

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

**UNSTARRED QUESTION NO. 1643.
TO BE ANSWERED ON WEDNESDAY, THE 1ST AUGUST, 2018.**

GUIDELINES FRAMED FOR SINGLE BRAND RETAIL TRADE

1643. SHRI P. BHATTACHARYA:

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

- (a) the details of the guidelines framed for single brand retail business under the Foreign Direct Investment (FDI) policy of the country;
- (b) whether many international companies/brands have shown interest in opening their single brand outlets in the country;
- (c) if so, the details thereof; and
- (d) the steps taken by Government to reduce subjectivity on discretionary decisions regarding the local sourcing norms and its waiver related to cutting edge technology?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI C.R. CHAUDHARY)**

- (a): The details of Foreign Direct Investment (FDI) policy/ guidelines on Single Brand Retail Trading (SBRT) is annexed.
- (b) & (c): FDI policy on SBRT has been in operation since 2006. From 2006 till 29.03.2018, 112 brands have obtained the approval of Government for SBRT activities. After 29.03.2018, FDI upto 100% under automatic route has been allowed in SBRT for which no prior approval is required. Accordingly, after 29.03.2018 data in this regard is not maintained centrally. From April, 2006 to March, 2018, SBRT sector has received total FDI equity of US\$ 1,048.14 million.
- (d): A Committee under the chairmanship of Secretary, Department of Industrial Policy and Promotion, with representatives from NITI Aayog, concerned Administrative Ministry and independent technical expert(s) on the subject 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 gives recommendations for such relaxation. However, no FDI application has been granted waiver from local sourcing norms on the basis of 'state-of-art' or 'cutting-edge' technology till now.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE RAJYA SABHA UNSTARRED QUESTION NO. 1643 FOR ANSWER ON 1st AUGUST, 2018.

Single Brand Product Retail Trading

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Single Brand product retail trading	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> <ul style="list-style-type: none">(a) Products to be sold should be of a 'Single Brand' only.(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.(c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing.(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.(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 1st 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.

- (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.
- (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 1st 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.
