

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC-I Section)

Press Note No.1 (2012 Series)

Subject: Review of the policy on Foreign Direct Investment- liberalization of the policy in Single-Brand Retail Trading.

1.0 Present Position:

Foreign Direct Investment (FDI), in retail trade, is prohibited except in single brand product retail trading, in which FDI, up to 51% is permitted, subject to conditions specified under paragraph 6.2.16.4 of 'Circular 2 of 2011 – Consolidated FDI Policy'.

2.0 Revised Position:

The Government of India has reviewed the extant policy on FDI and decided that FDI, up to 100%, under the government approval route, would be permitted in Single-Brand Product Retail Trading, subject to specified conditions, as indicated in paragraph 3.0 below.

3.0 Accordingly, the following amendment is made in '*Circular 2 of 2011- Consolidated FDI Policy*', dated 30.09.2011, issued by the Department of Industrial Policy & Promotion:

3.1 Paragraph 6.2.16.4 is substituted with the following:

6.2.16.4	Single Brand product retail trading	100%	Government
	<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) 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		

	<p>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.</p> <p>(3) Application seeking permission of the Government for FDI in retail trade of 'Single Brand' products would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy & Promotion. The application would specifically indicate the product/ product categories which are proposed to be sold under a 'Single Brand'. Any addition to the product/ product categories to be sold under 'Single Brand' would require a fresh approval of the Government.</p> <p>(4) Applications would be processed in the Department of Industrial Policy & Promotion, to determine whether the products proposed to be sold satisfy the notified guidelines, before being considered by the FIPB for Government approval.</p>
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4.0 The above decision will take immediate effect.

5.0 The above provisions will be incorporated in the next Circular on Consolidated FDI Policy to be issued on 31.3.2012.

**Sd/-
(Anjali Prasad)**

Joint Secretary to the Government of India

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