

NRI Rules for Investment in Immovable Property

FOREIGN EXCHANGE DEPARTMENT FOREIGN INVESTMENT DIVISION

Frequently Asked Questions (FAQs)

Q.1 Where can one find regulations / directions issued by Reserve Bank for acquisition and transfer of immovable property in India by a person resident outside India ?

A.1 Regulations regarding acquisition and transfer of immovable property in India by a person resident outside India have been notified vide RBI Notification No.FEMA 21/2000-RB dated May 3, 2000 as amended by Notification No.FEMA 64/2002-RB dated June 29, 2002, Notification No.FEMA 65/2002-RB dated June 29, 2002 and Notification No.FEMA 93/2003-RB dated June 6, 2003 and relevant directions issued in the form of A.P. (DIR Series) Circulars. These are available on RBI website.

Q.2 Under the extant foreign exchange regulations to whom is general permission available for purchase of immovable property in India ?

A.2 General permission is available to purchase only a residential / commercial property in India to a person resident outside India who is a citizen of India (NRI) or who is a person of Indian origin (PIO).

Q.3 Who is a Person of Indian Origin (PIO)

A.3 For the purpose of acquisition and transfer of immovable property in India, a PIO means an individual (not being a citizen of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Nepal or Bhutan), who (i) at any time, held Indian passport, or (ii) who or either of whose father or grandfather was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955).

Q.4 Is NRI / PIO who has purchased residential / commercial property under general permission required to file any documents with Reserve Bank of India?

A.4 NRI / PIO who has purchased residential / commercial property under general permission is not required to file any documents with the Reserve Bank.

Q.5 Is there any restriction on the number of residential / commercial properties that NRI / PIO can purchase under the general permission available ?

A.5 There is no restriction on the number of residential / commercial properties

ties that NRI / PIO can purchase under the general permission available.

Q.6 Can a name of a foreign national of non-Indian origin be added as a second holder to a residential / commercial property purchased by NRI / PIO ?

A.6 No.

Q.7 Can a foreign national of non-Indian origin resident outside India acquire any immovable property in India by way of purchase ?

A.7 No. Under section 2(ze) of the Foreign Exchange Management Act, 1999 'transfer' includes among others, 'purchase'. Therefore, a foreign national of non-Indian origin resident outside India cannot acquire any immovable property in India by way of purchase.

Q.8 Can a foreign national of non-Indian origin acquire residential property on a lease in India ?

A.8 Yes. A Foreign National of non-Indian origin including a citizen of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Nepal or Bhutan may acquire only residential accommodation on lease, not exceeding five years for which he / she does not require prior permission of Reserve Bank of India.

Q.9 Can a person resident outside India (i.e., a NRI or a PIO or a foreign national of non-Indian origin) acquire agricultural land / plantation property / farm house in India by way of purchase ?

A.9 No. A person resident outside India cannot acquire by way of purchase agricultural land / plantation property / farm house in India.

Q.10 Can NRI / PIO acquire residential / commercial property by way of gift under the general permission available ?

A.10 Yes. Under the general permission available NRI / PIO may acquire residential / commercial property by way of gift from a person resident in India or a NRI or a PIO.