



FREQUENTLY ASKED QUESTIONS FOR NON-RESIDENT INDIANS

Q : Who is an NRI?

A : Under the Foreign Exchange Regulation Act of 1973, Non-Resident Indians are:

Indian citizens who stay abroad for employment or for carrying on business or vocation outside India or for any other purpose in circumstances indicating an indefinite period of stay abroad.

OR

Government servants who are posted abroad on duty with the Indian missions and similar other agencies set up abroad by the Government of India where the officials draw their salaries out of Government resources.

OR

Government servants deputed abroad on assignments with Foreign Governments or regional/international agencies like the World Bank, International Monetary Fund (IMF), World Health Organization (WHO), Economic and Social Commission for Asia and the Pacific (ESCAP),

OR

Officials of the State Government and Public Sector Undertakings deputed abroad on temporary assignments or posted to their branches or offices abroad.

Guidelines Issued by the Reserve Bank of India for grant of Housing Loans to NRIs

The Reserve Bank of India (RBI) has issued certain guidelines for granting loans to Non-Resident Indians. The guidelines are:

- The loan amount shall not exceed 85% of the cost of the dwelling unit.
- Own contribution, which is the cost of dwelling unit financed less the loan amount, can be met from direct remittances from abroad only through normal banking channels, your Non-Resident (External) [NR (E)] Account and /or Non-Resident (Ordinary) [NR (O)] account and /or Non-Resident Special Rupee account [NRSR] in India.
- Repayment of the loan, comprising of the principal and interest including all the charges are to be remitted from abroad only through normal banking channels, your Non-Resident (External) [NR (E)] Account and /or Non-Resident (Ordinary) [NR (O)] account and /or Non-Resident Special Rupee account [NRSR] in India.



Q : For what purposes are loans available to NRIs?

A : NRIs can avail loan for buying or constructing a new home, extending or improving an existing home or even to buy a plot.

Q : What is meant by "Own Contribution"? How can this "Own Contribution be paid"?

A : Own Contribution is the cost of the dwelling unit financed less the loan amount. The own contribution should be met from direct remittances from abroad through normal banking channels or from the Non-Resident (External) Account/Non-Resident (Ordinary) or the Non-Resident Special Rupee account in India.

Q : Where does one register new tenancies in Mumbai ?

A : The following documents are required along with the application form:

- Photocopy of the labour contract duly countersigned by your employer (translated to English for non-English documents).
- Latest salary certificate (in English) specifying the following:
 - Name (as it appears in the passport).
 - Date of joining.
 - Passport Number.
 - Designation.
 - Perquisites and salary.
 - Photocopy of labour card/identity card.
 - Photocopy of valid resident visa stamped on the passport.
 - Photocopy of monthly statement of local bank account.
 - Property related documents.

Q : What security will I have to provide?

A : Typically the security for the loan is first mortgage of the property to be financed, normally by way of deposit of title deeds and/or such other collateral security as may be necessary.

In addition interim security may be required, if the property is under construction. Collateral or interim security could be in the form of assignment of life insurance policies, surrender value of which is at least equal to the loan amount, pledge of shares and such other investments.



Q : Can I give a Power of Attorney in favour of a person of my choice in India to complete loan formalities on my behalf?

A :

Yes. Normally it is desirable to appoint a Power of Attorney in India to represent you in dealings in India. The Power of Attorney should be executed as per drafts provided by the housing finance company. The Power of Attorney can be given to any person of your choice in India.