

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Clarification on FDI Policy on Facility Sharing Arrangements between Group Companies

This Department has received certain references on the issue as to whether entering into facility sharing agreements through leasing/sub-leasing arrangements within group companies for the larger purposes of business activities would be construed to mean 'real estate' business within the provisions of Consolidated FDI Policy Circular of 2015.

2. In this regard it is hereby clarified that:

"Facility sharing agreements between group companies through leasing/sub-leasing arrangements for the larger interest of business will not be treated as 'real estate business' within the provisions of the Consolidated FDI Policy Circular of 2015, provided such arrangements are at arm's length price in accordance with relevant provisions of Income Tax Act 1961, and annual lease rent earned by the lessor company does not exceed 5% of its total revenue."


(R.D. Diwakar)

Under Secretary to the Government of India

D/o IPP File No.: No. 12/15/2009-FC-1 dated: 15th September, 2015