

August 16, 2006

To.

All Category – I Authorised Dealer Banks

Madam / Sir,

Purchase of immovable property in India by Non-Resident Indians and Persons of Indian Origin – Mode of Payment – Clarification

Attention of Authorised Dealer Category I (AD – Category I) banks is invited to Regulation No. 3 and 4 of Notification No. FEMA 21/RB-2000 dated May 3, 2000, as amended from time to time.

2. In terms of Regulations 3 and 4 of the Notification *ibid*, Indian citizen resident outside India and Person of Indian origin can acquire immovable property in India other than agricultural property, plantation or a farm house. It is clarified that the payment for such acquisition shall be made out of (i) funds received in India through normal banking channels by way of inward remittance from any place outside India or (ii) funds held in any non-resident account maintained in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the regulations made by Reserve Bank of India from time to time.

3. Accordingly, such payment cannot be made either by traveller's cheque or by foreign currency notes or by other mode other than those specifically mentioned in paragraph 2.

4. A copy of the Notification No. FEMA 146/2006-RB dated February 10, 2006 [Foreign Exchange Management (Acquisition and transfer of immovable property in India) Regulations, 2000] issued in this regard is enclosed.

5. AD - Category I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

6. The directions contained in this Circular have been issued under Section 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Salim Gangadharan
Chief General Manager-in-Charge

Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) (Amendment) Regulations, 2006

In exercise of the powers conferred by clause (i) of Sub-Section (3) of Section 6, Sub-Section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2000 (Notification No.FEMA.21/2000-RB dated May 3, 2000):-

1. Short title and commencement -

- (i) These Regulations may be called the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) (Amendment) Regulations, 2006.
- (ii) They shall come into force on the date of their publication in the Official Gazette.

2. Amendment of Regulation 3 –

In regulation 3 of the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2000 (hereinafter referred to as the principal regulations), for clause (a), the following shall be substituted, namely :-

"(a) acquire immovable property in India other than an agricultural property, plantation, or a farm house:

Provided that in case of acquisition of immovable property, payment of purchase price, if any, shall be made out of (i) funds received in India through normal banking channels by way of inward remittance from any place outside India or (ii) funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank.

Provided further that no payment of purchase price for acquisition of immovable property shall be made either by traveller's cheque or by foreign

currency notes or by other mode other than those specifically permitted by this clause".

3. Amendment of Regulation 4 –

In regulation 4, for clause (a), the following shall be substituted, namely :-

"(a) acquire immovable property in India other than an agricultural property, plantation, or a farm house :

Provided that in case of acquisition of immovable property, payment of purchase price, if any, shall be made out of (i) funds received in India through normal banking channels by way of inward remittance from any place outside India or (ii) funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank.

Provided further that no payment of purchase price for acquisition of immovable property shall be made either by traveller's cheque or currency notes of any foreign country or any mode other than those specifically permitted by this clause".

Vinay Baijal
Chief General Manager

Foot Note - The Principal Regulations were published in the Official Gazette vide No.G.S.R. 407(E) dated May 8, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide No. G.S.R. 578(E) dated August 19, 2002 and 557(E) dated July 22, 2003.

G.S.R. 130(E) dated March 3, 2006.