

INDIA JURIS

WORLD PRACTICE

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REVIEW OF FOREIGN DIRECT INVESTMENT POLICY IN INDIA UNDER VARIOUS SECTORS

To boost entire investment environment and to bring in foreign investments in the country, the Government has brought in FDI related Reforms and liberalization touching upon 15 major Sectors of the Economy.

Details of these changes are given in the following paragraphs.

1. **Following radical Changes in FDI Regime in Construction Development Sector:**

- i. Conditions of area restriction of floor area of 20,000 sq. mtrs in construction development projects and minimum capitalization of US \$ 5 million to be brought in within the period of six months of the commencement of business have been removed and each phase of the project would be considered as a separate project.
- ii. A foreign investor will be permitted to exit and repatriate foreign investment before the completion of project under automatic route, provided that a lock-in-period of three years.
- iii. FDI is not permitted in an entity which is engaged or involved to engage in real estate business.
- iv. Condition of lock-in period will not apply to Hotels & Tourist Resorts, Hospitals, Special Economic Zones (SEZs), Educational Institutions, Old Age Homes and investment by NRIs.
- v. 100% FDI under automatic route is permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centers.

[Read more](#)

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