

## DPIIT issues clarification on FDI Policy on Single Brand Retail Trading

The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, has issued the following clarification on FDI (Foreign Direct Investment) Policy on Single Brand Retail Trading (SBRT):

S. No.	Issue	Clarification
1	Whether sourcing of goods from units located in Special Economic Zone (SEZ) would qualify as sourcing from India, as per FDI Policy.	<p>As per the extant FDI Policy, in respect of proposals involving foreign investment beyond 51%, sourcing of 30% of the value of goods procured, will be done from India.</p> <p>As regards, sourcing of goods from units located in SEZs in India, it is clarified that sourcing of goods from such units would qualify as sourcing from India for the purpose of 30% mandatory sourcing from India for proposals involving FDI beyond 51%, subject to Special Economic Zones Act, 2005 (as amended from time to time) and other applicable laws/rules/regulations.</p> <p>It is further clarified that goods which are proposed to be sourced by an SBRT entity from such units have to be manufactured in India.</p>

FDI in SBRT is governed by provisions of in para 5.2.15.3 of Press Note 4 (2019). However, compliance with all the conditions enumerated in the FDI Policy and as notified under FEMA would continue to be responsibility of the manufacturing entity.

Please contact for any query related to this mail to Ms Kritika Bhasin, Research Officer at [kritika.bhasin@phdcci.in](mailto:kritika.bhasin@phdcci.in) with a cc to Dr S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms Surbhi Sharma, Associate Economist at [surbhi@phdcci.in](mailto:surbhi@phdcci.in), PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India



Tel: +91 49545454  
Fax: +91 11 26855450  
Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)  
Website: [www.phdcci.in](http://www.phdcci.in)

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450, 49545451 • E-mail : [phdcci@phdcci.in](mailto:phdcci@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAP001947

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