

FEMA Ke Fundae

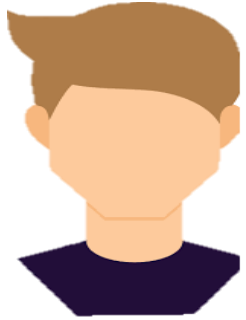
#FamiliarwithFEMA

**Housing loan for NRI/OCI
for the Acquisition of
Immovable Property in
India**

Issue No : 93

Date : 20th March, 2024



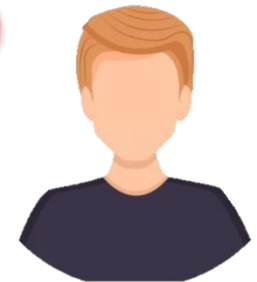


William Smith
(Non-resident Indian)

Hello MR. FEMA Gyani, I am William Smith. I am a Non-Resident Indian. Recently, I visited Goa where I met my old friend Rohan. He wants to sell his beautiful bungalow and I want to purchase the same. Being an NRI, can I do so?



Absolutely, William!
There are no restrictions on NRIs buying residential or commercial property, except for agricultural land, farmhouses, or plantation. The Reserve Bank of India (RBI) allows it .

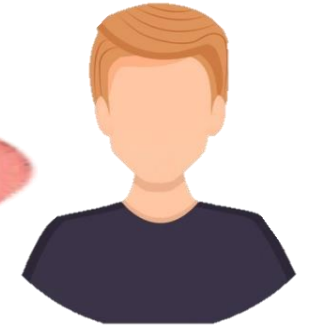


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William Smith
(Non-resident Indian)

Okay got it!
It is a Residential property.
How would the payment for the property work since I don't have enough funds in India?



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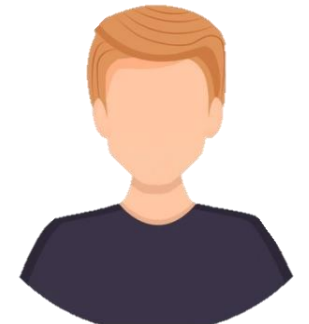
If you do not have enough funds in India then you can take housing loan for the same.

Is this possible!
That's Great



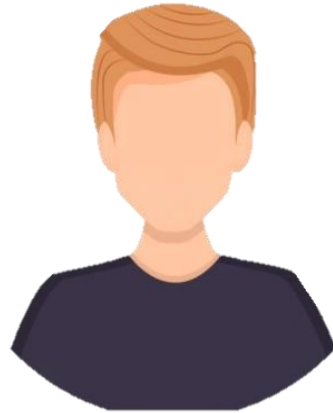
William Smith
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Yes, you can!
Authorized dealer banks and housing finance institutions offer home loans specifically for NRIs. They are registered with the National Housing Bank and approved by the RBI. Subject to the following conditions:



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1 The quantum of loans, margin money and the period of repayment shall be at par with those applicable to housing finance provided to a person residing in India.



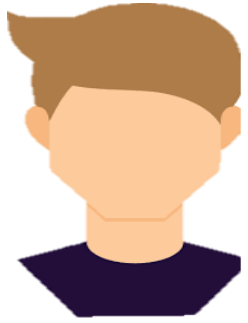
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2 The loan amount shall not be credited to Non-resident External (NRE) / Foreign Currency Non-resident (FCNR) account of the borrower.

3 The loan shall be fully secured by deposit of title deed of the property proposed to be acquired, and if necessary, also be lien on the borrower's other assets in India.



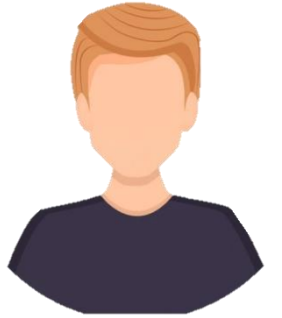
4 The rate of interest on the loan shall conform to the directives issued by the Reserve Bank of India or, as the case may be, the National Housing Bank.



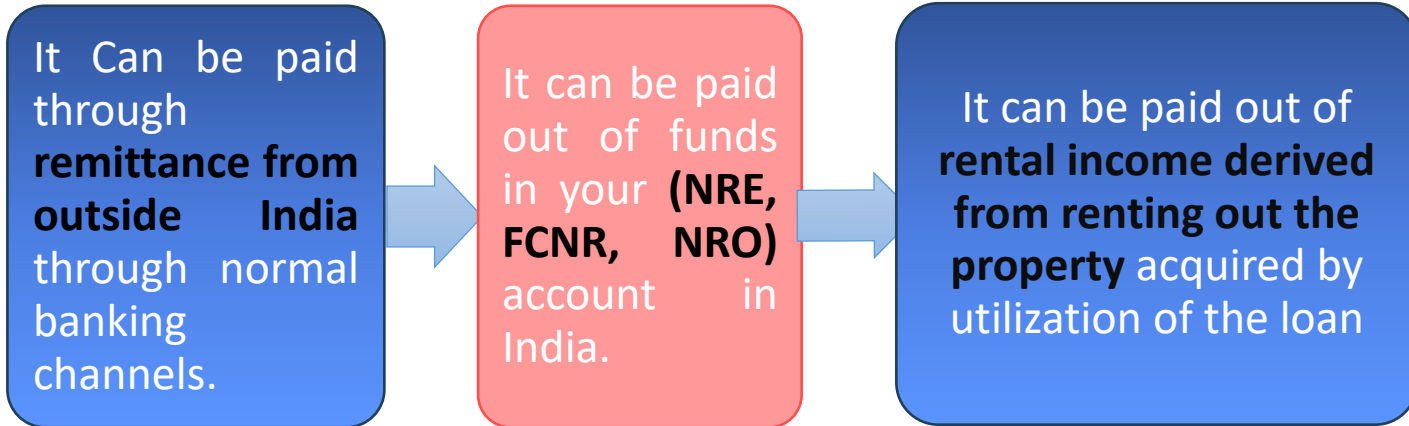
**William Smith
(Non-resident Indian)**

Can I pay the loan installment, interest and other charges through remittance from outside India?

Yes William,
You can pay the instalment of loan, interest and other charges in following ways:-



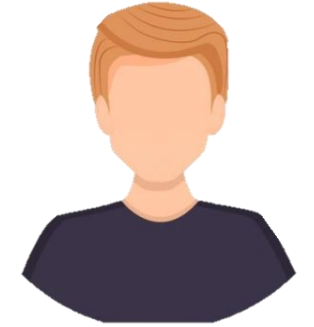
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William Smith
(Non-resident Indian)

Okay! And Can I make payment through foreign currency notes?



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No William! There are certain conditions relating to payment for such immovable property also.

The payment for acquiring such a property should be made by way of **foreign inward remittance through proper banking channel** and is subject to payment of **all taxes and other duties/ levies** in India.

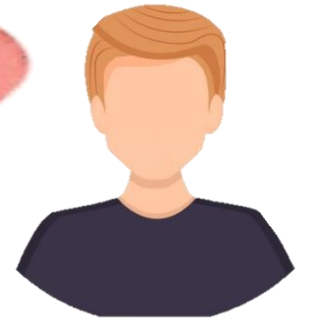
The Payment can also be made out of funds held in **(NRE/ FCNR(B)/ NRO)** accounts of the NRIs/ OCIs. Payments should not be made through **traveller's cheque** and **foreign currency notes**.



William Smith
(Non-resident Indian)

Okay!
One last query, If I sell this bungalow in future then how can I repatriate the amount of sale proceeds?

The repatriation of sale proceeds depends upon the fact as to how the loan instalment was repaid-

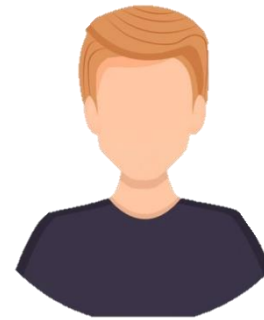


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If you have repaid your loan amount through **NRO account** then you are not allowed to repatriate the amount of sales proceed.

If you have repaid your loan amount by **remittance in foreign exchange received through banking channel** or out of **NRE/FCNR account** then you are allowed to repatriate the amount of sales proceed.

Thank You



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Comments

Feedbacks

Suggestions



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