

JAIN SHRIMAL & CO.

# FEMA Ke Fundae

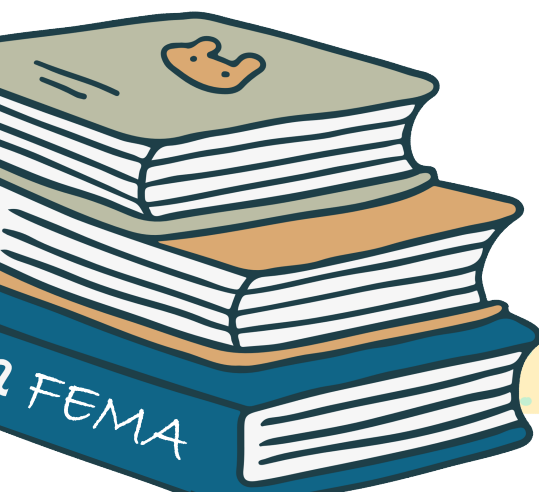
#FamiliarwithFEMA



**Prohibited  
Sectors for  
Foreign Direct  
Investment (FDI)**

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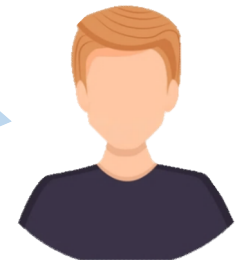




**Ajay Gupta**  
(CEO of Company)

Hello Mr. FEMA Gyani! I'm Ajay Gupta, owner of Gupta Housing Solutions. My company is engaged in real estate development and construction. I am considering the option of attracting foreign investment to finance my business. Could you please clarify whether foreign investment is permitted in the real estate sector and what are the relevant regulations for the same?

Hello, Ajay! When it comes to sectors like real estate, Foreign Direct Investment is prohibited in the business under the FDI policy. So, since your company is in real estate development and construction, you are in a sector where foreign investment is restricted.



**FEMA Gyani**

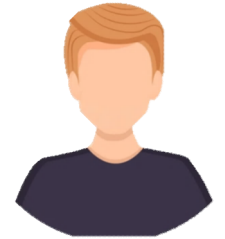


**Ajay Gupta**

That's concerning. So, is there any way foreign investment can still be brought in for my business?



Yes, foreign investment can still be brought. It's important to note that the definition of "real estate business" excludes certain activities like development of townships, construction of residential or commercial premises, building roads or bridges, as well as constructing educational institutions, recreational facilities, and city or regional-level infrastructure projects are not included in this restriction.



**FEMA Gyani**



**Ajay Gupta**

Got it! So, while direct investment in real estate trading is restricted, investment in construction and infrastructure development can be done.



**Ajay Gupta**

Okay, I have one more question that, are there any other areas where Foreign Direct Investment is prohibited?

### **ACTIVITIES**

**Yes, Foreign investment in any form** is prohibited in a company or a partnership firm or a proprietary concern or any entity,) which is engaged or proposes to engage in the following activities:

1. Business of chit fund, or
2. Nidhi company, or
3. Agricultural or plantation activities, or
4. Real estate business, or construction of farm houses, or
5. Trading in Transferable Development Rights (TDRs).



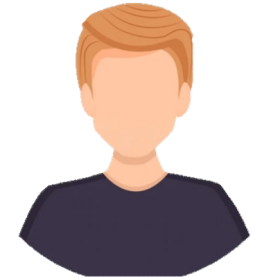
**FEMA Gyani**



## SECTORS

In addition to above, Foreign investment in the form of FDI is prohibited in certain sectors such as:

- a. Retail Trading (except single brand product retailing)
- b. Atomic Energy
- c. Lottery Business including Government / private lottery, online lotteries, etc.
- d. Gambling and Betting including casinos, etc
- e. Activities / sectors not opened to private sector investment
- f. Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro and allied sectors) and Plantations (other than Tea Plantations)
- g. Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.



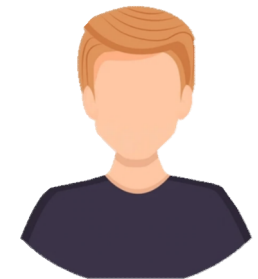
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**Ajay Gupta**

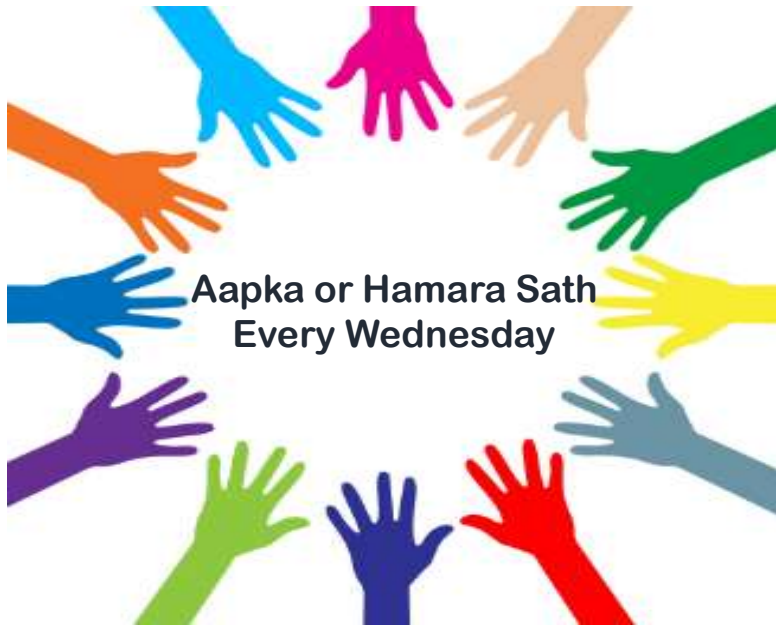
Alright, that's clear now. Thank you so much  
FEMA Gyani.

You're welcome Ajay.



**FEMA Gyani**

# Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jsoca>

**WEBSITE**

<https://jainshrimal.com/>



International Tax Gyan     
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