire or dispose of properties up to two houses by way of gift from or to a relative who may be an Indian citizen or a person of Indian origin whether resident in India or not, subject to compliance with applicable tax laws

Q. Can the residential property be given on rent if not required for immediate use?

Yes. Reserve Bank has granted general permission for letting out any immovable property in India. The rental income or proceeds of any investment of such income are eligible for repatriation. Rental income or proceeds of any investment of such income has to be credited to NRO account.

Q. Can NRIs obtain loans for acquisition of a house/flat for residential purpose from authorized dealers/financial institutions providing housing finance?

Reserve Bank has granted general permission to certain financial institutions providing housing finance e.g. HDFC, LIC Housing Finance Ltd., etc., and authorized dealers to grant housing loans to non-resident Indian nationals for acquisition of a house/flat for self-occupation subject to conditions stipulated in relevant FEMA regulations. The purpose of the loan, margin money and the quantum of loan will be at par with those applicable to housing loans to residents. Repayment of loan should be made within a period not exceeding 15 years out of inward remittances or out of funds held in the investors' NRE/FCNR/NRO accounts.

Q. Can Indian companies grant loans to their NRI staff?

Reserve Bank permits Indian firms/companies to grant housing loans to their employees deputed abroad and holding Indian passports subject to certain conditions.

Q. Can an authorized dealer grant housing loan to non-residents of Indian nationality where he is a principal borrower with his resident close relative as a co-obligate/guarantor, or where the land is owned jointly by such NRI borrower with his resident close relative?

Yes. However, in such cases the payment of margin money and repayment of the loan installments should be made by the NRI borrower.