

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

STARRED QUESTION NO:345

ANSWERED ON:30.04.2012

FDI IN RETAIL TRADE

Agarwal Shri Rajendra;Viswanathan Shri P.

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

- (a) whether the Government has taken any final decision on the issue of opening of Foreign Direct Investment (FDI) in Multi-brand retail trade;
- (b) if so, the details of the mechanism proposed thereon alongwith the safeguards provided by the Government in the interest of various stakeholders including farmers in the country;
- (c) if not, the time by which the said policy is likely to be finalized and implemented;
- (d) whether the FDI in retail trade envisages Foreign Investment Promotion Board (FIPB) approval; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) to (e): A Statement is laid on the table of the house.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 345, REGARDING FDI IN RETAIL TRADE BY SHRI RAJENDRA AGRAWAL, HON'BLE M.P. AND SHRI P. VISHWANATHAN, HON'BLE M.P., FOR ANSWER ON 30TH APRIL, 2012.

(a) to (c): Government has approved a proposal to permit FDI, up to 51%, under the Government approval route, in multi-brand retail trading, subject to specified conditions. The decision has been suspended, in order to evolve a broader consensus among various stakeholders. Government has been holding consultations with various stakeholders, including Small and Medium Industry Associations, Food processing Industry Associations, Farmer Associations, Consumer Associations etc. No timeframe can be specified in this regard.

(d) & (e): As per extant FDI policy, as contained in Para 6.2.16.4 of 'Circular 1 of 2012- Consolidated FDI Policy', FDI, up to 100%, is permitted in Single Brand product retail trading, under the Government approval route, subject to the following conditions:

(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) The foreign investor should be the owner of the brand.

(e) 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.