

Government of India

Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
SIA (FC Division)

PRESS NOTE NO. 3 (2002 SERIES)

Subject: Guidelines for FDI in development of integrated township including housing and building material

Government vide Press Note No. 4 (2001 series) permitted FDI up to 100% for development of integrated townships, 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 integrated part of township's development.

2. FDI in the development of integrated townships will be subject to the following guidelines:

- i) The foreign company intending to invest, shall be registered as an Indian Company under Companies Act 1956 and will henceforth be allowed to take up land assembly and its development as a part of Integrated Township Development. All such cases would be processed by FIPB on the recommendation of Ministry of Urban Development & Poverty Alleviation and other concerned Ministries / Departments. Ministry of Urban Development & Poverty Alleviation will develop an exclusive cell to deal with such cases.
- ii) The core business of the company seeking to make investment, should be integrated township development with a record of successful execution of such projects elsewhere.
- iii) The minimum area to be developed by such a company should be 100 acres for which norms and standards are to be followed as per local bylaws / rules. In the absence of such bylaws / rules, a minimum of two thousand dwelling units for about ten thousand population will need to be developed by

the investor.

- iv) The investing Foreign company should achieve clear milestones once their proposal has been approved.
 - a) The minimum capitalisation norm shall be US\$ 10 million for a wholly owned subsidiary and US\$ 5 million for joint ventures with Indian partner/s. The funds would have to be brought in upfront.
 - b) A minimum lock-in period of three years from completion of minimum capitalisation shall apply before repatriation of original investment is permitted.
 - c) A minimum of 50% of the integrated project development must be completed within a period of five years from the date of possession of the first piece of land. However, if the investor intends to exit earlier due to reasons beyond his control, it shall be decided by FIPB on a case-to-case basis.
- v) Conditions regarding the use of land for commercial purposes, development charges, external development charges and other charges as laid down in Master Plan / Bylaws, preparation of layout and building plan, development of internal and peripheral development, development of other infrastructure facilities including the trunk services etc., will be the responsibility of the investor as per planning norms and standards on similar lines as those applicable to local investors. In the absence of such standards and norms, every State Government may decide their own conditions for which the Urban Development Plan Formulation and Implementation guidelines circulated by the Ministry of Urban Development & Poverty Alleviation may serve as a guiding principle.
- vi) Land with assembled area for peripheral services such as police stations, milk booths will be handed over free of cost to the Government / local authority / agency as the case may be.
- vii) The Developer will retain the lands for community services such as (i) schools (ii) shopping complex (iii) community centres (iv) ration shop (v) hospital / dispensary. These services will be developed by developer himself and shall be made operational before the houses are occupied.

- viii) The developer, after properly developing playgrounds, park, will make it available to the local authorities free of cost.
- ix) The developer will ensure the norms and standards as applicable under local laws / rules.
- x) For companies investing in Special Economic Zones, Foreign Investment Promotion Board may accord exemption to any of the above mentioned conditions on a case-to-case basis. This will, however, be an interim measure till guidelines are evolved in due course in a need based manner.

(M.S. SRINIVASAN)
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