

**GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION  
LOK SABHA**

**UNSTARRED QUESTION NO. 3463.  
TO BE ANSWERED ON MONDAY, THE 8<sup>TH</sup> AUGUST, 2016.**

**POLICY ON SINGLE BRAND RETAIL**

**3463. SHRI ABHISHEK SINGH:  
SHRI OM BIRLA:**

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

**वाणिज्य एवं उद्योग मंत्री**

- (a) the details of the guidelines framed for single brand retail business under the Foreign Direct Investment (FDI) policy of India;
- (b) whether many international companies/brands have shown interest in opening their single brand outlets in the country;
- (c) if so, the details thereof along with the companies/brands that have requested the Government for waiver under the local sourcing clause including the Apple company, company-wise;
- (d) the details of the companies that have been denied permission for failing to adhere to the 30% local sourcing norms; and
- (e) the steps taken by the Government to reduce subjectivity on discretionary decisions regarding the local sourcing norms and its waiver related to cutting edge technology?

**ANSWER**

**वाणिज्य एवं उद्योग राज्यमंत्री (स्वतंत्र प्रभार)(श्रीमती निर्मला सीतारमण)  
THE MINISTER OF STATE (INDEPENDENT CHARGE)  
OF THE MINISTRY OF COMMERCE & INDUSTRY  
(SHRIMATI NIRMALA SITHARAMAN)**

- (a): Extant Foreign Direct Investment (FDI) Policy for undertaking Single Brand Retail Trading (SBRT) in India is at **Annexure-I**.
- (b): Yes, Madam.
- (c) & (d): This Government has since June 01, 2014, approved 20 proposals for foreign investment in the single brand retail trading. List of companies along with brand name for which single brand retail trading permission has been granted is at **Annexure-II**.

As per extant FDI Policy on SBRT, in respect of proposals involving foreign investment 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.

FDI Policy on this sector was last amended vide Press Note 5 of 2016 dated 24.6.2016 and provides that in case of 'state-of-art' and 'cutting-edge technology', sourcing norms can be relaxed subject to Government approval. However, with a view to promote domestic manufacturing capacities and value addition, it has further been provided that this relaxation will be valid for an initial period of three years from the opening of first store, and thereafter, such entities will be required to meet the domestic sourcing norms. There is, thus, no provision for unqualified waiver from sourcing condition in the FDI policy.

M/s Apple India Private Limited, M/s Acer India Private Limited, M/s Le Ecosystem Technology India Private Ltd., M/s Lenovo (India) Private Limited and M/s OPPO Mobiles India Private Limited have sought relaxation of sourcing condition. No decision has been taken by the Government.

- (e):** The proposals for undertaking SBRT, including those involving issues relating to relaxation of sourcing conditions on account of 'state-of-art' and 'cutting edge technology' are examined by Ministries/Departments concerned. Thereafter, Government considers these proposals taking into consideration views and comments of such Ministries/ Departments.

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ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION NO. 3463 FOR ANSWER ON 08.08.2016.

**(Note: Extract from Press Note 5 of 2016, dated 24.06.2016)**

### 5.2.15.3 Single Brand product retail trading

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Single Brand Retail Trading	100%	Automatic up to 49% Government route beyond 49%
<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> <p>(a) Products to be sold should be of a 'Single Brand' only.</p> <p>(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.</p> <p>(c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing.</p> <p>(d) A non-resident entity or entities, whether owner of the brand or otherwise, shall be permitted to undertake 'single brand' product retail trading in the country for the specific brand, directly or through a legally tenable agreement with the brand owner for undertaking single brand product retail trading. The onus for ensuring compliance with this condition will rest with the Indian entity carrying out single-brand product retail trading in India. The investing entity shall provide evidence to this effect at the time of seeking approval, including a copy of the licensing/franchise/sub-licence agreement, specifically indicating compliance with the above condition. The requisite evidence should be filed with the RBI for the automatic route and SIA/FIPB for cases involving approval.</p> <p>(e) In respect of proposals involving foreign investment 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. This procurement requirement would have to be met, in the first instance, as an average of five years' total value of the goods purchased, beginning 1<sup>st</sup> April of the year of the commencement of the business i.e. opening of the first store. 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</p>		

of foreign investment for the purpose of carrying out single-brand product retail trading.

- (f) Subject to the conditions mentioned in this Para, a single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.

(3) Application seeking permission of the Government for FDI exceeding 49% in a company which proposes to undertake single brand retail trading in India would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy & Promotion. The applications 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. In case of FDI up to 49%, the list of products/product categories proposed to be sold except food products would be provided to the RBI.

(4) Applications would be processed in the Department of Industrial Policy & Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.

**Note:**

(i) Conditions mentioned at Para 5.2.15.3 (2) (b) & 5.2.15.3 (2) (d) will not be applicable for undertaking SBRT of Indian brands.

(ii) An Indian manufacturer is permitted to sell its own branded products in any manner i.e. wholesale, retail, including through e-commerce platforms.

(iii) Indian manufacturer would be the investee company, which is the owner of the Indian brand and which manufactures in India, in terms of value, at least 70% of its products in house, and sources, at most 30% from Indian manufacturers.

(iv) Indian brands should be owned and controlled by resident Indian citizens and/or companies which are owned and controlled by resident Indian citizens.

(v) Sourcing norms will not be applicable up to three years from commencement of the business i.e. opening of the first store for entities undertaking single brand retail trading of products having 'state-of-art' and 'cutting-edge' technology and where local sourcing is not possible. Thereafter, provisions of Para 5.2.15.3 (2) (e) will be applicable.

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**ANNEXURE REFERRED TO IN REPLY TO PART (c) & (d) OF THE LOK SABHA UNSTARRED QUESTION NO. 3463 FOR ANSWER ON 08.08.2016.**

**List of proposals approved under Single Brand Retail Trading since June 1, 2014.**

<b>S.N.</b>	<b>Name of the (i) applicant (ii) foreign investor</b>	<b>Brand and Date of Approval</b>	<b>Approved foreign equity participation in %</b>
1.	M/s Bulgari International Corporation (BIC) N.V.	BVLGARI 25.7.2014	51%
2.	M/s Luxury Lifestyle Trading India Pvt. Ltd.	Luxury 30.7.2014	100%
3.	M/s Innisfree Cosmetics India Pvt Ltd.	Innisfree 29.09.2014	100%
4.	M/s Bestseller United Singapore Pte Ltd.	Vero Moda 12.11.2014	100%
5.	M/s Bestseller United Singapore Pte Ltd.	Jack & Jones 12.11.2014	100%
6.	M/s Lush Limited	Lush 12.11.2014	100%
7.	M/s Bestseller United Singapore Pte Ltd.	Only 13.11.2014	100%
8.	M/s Wacoal International Hong Kong Co. Ltd.	Wacoal 13.04.2015	51%
9.	M/s Montblanc Services B.V	Montblanc 08.06.2015	51%
10.	M/s Forever Living Imports (India) Private Limited	Forever 08.06.2015	100%
11.	M/s Technocorp Holding Limited	Swatch 03.08.2015	100%
12.	M/s Swarovski International Holding AG, Switzerland	Swarovski 30.09.2015	100%
13.	M/s adidas AG, Germany	Adidas 03.11.2015	100%
14.	M/s Ryohin Keikaku Co. Ltd, Japan	MUJI 10.12.2015	51%
15.	M/s Kiko International S.R.L, Italy	KIKO 28.04.2016	51%
16.	M/s Skechers Retail India Private Limited	SKECHERS 03.05.2016	51%
17.	M/s Nike India Private Limited	NIKE 20.05.2016	100%
18.	M/s Austria Puma Dassler Gesellschaft m.b.H, Austria.	PUMA 24.05.2016	100%
19.	M/s Tommy Hilfiger Arvind Fashion Private Limited.	Tommy Hilfiger 20.07.2016	50%
20.	M/s adidas India Marketing Private Limited.	Adidas 26.07.2016	100%

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