

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

UNSTARRED QUESTION NO:988

ANSWERED ON:12.08.2013

. NORMS GUIDELINES IN SINGLE BRAND RETAIL

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

- (a) whether the Government proposes to allow foreign retailers for using multiple trademarks in single brand retail trade;
- (b) if so, the details thereof along with the guidelines/sourcing norms issued by the Government in this regard;
- (c) the likely impact of using multiple trademarks by foreign retailers on the quality of the product, profitability of the Indian companies, small scale units and local employment along with the steps taken by the Government in support of domestic industries;
- (d) whether the Government has noticed cases of violation of FDI in the single brand retail during the last two years and the current year; and
- (e) if so, the details thereof along with the action taken/being taken by the Government in this regard?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a)&(b): The FDI policy on single brand product retail trading pertains to retailing of a single or mono brand. The policy provides inter-alia that the products to be sold should be of a single brand only. They should be sold under the same brand in one or more countries other than India and that single brand product retail trading would cover only products which are branded during manufacturing.

The sourcing condition in the extant FDI policy on single brand product retail trading is as follows:-

In respect of proposals involving FDI 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. The 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 during which the first tranche of FDI is received. 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 FDI for the purpose of carrying out single-brand product retail trading".

(c): The FDI policy on single brand product retail trading is expected to attract investments in production and marketing and bring in global best practices in the areas of design; production and marketing technology; and management systems. The requirement of local sourcing is aimed at strengthening domestic industry, enhancing its competitiveness and facilitating its integration in the global value chain.

(d) & (e): No case of violation of the FDI policy in single brand retail trading has been brought to the notice of the government.