

Govt plans to bring FDI in multi-brand this month

The government is set to allow global super markets, such as Wal-Mart, Tesco and Carrefour, later this month to set up stores, ending the national ban on FDI in multi-brand retail.

A government source said requesting anonymity that the new policy framework - allowing up to 49% foreign direct investment - would empower state governments to define their own set of rules for the foreign retail giants' entry. HT reported about the move on August 19.

The new framework will confine the Centre's role to approving investment proposals and cracking down on possible violations of terms conditions, including a minimum \$100-million (Rs. 550-crore) foreign equity capital in a multi-brand retail project.

Besides, at least a third of the sales should be made to small retailers, either directly or through wholesale units set up for this purpose.

Government sources said the push for FDI is part of the strategy amid rising concern that a restrictive policy environment was hurting India's image as global investment hotspot.

Last year, political compulsions compelled the government to reverse the move to allow FDI in multi-brand retail. The BJP and the key UPA ally TMC blocked the move in Parliament.

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