

FAQ

Who is a Non-Resident India (NRI)?

A citizen of India who stays abroad for employment, business or vocation outside India or stays abroad under circumstances indicating an intention for an uncertain duration of stay overseas is a non-resident Indian. Persons posted in U.N. organisations and officials deputed abroad by Central or State Governments and Public Sector undertakings on temporary assignments or non-temporary assignments are also treated as non-residents. Non-resident foreign citizens of Indian origin are treated on par with non-resident Indian citizens (NRIs).

Who is a Person of Indian Origin (PIO)?

A person of Indian origin (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:

- Held an Indian Passport at any time, or
- Who or whose father or paternal grandfather was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955

Are NRIs or PIOs allowed to purchase or sell immovable property in India?

The Reserve Bank of India (RBI) has granted permission to all NRIs and PIOs to buy or sell commercial or residential property in India. RBI does not allow purchase or sale of agricultural land, plantation property or farmhouses by NRIs or PIOs in India.

Do NRIs/Foreign citizens of India need to submit any documents with RBI when purchasing immovable residential property in India?

When NRIs or PIOs purchase an immovable residential property under general permission, they are not required to file any documents with the Reserve Bank of India.

What mode of payment can an NRI or PIO make to purchase a residential property in India?

Under the general permission, an NRI or PIO may purchase a residential property in India by funds remitted to India through normal banking channel or funds held in their NRE/FCNR/NRO accounts.

Can an NRI give their residential property on rent if not required for immediate use?

The RBI permits NRIs to let out any immovable property in India on rent. The rental income or proceeds of any investment of such income are eligible for repatriation.

Can NRIs obtain loans for acquisition of a property for residential purpose from financial institutions?

The RBI has granted some general permission to certain financial institutions providing housing finance, e.g., HDFC, LIC Housing Finance Ltd. and authorised dealers to grant housing loans to NRIs for acquisition of a NRI residential property for self-occupation subject to certain conditions. Criteria regarding the purpose of the loan, margin money and the quantum of loan will be at par with those applicable to resident Indians. Repayment of the loan should be made within a period not exceeding 15 years, out of inward remittance through banking channels or out of funds held in the investors' NRE/FCNR/NRO accounts.

What is the Loan Sanction process and the Documentation Required?

Although the requirements are largely bank-specific, a general list of documents is provided below:

- Applicant's Passport Visa
- A copy of appointment letter and contract from the company employing the applicant
- Labour card/identity card (translated in English and countersigned by the consulate) if the person is employed in the Middle East Salary certificate (in English) specifying name, date of joining, designation and salary details
- Bank Statements for the prior six months

Another key document required while processing an NRI home loan is the power of attorney. Due to local formalities and stringent local banking policies, a power of attorney is highly recommended for such transactions.

Can an NRI give a Power of Attorney to an Indian resident to carry out the documentation formalities on his behalf?

Yes, NRIs can appoint a Power of Attorney to complete formalities towards the purchase of a property in India, considering the fact that an NRI wouldn't be in India for long periods.

Can an NRI or PIO transfer their residential property by way of gift?

Yes, an NRI or PIO can transfer their residential property in India by way of a gift to an Indian resident or NRI or PIO. NRIs and PIOs do not require permission of the RBI to transfer property to an Indian citizen, NRI or PIO.