

**Refund of purchase consideration on account of non-allotment
of flats/plots/cancellation of bookings/deals in respect of
immovable property purchased by NRIs/PIOs in India
A.P. (DIR Series) Circular No.46 (November 12, 2002)**

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

A.P. (DIR Series) Circular No.46

November 12, 2002

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**Refund of purchase consideration on account of non-allotment
of flats/plots/cancellation of bookings/deals in respect of
immovable property purchased by NRIs/PIOs in India**

Attention of authorised dealers is invited to paragraph 3 (i) of Schedule 1 to Reserve Bank of India. Notification No. FEMA 5/2000-RB dated May 3, 2000 in terms of which, refund of application / earnest money made by the house building agencies to Non-Resident Indians (including Persons of Indian Origin) on account of non- allotment of flat / plot, together with interest, if any (net of income tax payable thereon), is permitted to be credited to NRE A/c. of the account holder provided the original payment is made out of NRE / FCNR account of the account holder or from remittance received from outside India through normal banking channels and the authorised dealer is satisfied about the genuineness of the transaction.

2. With a view to allow credit to NRE/FCNR account of refund of purchase consideration by seller on account of cancellation of bookings/deals for purchase of residential, commercial property. Reserve Bank has issued Notification No. FEMA 64/2002-RB dated June 29, 2002 (copy enclosed) amending the above Notification. Accordingly, it will be in order for authorised dealers to allow Non-Resident Indians/Persons of Indian Origin to credit refund of application/earnest money/purchase consideration made by the housing building agencies/seller on account of non-allotment of flat/plot/cancellation of bookings/deals for purchase of residential, commercial property, together with interest, if any (net of income tax payable thereon), to NRE/FCNR account, provided, the original payment was made out of NRE/FCNR account of the account holder or remittance from outside India through normal banking channels and the authorised dealer is satisfied about the genuineness of the transaction.

3. Sub-paragraph (i) of paragraph 3 of Schedule 1 of the Notification No.FEMA 5/2000-RB dated May 3, 2000 viz. Foreign Exchange Management (Deposit) Regulations, 2000 may be substituted as indicated in the copy of the Notification enclosed.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

5 The directions contained in the circular have been issued under Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
Grace Koshie
Chief General Manager

RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001.

Notification No.FEMA.64 /2002-RB

dated June 29, 2002

In exercise of powers conferred by clause (f) 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 makes the following amendments to Foreign Exchange Management (Deposit) Regulations 2000, namely :-

1. (i) These Regulations may be called the Foreign Exchange Management (Deposit) (Amendment) Regulations 2002.

(ii) They shall come into force on their publication in the Official Gazette.
2. In the Foreign Exchange Management (Deposit) Regulations 2000, sub-para (i) of para 3 of Schedule 1 to RBI Notification No.FEMA.5/2000-RB dated 3rd May 2000, shall be substituted as under :-

“ Refund of application / earnest money / purchase consideration made by the house building agencies / seller on account of non-allotment of flat / plot / cancellation of bookings / deals for purchase of residential / commercial property, together with interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE / FCNR account of the account holder or remittance from outside India through normal banking channels and the authorised dealer is satisfied about the genuineness of the transaction.

Sd/-
(**K.J. Udeshi**)
Executive Director