

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**NORMS OF ECB AND FDI**

New Delhi, Vaisakha 07, 1933  
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FDI is not permitted in Real Estate Business. However, as per paragraph 6.2.11 of ‘Circular 1 of 2012 – Consolidated FDI Policy’ of the Department of Industrial Policy & Promotion (DIPP), FDI upto 100 per cent is permitted under the automatic route for Townships, housing, built-up infrastructure and construction development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure), subject to certain conditions.

As per extant External Commercial Borrowings (ECB) policy, ECB is not permitted for real estate sector.

A representation from Confederation of Real Estate Developers’ Association of India (CREDAI) was received in the Ministry of Finance through the DIPP in December 2011. The said representation inter-alia requested for the following:

- i. ECB borrowings to be permitted in housing construction particularly for completion of all ongoing projects where there is already equity in the form of FDI.
- ii. FDI rules and ECB rules be modified to encourage investment in affordable housing. The limit of 50,000 sq.m. or 25 acres could be relaxed for this sector. The slum redevelopment projects and other affordable housing projects irrespective of size may also be considered for the same.

Government is not considering any further relaxation in FDI policy norms for the construction – development sector at this point of time. However, so far as ECB is concerned, Budget 2012-13 announced the provision of ECB for low cost affordable housing project.

This information was given by the Minister of State for Finance, Shri Namo Narain Meena in written reply to a question in Lok Sabha today.

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