

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:781

ANSWERED ON:19.03.2012

FDI IN SINGLE BRAND RETAIL

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

- (a) whether the Government has allowed the hundred per cent Foreign Direct Investment (FDI) in Single brand retails trade in the recent past in the country;
- (b) if so, the salient features/rules framed therein alongwith the anticipated and actual FDI inflow during the year including the number of proposals received by Foreign Investment Promotion Board for investment in India and number of proposals cleared so far;
- (c) whether the Government has fixed some quota of sourcing requirement from small companies/retailers; and
- (d) if so, the details thereof alongwith steps taken by the Government to protect the small retailers/farmers in the country?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a): Yes, sir.

(b): Vide Press Note 1 of 2012, issued by the Department of Industrial Policy and Promotion on 10.01.2012, FDI, up to 100%, under the Government approval route, is permitted in Single-Brand Product Retail Trading, subject to specified conditions, as below:

- (i) Products to be sold should be of a `Single Brand` only.
- (ii) 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.
- (iii) `Single Brand` product-retail trading would cover only products which are branded during manufacturing.
- (iv) The foreign investor should be the owner of the brand.
- (v) In respect of proposals involving FDI beyond 51%, mandatory sourcing of at least 30% of the value of products sold would have to be done from Indian `small industries/ village and cottage industries, artisans and craftsmen`. `Small industries` would be defined as industries which have a total investment in plant & machinery not exceeding US \$ 1.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. Further, if at any point in time, this valuation is exceeded, the industry shall not qualify as a `small industry` for this purpose. The compliance of this condition will be ensured through self-certification by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts, which the company will be required to maintain.

No target has been fixed for FDI inflows, expected in the single-brand retail sector, following notification of the above dispensation. FIPB has not yet considered any proposal for 100% FDI in single-brand retail trade, since the issue of the abovementioned Press Note.

(c) & (d): In respect of proposals involving FDI beyond 51%, mandatory sourcing of at least 30% of the value of products sold would have to be done from Indian `small industries/ village and cottage industries, artisans and craftsmen`.