

**GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION  
RAJYA SABHA**

**STARRED QUESTION NO. 53.  
TO BE ANSWERED ON WEDNESDAY, THE 7<sup>TH</sup> FEBRUARY, 2018.**

**ALLOWING 100 PER CENT FDI IN SINGLE BRAND RETAIL TRADE**

**\*53. SHRI NEERAJ SHEKHAR:**

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

- (a) whether Government has recently allowed 100 per cent Foreign Direct Investment (FDI) in Single Brand Retail Trade through automatic route;
- (b) if so, the details thereof; and
- (c) the reasons for allowing 100 per cent FDI in Single Brand Retail?

**ANSWER**

**THE MINISTER OF COMMERCE & INDUSTRY  
(SHRI SURESH PRABHU)**

**(a) to (c):** A Statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE RAJYA SABHA STARRED QUESTION NO. 53 FOR ANSWER ON 7<sup>TH</sup> FEBRUARY, 2018.**

- (a) & (b):** Yes Sir. The Government vide Press Note No. 1(2018 Series) on 23rd January, 2018 liberalised FDI policy provisions on various sectors including Single Brand Retail Trading (SBRT). Revised policy for FDI in SBRT is at Annexure.
- (c):** FDI policy is reviewed on an ongoing basis, with a view to making it more investor friendly and to ensure that India remains an increasingly attractive investment destination. FDI policy on SBRT has been in operation since 2006. The policy has been found attractive to the foreign investors and so far over 100 proposals have been approved by the Government. As the FDI policy on the sector has gradually evolved over the years and there are now well established and clear provisions laid down in the policy on SBRT, FDI has now been permitted under automatic route in the sector.

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## ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF RAJYA SABHA STARRED QUESTION NO. 53 FOR ANSWER ON 7<sup>TH</sup> FEBRUARY, 2018.

**Single Brand Product Retail Trading**

| Sector/Activity  | % of Equity/FDI Cap | Entry Route |
|--|---------------------|-------------|
| <b>Single Brand product retail trading</b>   | 100%                | Automatic   |
| <p>(1) Foreign Investment in Single Brand product retail trading is aimed at attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.</p> <p>(2) FDI in Single Brand product retail trading would be subject to the following conditions:</p> <p>(a) Products to be sold should be of a 'Single Brand' only.</p> <p>(b) Products should be sold under the same brand internationally i.e. products should be sold under the same brand in one or more countries other than India.</p> <p>(c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing.</p> <p>(d) A non-resident entity or entities, whether owner of the brand or otherwise, shall be permitted to undertake 'single brand' product retail trading in the country for the specific brand, either directly by the brand owner or through a legally tenable agreement executed between the Indian entity undertaking single brand retail trading and the brand owner.</p> <p>(e) In respect of proposals involving foreign investment beyond 51%, sourcing of 30% of the value of goods purchased, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. The quantum of domestic sourcing will be self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years' total value of the goods purchased, beginning 1<sup>st</sup> April of the year of the commencement of the business i.e. opening of the first store. Thereafter, it would have to be met on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of foreign investment for the purpose of carrying out single-brand product retail trading.</p> <p>(f) Subject to the conditions mentioned in this Para, a single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.</p> |                     |             |

- (g) Single brand retail trading entity would be permitted to set off its incremental sourcing of goods from India for global operations during initial 5 years, beginning 1<sup>st</sup> April of the year of the opening of first store, against the mandatory sourcing requirement of 30% of purchases from India. For this purpose, incremental sourcing will mean the increase in terms of value of such global sourcing from India for that single brand (in INR terms) in a particular financial year from India over the preceding financial year, by the non-resident entities undertaking single brand retail trading, either directly or through their group companies. After completion of this 5 years period, the SBRT entity shall be required to meet the 30% sourcing norms directly towards its India's operation, on an annual basis.

**Note:**

- (i) Conditions mentioned at Para 5.2.15.3 (2) (b) & 5.2.15.3 (2) (d) will not be applicable for undertaking SBRT of Indian brands.
- (ii) Indian brands should be owned and controlled by resident Indian citizens and/or companies which are owned and controlled by resident Indian citizens.
- (iii) Sourcing norms will not be applicable up to three years from commencement of the business i.e. opening of the first store for entities undertaking single brand retail trading of products having 'state-of-art' and 'cutting-edge' technology and where local sourcing is not possible. Thereafter, provisions of Para 5.2.15.3 (2) (e) will be applicable. A Committee under the Chairmanship of Secretary, DIPP, with representatives from NITI Aayog, concerned Administrative Ministry and independent technical expert(s) on the subject will examine the claim of applicants on the issue of the products being in the nature of 'state-of-art' and 'cutting-edge' technology where local sourcing is not possible and give recommendations for such relaxation.

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