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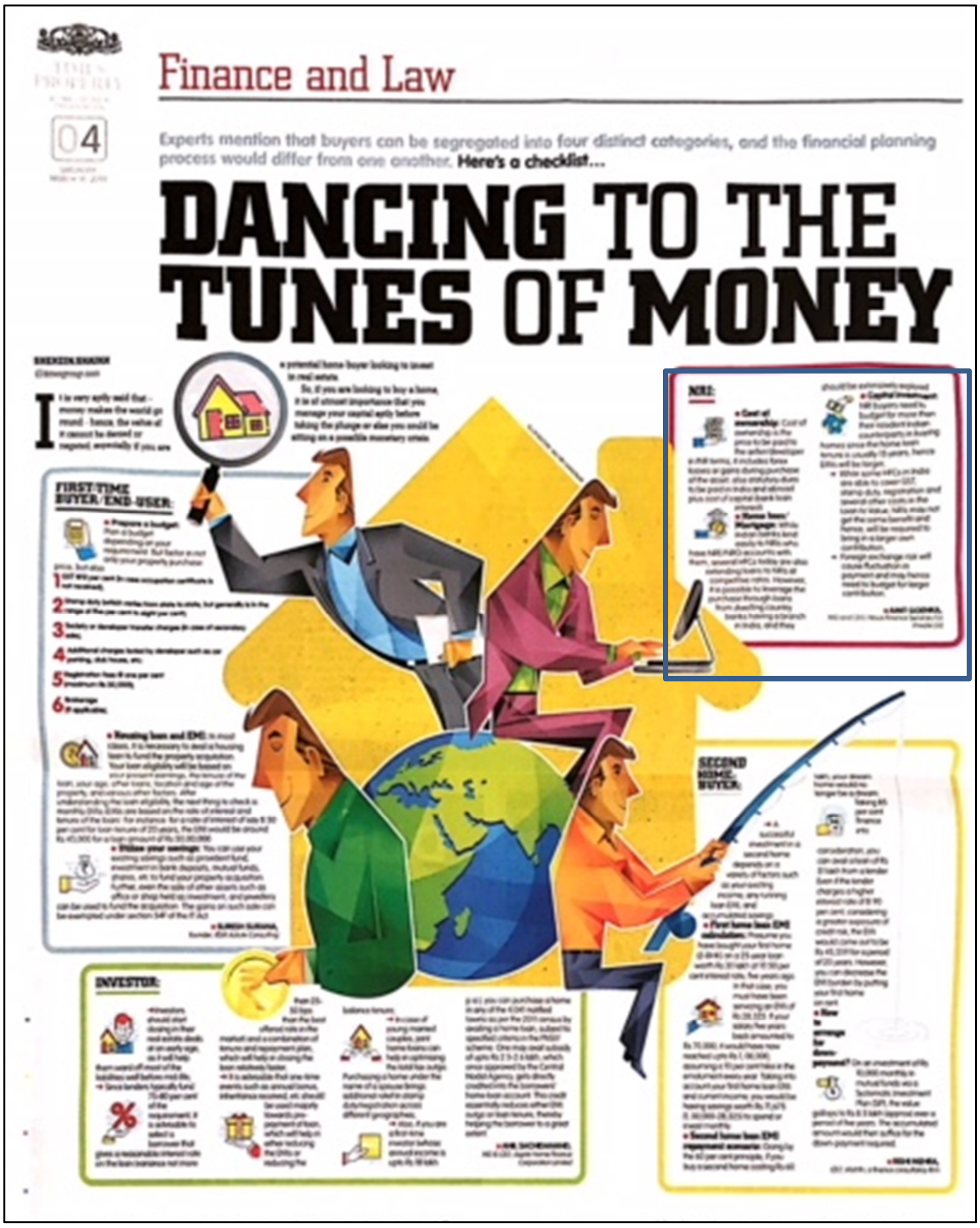

Finance and Law

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Experts mention that buyers can be segregated into four distinct categories, and the financial planning process would differ from one another. **Here's a checklist...**

DANCING TO THE TUNES OF MONEY

NRI:

- **Cost of ownership:** Cost of ownership is the price to be paid to the seller/developer in INR terms; it includes forex losses or gains during purchase of the asset; also statutory dues to be paid in India and abroad plus cost of capital (bank loan interest).
- **Home loan/ Mortgage:** While Indian banks lend easily to NRIs who have NRE/NRO accounts with them, several HFCs today are also extending loans to NRIs at competitive rates. However, it is possible to leverage the purchase through loans from dwelling country banks having a branch in India, and they should be extensively explored.
- **Capital investment:** NRI buyers need to budget for more than their resident Indian counterparts in buying homes since the home loan tenure is usually 15 years; hence EMIs will be larger;
  - → While some HFCs in India are able to cover GST, stamp duty, registration and several other costs in the Loan to Value; NRIs may not get the same benefit and hence, will be required to bring in a larger own contribution;
  - → Foreign exchange risk will cause fluctuation in payment and may hence need to budget for larger contribution.

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