

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT AND POVERTY ALLEVIATION
LOK SABHA**

UNSTARRED QUESTION NO:5483

ANSWERED ON:30.04.2002

FOREIGN DIRECT INVESTMENT IN REAL ESTATE SECTOR

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Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

(a): whether the housing industry, which will have to construct around 6.5 million dwelling units per year till 2010 to meet the prime Minister's 'shelter for all' promise, has made a strong plea to the Union Government to allow foreign direct investment in the real estate sector;

(b): if so, whether they have also called for a reduction in the steep stamp duty imposed by the States;

(c): if so, the details thereof;

(d): whether the permission for FDI will give the much needed boost to the housing industry;

(e): if so, whether any concrete programme in this regard has been worked out by the Union Government; and

(f): if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT & POVERTY ALLEVIATION (SHRI BAN DATTATREYA)

(a) to (c): Some suggestions for inviting foreign direct investment (FDI) in housing and real estate sector and reduction of stamp duty/registration fee, have been received on several occasions in the past.

(d): Permission for FDI is expected to provide more finance and new technology for housing.

(e) & (f): The Government, by a notification dated 21.5.2001 issued by the Ministry of Commerce & Industry, has permitted FDI upto 100% for development of integrated townships only, including housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems and manufacture of building materials. Development of land and providing allied infrastructure will form an integral part of township's development, for which necessary guidelines/norms relating to minimum capitalization, minimum land area, etc. has also been issued by the Ministry of Commerce & Industry vide Press Note No.3 (2002 Series) dated 4.1.2002. FDI in this sector would be permissible with prior Government approval.

State Govts. have again been requested to reduce/lower the stamp duty to 3-5%, as this would create favourable conditions for the growth of housing stock. However, since the matter regarding reduction of stamp duty is a State matter, the State Governments have to take appropriate decision.