

HOW TO BUY IN INDIA



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LUXURY REAL ESTATE SINCE 1864

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Who can buy property in India?

Any Individual, who is a Resident of India, Non Resident Indians living in other country, any Indian companies or Trusts registered in India are eligible to buy a property in India.

Can NRIs & PIOs buy Property In India?

Both NRIs and PIOs are allowed to purchase or receive by way of gift any immovable property in India without permission from the Reserve Bank of India, except an agricultural land, plantation property and a farm house. Further, both NRIs and PIOs are also allowed to inherit any immovable property (including agricultural land, etc.) in India. There is no restriction on the number of immovable properties both NRIs or PIOs may hold. In case of purchase of an immovable property, payment can be made only in Indian Rupees. Payment cannot be made through travellers' cheque or foreign currency.

Can a foreign national of non-Indian origin resident outside India purchase immovable property in India?

No. A foreign national of non-Indian origin, resident outside India cannot purchase any immovable property in India unless such property is acquired by way of inheritance from a person who was resident in India. However, he/she can acquire or transfer immovable property in India, on lease, not exceeding five years. In such cases, there is no requirement of taking any permission of/ or reporting to the Reserve Bank of India.

Can a foreign national who is a person resident in India purchase immovable property in India?

Yes, a foreign national who is a 'person resident in India' within the meaning of Section 2(v) of FEMA, 1999 can purchase immovable property in India, but the person concerned would have to obtain the approvals and fulfil the requirements, if any, prescribed by other authorities, such as, the State Government concerned, etc. The onus to prove his/her residential status is on the individual as per the extant FEMA provisions, if required by any authority. However, a foreign national resident in India who is a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal and Bhutan would require prior approval of the Reserve Bank.

Can OCI card holders purchase property in India?

OCI card holders can purchase residential and commercial properties in India. But they are not permitted to purchase agricultural land, including farmland or any kind of plantation property.

Is Real Estate regulated in India?

Yes. With the introduction of RERA (Real Estate Regulation and Development Act, 2016), the Real estate in India is regulated. This Act covers both Developers as well as Real Estate agents to ensure greater transparency and protect the interest of buyers. RERA covers all commercial and residential real estate projects where the land is over 500 square metres, or eight apartments. The purchase of completed and finished properties are not coming under the regulation of RERA.

What are the areas one should be careful while buying property in India?

One should be careful while selecting a Real Estate Agent. There are a lot of organised and unorganised Real Estate Agents in India, both individuals & institutions. Even though RERA is introduced, most of them are not registered under the same. It is important for a buyer to select an agent who is experienced, with good market knowledge and with a valid RERA registration in the region. It is always good to work with a reputed Brokerage Institution that offers multiple services and presence across as they will be able to offer integrated services under one roof.

When it comes to selecting Developers and projects, only buy projects that are RERA approved. All the approved projects will have a valid RERA registration number. However, please note that currently the Real Estate Act makes it mandatory only for all commercial and residential real estate projects where the land is over 500 square metres, or eight apartments to register under RERA.

What are the other costs involved while buying a property in India?

- Stamp duty- Varies from state-to state
- Registration fee- Varies from state-to-state
- Legal fees
- Transfer charges- In case of societies or communities
- Charges towards amenities like club house membership, power, water etc. – In case of societies or communities
- Brokerage
- Costs related to taking Mortgage, if applicable.

Once the property is acquired, there will be property taxes to be paid annually and if in case of a community, maintenance charges to be paid monthly/quarterly basis.

Is it important to do due-diligence before buying a property?

Yes. The due-diligence is the buyer's responsibility and one must do a due-diligence and thorough check of the documents with the help of an experienced lawyer, before buying the property. This is important to ensure that all the documents are in order and there are no disputes or litigations on the property. Please ensure below, before buying the property.

- The title of the property is clear
- There are no encumbrances on the property
- No litigations or claims on the property
- Property taxes paid till date
- Property has all supplementary documents mandated by the governments of each states. This can vary from state-to-state and the lawyer can provide the checklist applicable to the subject property.
- Availability of Occupancy certificate, wherever applicable

What are the steps involved in buying and under-construction property from a Developer?

Buying an under construction property in India is very common. India has lot of reputed developers engaged in this business. While buying such properties, please ensure that the project is RERA approved (if applicable) and has a valid registration number. Once the units are selected and finalised, the buyer will pay a token advance to block the same and sign the application form. Then an Agreement to Sell or Sale agreement will be executed within a stipulated period of time and the developers will take a payment equivalent to 20% to 40% in advance at that time. The balance amount will be paid in instalments that are construction linked, based on the time taken to complete the project. Finally, when the developer hand over the project for possession, a Sale deed should be executed and the same is treated as the ultimate document of ownership. If the buyer is taking mortgage from a Bank, the banks will have a lien on the property title, until the debt is cleared.

Can one take mortgage to buy property in India?

Yes. Most of the Banks and Non-Banking Finance Companies in India offer mortgage facilities to buy properties. The rates keep on changing from time-to-time. Banks fund under construction residential properties even from the beginning of the project. Banks fund up to 75% to 80% of the property value, based on the eligibility of the individual and home loans taken will give income tax exemptions and benefits to the individual. Mortgages for buying commercial properties are different from home loans in terms of rate, terms, benefits etc. If you are buying a home with the help of mortgage, you can do so with a down payment as low as 20% of the property value.



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