

>

Title: The Minister of Commerce and Industry and Minister of Textiles laid a statement regarding Policy on Foreign Direct Investment for allowing FDI in Multi- Brand Retail Trading and Liberalization of the policy in Single Brand Retail Trading .

THE MINISTER OF COMMERCE AND INDUSTRY AND MINISTER OF TEXTILES (SHRI ANAND SHARMA): I beg to lay the statement regarding the policy on Foreign Direct Investment for allowing FDI in Multi-Brand Retail Trading and liberalization of the policy in Single-Brand Retail Trading.

The Government has approved the proposal of the Department of Industrial Policy & Promotion for allowing FDI in Multi-Brand Retail Trading and liberalization of the policy in Single-Brand Retail Trading. The details of the proposals approved are as under:

(1) FDI in Multi-Brand Retail Trading:

(i) FDI in Multi Brand Retail Trade may be permitted up to 51%, with Government approval;

(ii) Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.

(iii) Minimum amount to be brought in, as FDI, by the foreign investor, would be US \$ 100 million.

(iv) At least 50% of total FDI brought in shall be invested in 'back-end infrastructure', where 'back-end infrastructure' will include capital expenditure on all activities, excluding that on front-end units; for instance, back-end infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, ware-house, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any, will not be counted for purposes of backend infrastructure.

(v) At least 30% of the procurement of manufactured/ processed products shall be sourced from 'small 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.

(vi) Self-certification by the company, to ensure compliance of the condition at serial nos. (iii), (iv) and (v) above, which could be cross-checked as and when required. Accordingly, the investors to maintain accounts, duly certified by statutory auditors.

(vii) Retail sales locations may be set up only in cities with a population of more than 10 lakh as per 2011 Census and may also cover an area of 10 kms around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking;

(viii) Government will have the first right to procurement of agricultural products;

(2) FDI in Single-Brand Retail Trading:

(i) FDI in single brand retail trading may be permitted up to 100% with Government approval;

(ii) Products to be sold should be of a 'Single Brand' only.

(iii) 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.

(iv) 'Single Brand' product-retailing would cover only products which are branded during manufacturing.

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

(vi) In respect of proposals involving FDI beyond 51%, 30% sourcing would mandatorily have to be done from SMEs/ 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, which could be subsequently checked, by statutory auditors, from the duly certified accounts, which the investors will be required to maintain.

...(Interruptions)
