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.