

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:2970  
ANSWERED ON:10.08.2001  
FOREIGN DIRECT INVESTMENT IN HOUSING SECTOR  
GOWDAR MALLIKARJUNAPPA;Y.S. VIVEKANANDA REDDY

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether housing development is facing huge gap of funds;
- (b) if so, whether the PHD Chamber of Commerce and Industry has requested the Government to allow foreign direct investment in the housing sector to bridge the gap;
- (c) if so, the details thereof;
- (d) whether the Government have agreed to allow FDI in the housing sector; and
- (e) if so, the time by which final decision in this regard is likely to be taken?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY ( DR. RAMAN SINGH)

(a) to (e) : At present only NRIs/OCBs are permitted to invest in housing and real estate development sector, subject to 16% cap on repatriation of profits and a lock-in period of three years.

Requests have been received from different quarters to allow Foreign Direct Investment (FDI) in housing sector with a view to bridging the huge gap of funds in this sector. Government have permitted FDI up to 100% on the Government approval route, vide Press Note No. 4 (2001 Series) dated 21.5.2001, for development of integrated townships comprising housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems in all metros and manufacture of building materials. Development of land and providing allied infrastructure will form an integral part of the township development, subject to guidelines/norms relating to minimum capitalisation, minimum land area, etc.