

Purchase from small and micro industries by retail companies

†*101. SHRI NARESH AGRAWAL: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Ministry has issued any directions that the companies carrying out retail business in the country have to purchase materials worth at least 30 per cent of the total sales from the small and micro industries;

(b) if so, the manner in which Government monitors them as to whether any foreign company has purchased material worth 30 per cent of the cost from the small and micro industries of the country; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI NIRMALA SITHARAMAN): (a) Foreign Direct Investment (FDI) Policy on Single-Brand Retail Trading (SBRT) provides that 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. Extant FDI policy on SBRT is in the Statement (*See below*).

As regards, FDI policy in MBRT no decision has been taken by the Government on its implementation.

(b) and (c) The quantum of domestic sourcing has to be self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company is required to maintain. Violation of the FDI regulations is covered under the penal provisions of the Foreign Exchange Management Act (FEMA), 1999.

Statement***Purchase from small and micro industries by retail companies***

Sl.No.	Sector/Activity	% of Equity/FDI Cap	Entry Route
6.2.16.3	Single Brand product retail trading	100%	Automatic up to 49% Government route beyond 49%

(1) Foreign Investment in Single Brand product retail trading is aimed at attracting investments in production and marketing, improving the

†Original notice of the question was received in Hindi.

Sl.No.	Sector/Activity	% of Equity/FDI Cap	Entry Route
	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.		
	(2) FDI in Single Brand product retail trading would be subject to the following conditions:		
	(a) Products to be sold should be of a 'Single Brand' only.		
	(b) Products should be sold under the same brand internationally <i>i.e.</i> 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) 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.		
	(e) 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. 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 1st April of the year during which the first tranche of FDI is		

Sl.No.	Sector/Activity	% of Equity/FDI Cap	Entry Route
	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.		
	(f) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of single-brand retail trading.		
	(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.		

'Make in India' campaign

*102. DR. K.V.P. RAMACHANDRA RAO: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether 'Make in India' campaign is no more than a new variation of self-reliance and indigenisation efforts India has seen over the years;

(b) what steps Government proposes to take for the success of the 'Make in India' campaign and to convert India into a manufacturing hub of the region, if not the world; and

(c) whether Government has chalked out a realistic plan to improve India's ranking in the world business index, which is still very low at present?