

FICCI Retail Committee Submission on Multi Brand Retail Policy and on recent clarifications to the Hon'ble Minister during the Roundtable of MB retailers

New Delhi, June 27, 2013: Today, 15 members FICCI Delegation met Mr Anand Sharma, Hon'ble Commerce Minister during a roundtable meeting convened by the Ministry on FDI in MBRT. The FICCI delegation comprised of CEOs/MDs/ Directors of companies like Carrefour, Tesco, Walmart, Aditya Birla, Max hypermarket, Aldi, Aachen, RAI, Tata, Tata Trent etc . The group was here to deliberate upon not only the FDI Policy but primarily what are the hurdles in foreign investment flows in the country.

"FICCI Retail committee highly appreciates Government efforts to seek feedback on the lukewarm interest in investing in the multi brand retail sector. Despite the announcement of the policy, the subsequent press notes and clarifications, there still remains enough concerns amongst international multi brand retailers about investing in the country. In the meeting today with Hon'ble Minister, we aim to sort clarity on the grey areas observed, even after the recent clarifications by DIPP. These are particularly with respect to mandatory 50% investment in back end infrastructure which according to latest clarification has to be Greenfield. Also, whether mandatory investment in back-end infrastructure would need to be 50% of the cumulative investment or merely the first tranche of investment needs clarity. Further we wish to seek clarity with regard to 30% compulsory sourcing norms wherein the definition of fresh produce needs precision. FICCI also wants to seek clarity on the role of state in imposing conditions for foreign retailer to enter. We are hopeful that the Minister would consider these issues and will come out with a positive solution" – Mr. Bijou Kurien, Chairman FICCI Retail Committee

"FICCI would like to congratulate, Hon'ble Minister, Shri Anand Sharma for inviting retailers in order to understand their concerns on recent clarifications issued on FDI in MBR. FICCI has always been supportive of the cause that boosts investment sentiments in the economy thereby leading to Economic growth. FICCI feels, in the current scenario it is important to have policies which uplift the investors' confidence and makes it easy for them to enter Indian market. We understand that few clarification like companies now can make investments in backend even in the States which are opposed to FDI, are welcome However, the clarification made by DIPP have left some questions unanswered like - Clauses with regard to mandatory 50% investment in back-end, definition of fresh product, till when can one source from the same SME, Role of state in imposing conditions, are some of the key areas where we are confident that the Hon'ble Minister would be able to provide clarity to the Industry." – Dr. Arbind Prasad, DG, FICCI

Key areas where FICCI would like to seek clarity are: The States should not be given discretionary powers to impose conditions which contradict/change Central policy, Procurement of fresh produce is not covered by the condition of 30% sourcing from SME – What comprises fresh produce?; Multi Brand Retail entity can invest only in Greenfield assets and it will not be possible to acquire supply/chain/backend assets or stakes from an existing entity, this condition is to be re-looked; Whether mandatory investment in back-end infrastructure would need to be 50% of the cumulative investment or merely the first tranche of investment, clarification required; Restriction on Multi brand retailers to procure from wholesale cash and carry stores of the same group needs to be re-looked; Clarification is needed whether retailers could continue to source from such small industries after they outgrew the \$1-million maximum investment criterion and if so, for how long; The front end retail stores must also be set-up as additionality and not through acquisitions of existing stores – this needs to be re-looked.
