



## NEWSLETTER



### **Government relaxes FDI norms for construction, real estate sector in India**



The government has relaxed overseas investment rules in construction sector to attract money into the sector and serve its twin objectives of faster job creation and housing for all. The Union Cabinet has approved a comprehensive proposal by the Department of Industrial Policy & Promotion (DIPP), dropping the minimum 10-hectare rule for serviced housing plots and slashing the minimum floor area for construction development projects to 20,000 sq m from 50,000 sq m to be eligible for overseas investment.

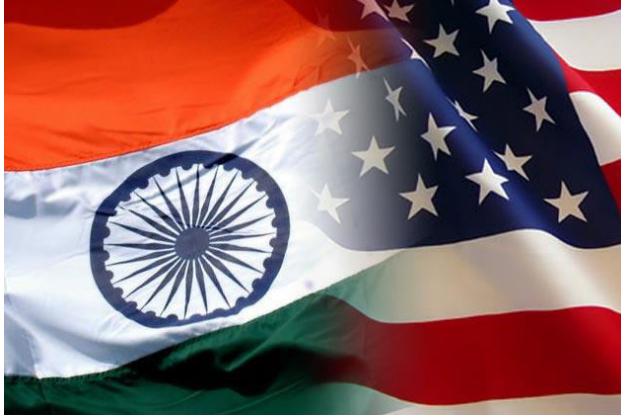
The minimum foreign direct investment (FDI) amount has been halved to \$5 million from \$10 million and exit norms have been substantially eased. The 3 year lock in period has been removed. FDI can be repatriated or transferred before the completion of the project if approved by the Foreign Investment Promotion Board.

The new rules will also give a boost to the 100 smart cities and housing for all by 2022 being planned by the government. This move has raised the possibility of projects that are stuck getting completed and cheaper housing becoming available in the near future.

The sectoral condition of minimum area and capital will not apply if the developer sets aside 30% of the project for affordable housing, defined as dwelling units of less than 60 sq m.

This move is going to have a multiplier effect on the economy by way of infrastructure creation; substantial employment generation over the entire spectrum from unskilled workers to engineers, architects, designers as well as financial and other supporting services thus helping in the overall growth of the economy.

## US firms keen to partner with India in building smart cities



American Companies are keen to partner with Indian firms to build smart cities in India. The Indian government targets to build 100 smart cities. A budget of Rs. 7060 has been proposed for the same. The US wants to offer technological and physical expertise to Indian companies to develop power, water & sanitation, transportation and safety & security.

India also needs the American expertise to upgrade its railway equipment and systems, airports and traffic control systems, aircraft maintenance, repair and overhaul, cold chain and ports in addition to security modernisation, safe cities, integrated traffic management systems. The US-India infrastructure collaboration platform will provide further impetus towards the collaborative efforts.

## India-Vietnam sign crucial agreements forging economic ties further



India and Vietnam signed many crucial agreements during the visit of Vietnam's Prime Minister Nguyen Tan Dung. The two countries have agreed to utilize the Customs Cooperation Agreement and Maritime Shipping Agreement between the two countries for facilitating more intensive economic engagement.

The following Agreements were signed in the presence of Prime Minister Modi and Prime Minister Dung: (i) MoU on the Establishment of Nalanda University; (ii) MoU on Conservation and Restoration of the World Heritage Site of My Son, Quang Nam Province, Vietnam; (iii) MoU on Establishing the Centre for English Language and Information Technology Training at the Telecommunications University; (iv) Cultural Exchange Programme 2015-17; (v) MoU on Exchange of Audio-Visual Programmes; (vi) HoA between OVL and PetroVietnam; and (vii) MoU between ONGC and PetroVietnam.

India and Vietnam are actively involved in defence cooperation with Indian helping Vietnam in the modernization of its defence and security forces. This will include expansion of our training programme, which is already very substantial, joint exercises and cooperation in defence equipment. The 100 million dollars Line of Credit that will enable Vietnam acquire new naval vessels from India is planned to operationalize at the earliest.

The two countries will work to enhance trade in areas such energy, infrastructure, textiles, chemicals, machinery, agro-processing and information technology in Vietnam.

## **M&A deals value involving Indian companies touch \$4.7 billion in July-September 2014**



Total value of mergers and acquisitions involving Indian companies touched \$4.7 billion in the July-September quarter of 2014 and spread across 203 transactions. Most of the transactions were on the domestic front. With a stable government and increased investor confidence, M&A activities involving Indian companies are likely to gain further stimulus.

The highest number of transactions were in the technology sector with almost 30 deals. The quarter has registered a significant increase compared to last year.

## **Increase in PE investments during January-September 2014**

Private equity investments in the first nine months of this year has reached \$8.4 billion as against \$7.8 billion in the corresponding period a year ago, according to a report.

There is an upswing in PE deal activity in the nine month period ending September 2014, both in terms of value as well as volume, indicating a revival in investment climate.

PE investment so far in 2014 stood higher at \$8.4 billion as against \$7.8 billion in 2013. The valuations are expected to go up further given the increased confidence in the Indian business environment.

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