



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2015-16/308

February 04, 2016

A.P. (DIR Series) Circular No. 43/2015-16 [(1)/7(R)]

To

All Category - I Authorised Dealer and Authorised Banks

Madam/ Sir

Foreign Exchange Management (Acquisition and Transfer of Immovable Property outside India) Regulations, 2015

Attention of Authorised Dealers (ADs) is invited to [A.D.\(M.A. Series\) Circular No. 11 dated May 16, 2000](#) in terms of which ADs were advised of various Rules, Regulations, Notifications/ Directions issued under the Foreign Exchange Management Act, 1999 (hereinafter referred to as the Act). On a review it is felt necessary to revise the regulations issued under the Foreign Exchange Management (Acquisition and Transfer of Immovable Property outside India) Regulations, 2000, as amended from time to time. Accordingly, in consultation with the Government of India, the said regulations have been repealed and replaced by the Foreign Exchange Management (Acquisition and Transfer of Immovable Property outside India) Regulations, 2015.

2. In terms of these Regulations, acquisition or transfer of any immovable property outside India by a person resident in India would require prior approval of Reserve Bank except in the following cases:

- a) Property held outside India by a foreign citizen resident in India;
- b) Property acquired by a person on or before 8th July, 1947 and held with the permission of Reserve Bank;
- c) Property acquired by way of gift or inheritance from:
 - i. persons referred to in (b) above;
 - ii. persons referred to in section 6(4) of the Act;
- d) Property purchased out of funds held in Resident Foreign Currency (RFC) account held in accordance with the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015;

- e) Property acquired jointly with a relative who is a person resident outside India provided there is no outflow of funds from India;
 - f) Property acquired by way of inheritance or gift from a person resident in India who acquired such property in accordance with the foreign exchange provisions in force at the time of such acquisition
3. An Indian company having overseas offices may acquire immovable property outside India for its business and residential purposes provided total remittances do not exceed the following limits prescribed for initial and recurring expenses, respectively:
- a) 15 per cent of the average annual sales/ income or turnover of the Indian entity during the last two financial years or up to 25 per cent of the net worth, whichever is higher;
 - b) 10 per cent of the average annual sales/ income or turnover during the last two financial years.
4. For the purpose of these regulations, 'relative' in relation to an individual means husband, wife, brother or sister or any lineal ascendant or descendant of that individual.
5. The new regulations have been notified vide [Notification No. FEMA 7\(R\)/2015-RB dated January 21, 2016](#) c.f. G.S.R. No. 95(E) dated January 21, 2016 and shall come into force with effect from January 21, 2016. [The Master Direction No. 12 of 2015-16](#) (Acquisition and Transfer of Immovable Property under Foreign Exchange Management Act, 1999) has been updated accordingly to incorporate the above changes.
6. AD Category- I banks may bring the contents of the circular to the notice of their constituents concerned.
7. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

(B. P. Kanungo)
Principal Chief General Manager