



EW / BROKER MARKETING

Marketing to NRIs

What NRIs are looking out for and what type of property is being marketed to them? Let us find out...

Cities where NRI investment is maximum



Due to global uncertainties and high returns it has fetched in the past, India has been a hot bed for property investments by NRIs, says Ganesh Vasudevan, CEO, Indiaproperty.com. In reality, NRIs invariably look for homes close to their native places or places of future economic growth. The former makes it easier for them to keep an eye on their property and also gives them mental satisfaction of owning a house they can come back to. The latter ensures a decent return as and when they need to unlock the investment.

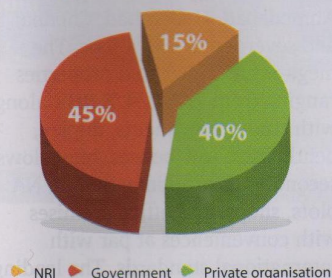
Feeling the plunge of piled inventories, usually developers market the high-end super luxury projects to NRIs. All the marketing jargons practiced by developers target NRIs, by showing them ultra-modern, spacious, hi-tech houses promising a king sized life back home.

All real estate companies – big or small have a dedicated team focused on the NRI market with a large part of their marketing spend assigned to try and woo them. We have seen Puravankara Projects recently opening an office in Saudi Arabia to cater exclusively to NRIs living there. Property shows and online portals are the two best ways that have been successfully employed to reach out to such customers, surmised Mr Vasudevan.

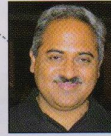
According to P Sunder, MD, HomeShikari, there are primarily two types of NRI investors, those that can't invest into property in their country of present residence due to domicile restrictions and those that can. The first kind, typically are NRIs in West Asia and other countries where domicile restrictions are applicable. Due to these restrictions, they are always on the lookout for buying residential property in India because they know that they have to return back to India, some day. A significant portion of these NRIs are unskilled and semi-skilled workers and would fall into the low and middle income groups. They usually prefer to invest in land or residential property back in their home towns. Average ticket size of such investments ranges between Rs 20 to Rs 30 lakh and such investments happen in the southern cities, more so in the towns of Kerala.

The second kind has no such domicile restrictions in their country of residence and hence, would look at investments into India from a different perspective. They could be looking at it as an investment that could provide attractive returns

**Total inventory
(NRI Residential Area)**



Ganesh Vasudevan
Ganesh Vasudevan, CEO,
Indiaproperty.com



POLICIES IN FAVOUR OF NRIs

- An NRI is applicable to pay capital gains tax when he sells property. But they get added benefit and the whole amount paid towards the interest of the home loan repayment is deductible from their taxable.
- In 2000 to encourage sales and investments, the Reserve Bank of India (RBI) simplified the procedure for NRI investments in immovable property except agricultural land, plantation property and a farm house.

or they could possibly be even looking at it as an option for a future residence because more and more highly skilled manpower is presently returning back to India. These are people who are senior professionals or people who come back to India to embark on entrepreneurship after a long stint overseas.

NRIs Opt for Safe Investment Bet

NRIs typically look for a relatively safe investment bet with fair chances of appreciation. This is because they are not resident in India and hence, there is a constant worry about the safety of their investment. However, they don't mind investing into developing areas of a city/town because they are not totally clued in to the current state of development as much as a resident Indian. And hence, they rely on friends, relatives, news sources and marketing collaterals of builders to make their buying decisions. Safety being a prime concern, the middle and high income groups tend to go for apartments, villa projects and gated communities that provide relatively higher safety by virtue of being in a group, as against a single individual managing his property matters. An NRI investment would depend not only on the income category, but quite heavily on the underlying reason for the investment. Someone looking at it purely from an investment angle would give a lot of weightage to capital appreciation and may go for pre-launch offers. ©EW

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NRIs SEEK STABILITY WITH INDIAN REAL ESTATE INVESTMENTS

NRIs have no restrictions limiting them with regards to how many commercial or residential properties they can own in India. However, there are restrictions on the repatriation of sale proceeds, which is limited to two units, meaning that when a NRI decides to sell and take the money back to the country of residence, he can do so with the sale proceeds of only two units.

RULES OF ENGAGEMENT

- NRIs can invest into real estate by remitting funds to India through normal banking channels, or by invest through funds in NRE/FCNR/NRO accounts maintained in India. They cannot make payment via travellers' cheque or foreign currency notes. They are also restricted from making any payments outside India.
- NRIs can avail home loan from Indian institution approved by the NHB, and loan repayment can be done either through inward remittances, debit to a NRE/FCNR/NRO account, via rental income earned in India or by borrowing from close relatives in India. NRIs can also avail of home loans from the employer in India, according to RBI rules.
- NRIs can mortgage residential property in India with an Indian financial institution without any approval from RBI. They can also mortgage it with a foreign financial institution with prior approval from RBI.
- NRIs can rent out their residential property without the approval of the RBI in India. Rent received can be credited to NRO/NRE account or remitted abroad.
- Authorised dealers have been empowered to allow repatriation of current income like rent, dividend, pension, interest, etc. of NRIs/PIOs who do not maintain an NRO account in India, based on appropriate certification by a chartered accountant confirming that the funds proposed are eligible for remittance and that applicable taxes have been paid or provided for.