

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

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India

Post: New Delhi

Multi-Brand Retail Investment Policy Suspended

Report Categories:

Retail Food Sector

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Report Highlights:

Government of India officials have indicated that the previously-announced policy to allow 51 percent foreign direct investment (FDI) in multi-brand retail has been suspended. As a result, the FDI policy described in IN1208 is currently suspended until further notice. Indian firms that are investing in multi-brand retail are expected to continue to work towards modernizing India's food retail system. However, foreign firms, which have established wholesale operations known as "cash and carry" formats in India, will be limited to that format pending additional details from the Government of India.

India Suspends Foreign Direct Investment Policy for Multi-Brand Retail

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General Information:

For ease of reference, the description of the FDI policy provided in IN1208 dated December 01, 2011 is provided below. *As mentioned above, please note that the policy described below has been suspended and is not in effect.*

On November 24, 2011, the Government of India announced that it had approved foreign direct investment in multi-brand retail subject to a number of criteria. The criteria include:

- Foreign direct investment will be allowed at up 51 percent foreign equity subject to government approval. Officials also approved 100 percent foreign direct investment in single-brand retail.
- A foreign company must invest at least \$100 million initially, at least 50 percent of which is required to be in back-end infrastructure, such as supply-chain operations.
- Investors will have to source 30 percent their products from "micro and small" industries with no more than \$1.0 million in capital investment.
- Foreign direct investment will only be allowed in retail stores operating in cities with populations of over one million. According to the Commerce Ministry, this will be 53 cities.

Key contacts and further information:

The following reports may be of interest to U.S. stakeholders interested in India. These, and related reports prepared by this office, can be accessed via the FAS Home Page: www.fas.usda.gov by clicking on "Attaché Reports" and searching by the report number. Reports given below will provide additional information to exporters interested in the Indian market.

Report Number	Subject
IN1169	India Moves a Step Closer to FDI in Multi-brand Retail
IN1208	The Government of India Approves FDI in Multi-Brand Retail
IN1111	Exporter Guide Annual
IN1005	India: The Retail Food Sector

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