

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

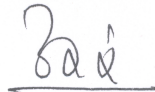
PRESS NOTE NO. 2 (2006 SERIES)

Subject: Clarification regarding Foreign Direct Investment (FDI) in townships, housing, built-up infrastructure and construction-development projects.

The Government, vide Press Note 2 (2005 Series) dated 2.3.2005, had notified the policy for Foreign Direct Investment (FDI) in townships, housing, built-up infrastructure and construction-development projects. The Government has received few requests from investors seeking clarifications on applicability of these policy guidelines to some other sectors such as Special Economic Zones, Hotels, Hospitals, etc.

2. The matter has been considered in the light of the policy prevailing prior to issue of the subject Press Note. FDI up to 100% was already allowed under the automatic route in the Hotel and tourism sector vide Press Note 4 (2001 Series) and in the Hospital sector vide Press Note 2 (2000 Series). Special Economic Zones are separately regulated under the Special Economic Zone Act, 2005.

3. It is clarified that the provisions of Press Note 2 (2005 Series) shall not apply to Special Economic Zones; neither shall it apply to establishment and operation of hotels and hospitals which shall continue to be governed by Press Note 4 (2001 Series) and Press Note 2 (2000 Series) respectively.



(Umesh Kumar)
Joint Secretary to the Government of India

F. No. 12/36/2005-FC dated 16th January 2006

Copy forwarded to Press Information Officer, Press Information Bureau, for giving wide publicity to the above Press Note.