

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

The Government of India has reviewed the extant policy on Foreign Direct Investment (**FDI**) and has decided to raise the FDI from 51 percent to upto 100 percent, under the government approval route (i.e. Foreign Investment Promotion Board (**FIPB**) approval), in Single-Brand Product Retail Trading.

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.

The aforementioned is subject to the following conditions:

- The product should be of a '**Single Brand**' only;
- It 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);
- '**Single Brand**' product-retail trading would cover only products which are branded during manufacturing;
- The foreign investor should be the **owner** of the brand;
- **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, in case of proposals involving FDI beyond 51%.

Applicants seeking Government's permission for FDI in retail trade of "Single Brand" products are directed to address the application to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy and Promotion (**DIPP**), specifically indicating the product categories proposed to be sold under "Single Brand". The application would be evaluated by DIPP before its consideration by FIPB for Government approval.

The press note released by the Government of India can be accessed at the following link:

http://dipp.nic.in/English/acts_rules/Press_Notes/pn1_2012.pdf