FDI in single brand retail

Union government has decided to allow 100 per cent Foreign Direct Investment (FDI) in single-brand retail trading through the automatic route. Single-brand retail chain is expected to sell all its products under only one label across its store, example Burger King, KFC, Levis.

If an MNC operates a single-brand retail chain, the product must also be sold under the same brand name globally. The MNC must also source 30 per cent of its purchases for the business from India. Now this rules are slightly relaxed to allow an MNC to set off any local sourcing for its global business, against this 30 per cent quota.

FDI

- Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country.
- Foreign direct investments are distinguished from portfolio investments in which an investor merely purchases equities of foreign-based companies.
- FDI comes to India with two routes through automatic and Government route.
- **Automatic route**- under this route the foreign companies do not need a prior approval for investment either by the Government or the Reserve Bank of India.
- The investors are only required to intimate the Regional office concerned of the Reserve Bank within 30 days of receipt of inward remittance.
- **Government route** - Certain activities that are not covered under the automatic route and that require prior Government approval comes under this route.
- Earlier Foreign Investment Promotion Board (FIPB) issued permissions for such foreign investments.
- Recently FIPB was scrapped and now concerned government department can clear such procedures.