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» CABINET APPROVES 100% FOREIGN DIRECT INVESTMENT FOR CONSTRUCTION DEVELOPMENT ON AUTOMATIC ROUTE

100% Foreign Direct Investment ("FDI") has now been cleared by the Union Cabinet of the Government of India in the Construction Development sector on the automatic route.

The salient features of the cleared proposal are briefly summarized as hereunder:

- For the development of serviced housing plots, a minimum land area of 25 acres and for construction-development projects, a minimum built-up area of 50,000 sq. mts would be required. For a combination of the above projects, either of the above conditions would suffice.
- The FDI would also be subject to: (i) A minimum capitalisation of US \$10 million for wholly owned subsidiaries and US\$ 5 million for joint ventures with Indian partners; (ii) non-repatriation of the original investment for a period of three years from completion of minimum capitalization.
- Bar on sale of "undeveloped plots", which in essence covers plots that do not yet have a completion certificate.
- The project would have to conform to the norms and standards, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the concerned State Government/ Municipal/ Local Body.

For further details please contact the Real Estate Team.

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