

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

UNSTARRED QUESTION NO:1437
ANSWERED ON:03.03.2006
F.D.I IN CONSTRUCTION SECTOR
Ahir Shri Hansraj Gangaram

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

- (a) whether the Government has approved hundred per cent foreign investment in construction sector;
- (b) if so, whether it will adversely affect the Indian construction units and builders;
- (c) whether the houses will be costlier for common man as a result of foreign investment in construction sector;
- (d) if so, whether any condition is imposed on foreign investors of construction companies to common man for providing houses at cheap rates; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF URBAN EMPLOYMENT & POVERTY ALLEVIATION (KUMARI SELJA)

(a)to(e): The government has allowed FDI up to 100% under the automatic route in township, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institution, recreational facilities, city and regional level infrastructure) inter-alia providing that

- (i) Minimum area to be developed is 10 hectares for housing plots;
- (ii) Minimum built-up area of 50,000 sqmtrs. for construction-development projects;
- (iii) Minimum capitalisation of US \$10 million for wholly owned and US \$5 million for joint ventures with Indian partners;
- (iv) Minimum lock-in-period of investment 3 years;
- (v) At least 50% of the project must be developed within 5 years after obtaining all statutory clearances.

This is likely to increase investment in Housing/Construction sector which would result in increase in Housing stock in the country.